

together for children

SUNDERLAND

Strategic Report, Report of the Directors
and Financial Statements
Year ended 31 March 2023
Together for Children Sunderland Limited



Better Health
at Work Award
Silver Award



FRIDAY



AC87P7R5

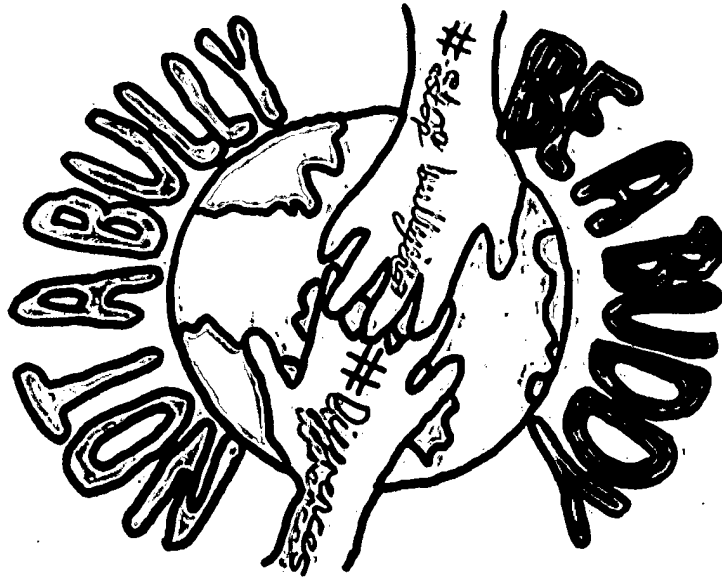
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#9

COMPANIES HOUSE

Anti-bullying artwork kindly provided by the pupils of the Link School.



TOGETHER FOR CHILDREN SUNDERLAND LIMITED

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TOGETHER FOR CHILDREN SUNDERLAND LIMITED

COMPANY INFORMATION

| | | |
|------------------|--|--|
| Directors | Ms CE Auld Ms TL Banks Ms JP Colbert Ms DM Exley Ms CM Hearne Ms J Laverick Mr SP Mason Mr SG Renwick Mr SD Williams | (Appointed 1 April 2023) (Appointed 1 May 2023) |
|------------------|--|--|

| | |
|-----------------------|----------|
| Company number | 10085290 |
|-----------------------|----------|

| | |
|--------------------------|---|
| Registered office | City Hall Floor 2 Plater Way Sunderland SR13AA Tyne and Wear England |
|--------------------------|---|

| | |
|----------------|--|
| Auditor | Robson Laidler Accountants Limited Statutory Auditor Fernwood House Fernwood Road Jesmond Newcastle upon Tyne Tyne and Wear NE2 1TJ |
|----------------|--|

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present the strategic report for the year ended 31 March 2023.

Our Context

Together for Children Sunderland Limited (the Company), a company limited by guarantee, delivers Children's Services on behalf of Sunderland City Council (the Council) by whom it is owned; it is controlled by an independent board to ensure operational independence.

The Company provides a range of services to meet the education, early help and social care needs of Sunderland's children and their families. It cannot do this on its own and therefore works with statutory and community partners in everything it does. This includes the most fundamental responsibility for the safeguarding and protection of children, including cared for children and those children with special educational needs and disabilities.

Our Vision and Business Objectives

The Company has a vision to improve the lives of children, young people, and their families. The Company Business Plan 2022-25, builds on its journey of continuous improvement through a programme of transformation, optimising resources and keeping children central to all it does, that is:

Putting the child first!

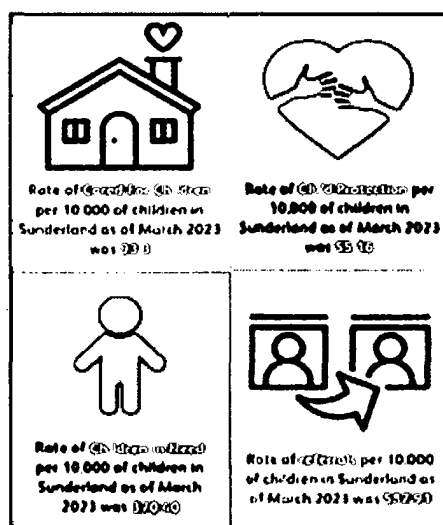
The Company's Business Plan 2022-2025 is centered around the following aspirations and includes a roadmap of how they will be achieved:

- Empowering children and young people to use their voice and influence.
- Inspiring creative and innovate practice.
- Supporting our workforce and making the best use of resources.
- Leading and influencing future policy and direction.

Our Demography

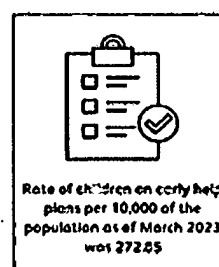
The following infographics capture the demography served by the Company. The data is, wherever possible, a snapshot as of 31 March 2023 and shows an improvement compared to our 2022 performance. At the time of writing this report, the Cared for Children, Child Protection and Children in Need rates are all below the North East averages.

Cared For Children and Children in Need



(Data Source: Sunderland City Council Data as of 31 March 2023)

Early Help



(Data Source: Sunderland City Council Data as of 31 March 2023)

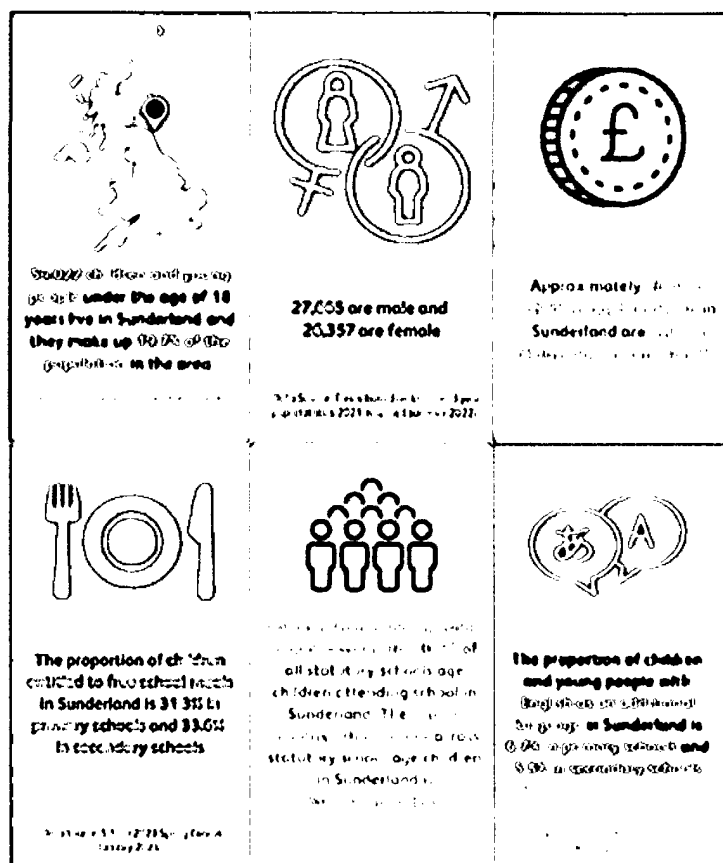
TOGETHER FOR CHILDREN SUNDERLAND LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Our City: The Demography of our Care

General



Our Progress this year

Early Help

The Joint Targeted Area Inspection of Services for Children who Need Help (JTAI) letter published in March 2023 said:

'Most children benefit from exceptional early help services, which are carefully targeted, innovative and continually evolving, helping families with a wide range of needs, including very complex difficulties. Together for Children (TfC), who are delegated to deliver early help and statutory children's services on behalf of Sunderland Council, work collaboratively and assiduously with partners across the entire service spectrum, providing exemplary services to their vulnerable children and families.'

'Enthusiastic, experienced early help frontline practitioners provide sensitive and innovative child-centred interventions. Parents receive respectful and thoughtful services, which help them to think differently about how they parent their children. Consequently, many are enabled to provide safer and more confident daily care. Thresholds of risk, need and harm to children are understood, leading to most children swiftly receiving a proportionate level of help that is child-centred.'

'Early indications are that the impact of these innovative approaches means that fewer children become the subject of more serious statutory social work and police interventions.'

For a number of years now, over 80% of Early Help Plans have closed on a monthly basis 'outcomes met'.

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Feedback from families is largely positive and we have used less positive feedback to develop and improve services. For example, because parents told us that they found it difficult to relate to our parenting courses, we have worked with the University of Sunderland to produce our own bespoke course with a corresponding masters level accreditation for staff in 'Professional Practice Working with Families.' The first cohort of staff graduated in January 2023 and the modules for delivery to parents will be ready for Summer 2023.

We are one of 75 Local Authorities to be awarded funds to develop Family Hubs and were successful in bidding for additional 'Trailblazer' funds to go 'further and faster' in the focus areas of parenting; peri-natal mental health; and infant feeding and the parent/infant relationship.

Our first-time entrants into the Youth Justice system are the lowest for six years and we have been approached to deliver a number of innovative YOS prevention programmes by both the Ministry of Justice and the Violence Reduction Unit. This year, data for young people Not in Employment, Education or Training (NEET) evidences the best performance since 2017 and our figures are now better than the regional average.

Children's Social Care

Staffing within Children's Social Care remains stable with a permanently employed workforce, this continues to strengthen our approach and focus on innovation and strengthening of our practice, so can work towards every child receiving an outstanding service.

Our performance remains strong and favourable against regional and national data, we closely monitor CHaT and quality assurance any trends that differ from the expected trend

Domestic Abuse remains the highest reason for children being open to Together for Children, to address this CSC is currently completing focused work with practitioners around domestic abuse, this includes training, workshops, snapshot sessions, discussions and learning opportunities including with domestic abuse specialists and services.

We have the lowest number of cared for children since the inception of the Company and one of the lowest in the region per 10,000. Planning for children continues to have robust senior management oversight as a gatekeeper to children becoming cared for.

There is continued investment in the development of practice in Family Network Meetings as a way of supporting families to safely care for their children, this is monitored and reviewed through quality assurance processes

Wear Together has become well established and is now a multi-agency team (S<, Police) which is resulting in better focus on interventions to reduce the likelihood of children becoming cared for. Performance indicators for the team is demonstrating the success of the interventions

We have reviewed our teams and move resource to create a Young Person's team to work with children and young people at risk of exploitation. We have closely aligned the Wear Together and Young Person's Team.

Home Office funding was obtained for a Young Women's and Girls worker which strengthens the offer of the Wear Together Team.

There has been a renewed focus on reviewing children's permanence plans and rehabilitation home to family on a regular basis, we have seen an increase of children going home to family.

We are the appointed Regional Lead in DfE Fostering Pathfinder, as part of this innovation TfC along with the other 11 regional LAs will focus on improving recruitment and retention of foster carers so that children can live in foster families and remain in the local area when they can't safely live at home or with connected carers.

The Company has launched two Mockingbird Constellations which are demonstrating effectiveness in supporting both children and foster carer stability, as evidenced by the quote below:

"As an adult in Mockingbird, I'm thankful for the new connections with people of similar backgrounds and interests. The support from group meetings is fantastic, as is the extra training and staying informed. The days out aren't just enjoyable - they're enhancing my children's confidence and social skills. We're becoming like a little family unit and I really like that." **Foster Carer**

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Education

Early Years Childcare Development

In September 2022 a new Childcare development team was developed. This team has invigorated the service and improved the quality of provision, with a revised offer of training and development being offered in both face to face, virtual and home learning environment. In addition to the timings of training delivery and the use of social media, additional support tools have been given to settings which now includes, one-minute guides and frequent newsletters. A Sunderland Quality Early Years Framework has been finalised and is currently being piloted by a selection of providers (March 2023). In addition, since September an early years support line has been set up for early years Colleagues within the city. During the Autumn term 331 contacts were made by settings to this service.

Early Years SEND

Following a rise in the number of children over the last three years identified with SEND needs a revised Early Years Inclusion Fund process has been put in place. Since September 2022, once a setting initiates an application an Early Years Advisory teacher visits the setting and moderates the judgements with the setting SENDCO. As a result of this partnership the quality of applications to the panel have improved (99% approval as opposed to 67% previously) and our evaluations show that our SENDCO's understanding of Sunderland SEND ranges has improved. Whilst the ambition contained within the recent Government paper is for every early years setting to have a member of staff qualified to Early Years SEND L3 Award; following TfC accreditation as an approved delivery centre, we have now been able to ensure that 95% of all of our daycare providers have achieved this ambition. Working relationships with health colleagues are also now stronger with a newly introduced Early Years notification panel which allows health professions to share early SEND identification to TfC. As a result, a new SEND pathway is to be introduced for those children with the most need. This will ensure that services can be commissioned earlier for the benefit of both the child and their families.

Cared for Children SEND

55.5% of the cohort Cared for Children are identified as having Special Educational Needs. 19.9% of this group having an Education Health and Care Plan and a further 35.6% required additional in-school support to meet their needs. Virtual School supported 10 schools with additional staffing by providing additional Teaching Assistants to provide the extra support a child needed whilst awaiting a place within a specialist setting, or as they went through the process of formal statutory assessment for an EHCP.

Cared for Children Key Stage 4

A comprehensive identification and intervention programme has been introduced from September 2022 to provide individual 1:1 tuition through the National Tutoring Programme for any Year 11 pupil who is identified as underachieving in English and/or maths. This has been extended to Year 10 in the Spring term of 2023 and will be introduced to Year 9 in the summer term of 2023. The PEP process is used to ensure high support and challenge is in place for all children.

Key Stage 3/4 therapeutic intervention

Evolve

In a comprehensive piece of work with Schools Forum to improve the quality and effectiveness of our commissioning process and working with the School Behaviour and Attendance Partnership it was identified that high levels of anxiety leading to school refusal has become a significant issue in KS 3 and 4 post Covid. Working with Consilium Multi Academy Trust we have worked to develop and extend our Evolve transition provision for children with high levels of anxiety. In Autumn term 2022 we increased the capacity in the provision by 16 and now have 48 full time places. The setting supports a pathway from home tuition into Evolve for students with extreme anxiety who may not be in a position to attend school. After undertaking a therapeutic programme to support the child a planned reintegration process has then been developed to support pupils back into full time mainstream education.

Hopespring

Our analysis of need also identified an increase in more complex cases with children exhibiting extreme and violent behaviours. In Autumn term 2022 working with our partners Hopespring we opened a highly innovative provision. The new school takes up to 24 pupils aged 11-16 years who are demonstrating significant therapeutic need, including those who have been excluded from mainstream education and those who are at risk of permanent exclusion. The highly trained staff are qualified teachers but crucially are also all trained therapists providing an innovative therapy based child centred curriculum.

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

It is expected that pupils will be challenged academically, but also that the therapeutic knowledge and experience taught within the curriculum will provide pupils with a 'toolbox for life' – a set of transferrable skills that will support their future success and lives after school. Placements at Hopespring School are designed to intake primarily from students presenting with SEMH issues, but also from those with ASD (mild to moderate) and SLD as secondary. The impact of the therapeutic approach has been significant for a number of young people allowing them to progress to post 16 pathways in a structured and supported way; for one particular young person during his time at Hopespring's the impact was such that he was able to leave care and return to his family and having achieved all of the outcomes specified in his EHCP it was closed at review.

Care experienced in Education, Employment or training (16– 18-year-old)

Sunderland Virtual School has been selected to participate in a one-year DfE pilot of Pupil Premium Plus Grant funding (PP+) for post 16 cared for young people, with a focus on improving retention in Education, Employment and Training and raising attainment in maths and English. Sunderland Virtual School is delivering this in the following three areas:

1. Raise the profile of Cared for, and Care Experienced Young People in FE/training/apprenticeships through multi agency working practice to improve retention and participation of our young people on appropriate post 16 pathways thus reducing the number of young people not in education, training, and employment.
2. Improve the attendance and outcomes for Level 2 English and Maths to improve access to apprenticeships/employment opportunities.
3. Better support the delivery of Personal Education Plans (PEP) at an individual and whole cohort basis to promote progression and attainment.

Whilst it is still early to identify the full impact of the work, we are beginning to see improvement in this age range. We also expect this work to significantly impact on Not in Education, Employment or Training (NEET) figures of the 19-21 age group in the future as the processes embed and relationships with employers and trainers continue to grow. Our improvement strategy for all ages is based around developing targeted services with much earlier intervention. A Year 11 Risk of NEET Indicator (RONI) has been created for our current year 11 cohort based on Autumn PEP data on attainment and social, emotional, and mental health indicators. Students are RAG rated and targeted transition work is undertaken in the spring and summer term to support NEET prevention.

Analysis of the NEET cohort has identified two key vulnerable groups – young people with significant and complex mental health issues and our rapidly growing number of Unaccompanied Asylum Seeking Children (UASC).

A dedicated member of the Virtual School team has been employed through the Post 16 PP+ pilot to support transition from year 11 to year 12 and provide NEET prevention support and strategies and Virtual School are working collaboratively with partners to develop additional Post 16 UASC provision to meet the increasing need in the city. The Virtual School is also part of a North of England regional UASC focus group working on regional solutions to support USAC cohorts from NEET prevention.

Hearing the voice of the child

As a Company, we intentionally keep the Child at the centre of everything we do. We support the following participation and engagement groups:

- Sunderland Youth Council (SYC)
- Change Council – 10-15 years
- Change Council – 16+ years
- STARS – SEND
- Cozmik 3phiphany

In addition, during the year, young people were involved in the recruitment interviews for the following key posts:

- Head of Service – Children's Social Care
- 2 Team Managers – Children's Social Care
- Relationship Sexual Health Education worker – Early Help
- 2 Participation and Engagement Workers – Early Help
- 2 Prevention Bus and Holiday Activity Fund Workers – Early Help

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

The undernoted quotes from young people attest to the value of these groups:

"Becoming chair of SYC has really improved my confidence in contributing to Sunderland's future by collaborating with and challenging councillors."

"Change Council gives me a voice and proves that no matter who you are, or what you have been through you CAN make a difference."

"Change Council has allowed me to meet a range of different staff members. It's nice to put a name to a face instead of being an email or a meeting."

Stars - "I am very proud to be part of such an amazing group, who are always trying to help the SEND community as much as possible. I have made some good friends and we have lots of fun. I feel very included, and I am pleased that I have been able to teach others about disabilities like mine."

Cozmik is a place where I don't have to fear any judgement. I can be as open and as free as I want and help making Sunderland be that kind of place as well – not just for the group, but for all other people in the LGBTQIA+ community, right now and in the future'.

Our People

We will actively develop our culture and implement a performance management framework that embraces our values and expected behaviours: Thrive@TfC is the new TfC Performance Management system with coaching and building an inclusive, supportive culture for our workforce at its core. Thrive represents a movement away from simply talking about 'what' is to be done by placing a renewed focus on 'how' it is to be done by measuring progress against a Behavioural Framework built around core TfC values. The Thrive cycle introduces 3 new performance based conversations throughout the year with career aspirations, development needs and health and wellbeing revisited at each. Coaching principles acquired by all People Managers through our partnership with The OCM Group Limited represent the golden thread throughout the whole process. All People Managers and staff have attended briefings on how the new system will work and People Managers have received additional workshops on behaviours, coaching, crucial conversations in readiness for goal setting meetings in early 2023.

We will listen and engage our workforce in TfC employee forums to share their ideas and discuss issues or concerns: The TfC Employee Forum meets regularly with a cross section of staff volunteers from across Directorates who have a specific interest in participating in key decisions, projects and issues that impact the workforce. The Forum was a key influencing factor in roll-out of the Thanks@TfC staff recognition programme and also informed the development of agile working protocols. TfC also has a number of active and influential Equity Diversity and Inclusion Networks, championing issues on behalf of the workforce across the LGBTQ+, accessibility and race equality agenda. Network membership has grown considerably since their inception and output has been hugely valued not just in terms of leading the promotion of key EDI celebration events such as Black History Month and PRIDE but also in directly impacting the education of the workforce through the commissioning of specialist EDI training. TfC also operates a full workforce staff engagement survey annually which addresses the impact of the 4 key pillars of the People Strategy (Leadership and Driving our culture, Protecting our Wellbeing, Growing and Developing our People and Valuing and Retaining our Talent). The annual Staff Engagement Survey provides a structured health check that we are delivering upon our commitment to be a supportive and inclusive employer.

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

We will provide high quality learning and development opportunities for our workforce together with strong career pathways: Me@TfC, the Company Development Programme, is now well embedded across the Company with its accompanying bulletin promoting development opportunities across the Company. TfC has an established on-boarding programme, apprentice programme, coaching programme and in 2023 will be launching a New Manager's Induction Programme alongside an Aspiring Manager's Programme for the Company. Thrive@TfC will mean that we will all have our personal behavioural and development goals defined and revisited at quarterly intervals. The Company encourages a mixture of self-led study, in-house 'expert' workshops and formal specialist face-to-face learning. The offer sits alongside Mandatory Training modules tailored to role specific requirements. The Company has an extensive Wellbeing Programme which offers a blended approach to self-care techniques, formal Occupational Health interventions and formal training for example the Mental Health First Aid accreditation (65 participants) and Menopause Mentors (15 participants).

We will focus on recruitment, retention, and develop outstanding workers through our People Strategy and leadership programme: Recruitment of critical positions remains a challenge both nationally and regionally. TfC is proud to have secured under 2% agency usage in children's social care through implementation of a range of initiatives as detailed in our Recruitment & Retention Strategy. The Human Resources (HR) Dashboard ensures that vacancy, turnover and agency rates are consistently tracked and monitored. Workforce Planning activity is underway in 2023 across all Directorates and will lead to the creation of tailored recruitment programmes for critical posts; such as the grow your own initiatives already in place in Social Care. TfC has worked hard to ensure its competitive offer is extensively promoted through the use of Social Media, using bespoke and creative marketing campaigns such as the recent drive to recruit Residential Workers. Such campaigns focus on the plethora of pull factors in place using employee testimony to promote our competitive financial package alongside Learning and Development investment, progression opportunities and wellbeing programme which make TfC a great place to work and grow. Effective succession planning led to the vacancies of Social Care Director, Service Manager and Team Manager opportunities being filled by existing TfC Managers.

Equity, Diversity and Inclusion

We believe that excellence will be achieved through recognising the value of every individual. We aim to create an environment that respects the diversity of staff and service users, enabling them to achieve their full potential, contribute fully and derive maximum benefit and enjoyment from their involvement in the Company.

To this end the Company will aim to embed in all its activities the following basic rights for all:

- To receive a professional and appropriate service
- To be treated with respect and dignity
- To be treated fairly with regard to all procedures, assessments and choices
- To receive encouragement to reach their full potential

These rights carry with them responsibilities not just for the Company, but also all its staff, service users and those who supply services on our behalf. We must all recognise and uphold these rights and act in accordance with them in our dealings with others.

As a company committed to making a difference for children and families in Sunderland, we hold close our duty to further the interests of those who use our services. To do this, we need a workforce made up of people from diverse backgrounds, who can ensure that we make sound decisions which are representative of all perspectives within society. We seek to build a workforce that champions fairness, kindness and inclusivity, and who can apply these values when working with children and families.

We take steps to ensure we are a great employer that values and celebrates the different ideas, skills, behaviours and experiences of our colleagues. We also foster a culture that promotes wellbeing and positive mental health and provides support to enable all our colleagues to thrive. As part of this achieving these goals, we convened an overarching Equity, Diversity and Inclusion Network with complementary Accessibility, LGBTQ+ and Racial Equality Networks.



**Equity, Diversity
and Inclusion Network**

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Investment in Newly Qualified Social Workers

We have continued to invest in our grow your own programme in Social Care. Over the last financial year we have continued to expand and we have involvement with a number of national routes to strengthen our Social Care workforce, these include the Social Work Apprenticeship and Step up to Social Work as well as supporting the more traditional routes into Social Work. We have strengthened and nurtured new and existing relationships with our local Higher Education Institutions and our student social work programme has continued to expand with high numbers of students completing their placements with the Company (25 completed their placement in 2022), who if successful at interview are appointed for our Assessed and Supported Year in Employment (ASYE) programme. The ASYE programme within our Academy continues to be successful and we ensure that there is high quality support offered to Newly Qualified Social Workers (NQSWS) on their journey with the company. We currently have eleven NQSW on the ASYE programme with further cohorts scheduled for May and September 2023.

The company continues to offer support to social workers on completion of the ASYE via the Year 2 programme which highlights further investment in learning and development with the Post Qualifying Safeguarding award at University. Social work career pathways has been revisited to ensure that there are clear progression routes within Social Care which have been well received. Our commitment to social work education has been evidenced with our support to experienced Social Workers wishing to undertake the Practice Education award at university which has meant that our numbers of qualified Practice Educators has now reached thirty-seven.

Our Principal Risks

The Board of the Company owns its risk architecture and risk appetite and has delegated oversight of the Strategic Risk Register to its Audit and Assurance Committee. Material risks are escalated to the Board by the Committee as and when appropriate. All risks are actively managed by the Senior Leadership Team of the Company through a regular review of the Strategic Risk Register.

At the end of March 2023, there were eleven strategic risks under surveillance all of which are considered as either quantitatively or qualitatively material (summarised in the table below):

| Leadership and Staffing | | Values and Culture/Reputation | |
|--------------------------|--|-------------------------------|--|
| LS1 | The current stable CSC workforce is undermined by national workforce pressures | VCR2 | Future Ofsted ILACS inspection outcome may be less than outstanding |
| LS2 | The cost-of-living crisis forces staff to leave to work closer to home | | |
| LS3 | Senior staff leaving TFC and SCC may destabilise progress and momentum. | | |
| Stewardship of Resources | | Continuous Improvement | |
| R1 | Living within the Contract sum remains challenging despite a welcome £6.3m additional funding in 2022/23 after a £3m savings target and the prospect of a £5.4m target in 2023/24. | CI1 | Maintaining "Outstanding": in the face of rising demand, cost of living crisis and senior management changes |
| R2 | Digital maturity – systems are insufficiently robust to give the strong evidence base to support bids for funds and show efficacy of interventions especially in EH. | CI2 | Locally developed residential care accommodation is occupied on a longer term basis than the short lengths of stay originally envisaged. |
| R3 | Strength of partnerships to support operational delivery | CI3 | Delivery of Transformation programme with associated savings targets not just cost |
| R4 | Ability to sustain the Family Hub model beyond 2025/26 in line with Government expectations. | | |

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

As referenced above, all the above noted material risks are actively scrutinised on a regular basis by the Senior Leadership Team and at the Audit and Assurance Committee. An inherent part of the discussion in both fora is the context of the risk locally, regionally and nationally and, as part of mitigating risks, the Company will participate in Regional and National initiatives such as our involvement in a regional response to the National Care Review.

Finally in this regard, the Audit and Assurance Committee actively seeks to align each year's Internal Audit Work Programme with the Risk Register to ensure all material risks are addressed.

Section 172(1) Statement

This reporting requirement relates to a directors' duty to promote the success of the Company, which is prescribed in Section 172 of the Companies Act 2006. This duty states that:

- A director of a Company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:
 - the likely consequence of any decision in the long term
 - the interests of the Company's employees
 - the need to foster the Company's business relationships with suppliers, customers and others
 - the impact of the Company's operations on the community and the environment
 - the desirability of the Company maintaining a reputation for high standards of business conduct
 - the need to act fairly as between members of the Company

In regard to compliance in 2022/2023, the accompanying Annual Report demonstrates clearly the Company's operating context, employee considerations/engagement, partnership ethos and high standards as a corporate parent, business partner and neighbour.

A brief summary under the headings of the Act include the likely consequence of any decision in the long term:

- Given the Company operates under a Services Contract with its Sole Member, Sunderland City Council, which is for ten years starting from 1 April 2017 all long-term decision making is tightly regulated with certain Reserved Matters being articulated in the Articles of Association.
- In addition, the Company's Articles of Association also stipulates that any decisions with a longevity beyond the Services Contract are a Reserved Matter for the Council as sole member.
- the interests of the company's employees:
 - This Annual Report demonstrates how the Company values and engages with its staff and proactively embraces equity and diversity.
 - The Company has significantly reduced reliance on Agency social work staff and created a strong, engaged and stable workforce at all levels across the Company.
 - As of 31 March 2023, the company had just one agency social worker representing the Company caring for a young person living in the South of England.
 - The Company's Senior Leadership Team meets regularly with Trade Union colleagues to discuss key matters especially those relating to staff, terms and conditions (which mirror those of the Sunderland City Council per the Services Contract).
- the need to foster the company's business relationships with suppliers, customers and others:
 - Again, the accompanying Report shows a keen desire to create and optimise key strategic partnerships in providing high quality services to all service users and unashamedly putting the child first
 - In a practical sense, the company's published Payment Terms reports demonstrate a desire to support the Company's supply chain by prompt settlement with >99% paid within 30 days and an average term of just under 4 days (6 months to 31 March 2023).
- the need to act fairly as between members of the company:
 - Sunderland City Council is the Sole Member therefore equity and fairness between members is not an issue.
 - The Company recognises staff and unions as key stakeholders in its success and, as explained elsewhere in this report seeks to proactively engage with both these important stakeholders in an equitable manner.

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

- the impact of the company's operations on the community and the environment:
 - The Company is very community engaged with regular liaison events designed, for example, to support and recruit Foster Carers and potential adoptive parents. The Company's Third Sector interface is strong with active support to the Cared for Children Christmas Luxury Hamper appeal by a local charity, Hopesprings, as but one example.
 - An ongoing review of the Company estate anticipates reducing the Company's carbon footprint and the planned installation of further electric charging points demonstrates commitment to lowering tailpipe emissions when travelling.
 - The Company is actively engaged with the Council on a city-wide Low Carbon Framework and is actively canvassing the views of children and young people to support and shape this agenda.
- the desirability of the company maintaining a reputation for high standards of business conduct:
 - The Company strives to be utterly professional in its business conduct and adopts high standards of conduct in all operations.
 - As already alluded to above, payment terms are prompt and not exploitative, and any changes to contract terms and conditions are carefully articulated and discussed rather than being unilaterally introduced.
 - The Company has a Modern Slavery Policy (see below) which mirrors that of its sole member and applies to supply chain partners too.

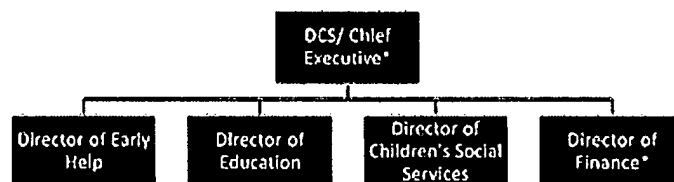
Our Governance Structure:

The Company is overseen by its independent Board of directors to ensure operational independence, it has an Audit and Assurance Committee.

2022/23 Board and Committee Attendance (Actual/Possible):

| Board Member | Board Meetings/Calls | Audit and Assurance Committee |
|----------------|----------------------|-------------------------------|
| Ms C E Auld | 9/10 | |
| Ms S D Carty | 2/3 | |
| Ms J P Colbert | 10/10 | |
| Ms D Exley | 10/10 | 4/4 |
| Mr D Gallagher | 4/7 | |
| Ms C M Hearne | 10/10 | 4/4 |
| Ms J Laverick | 5/8 | |
| Mr S P Mason | 9/10 | 4/4 |
| Mr P Moffat | 7/7 | |
| Mr S G Renwick | 8/10 | 4/4 |

The Senior Leadership Team structure as of 31 March 2023 shown below manages the business on an operational basis, directors meet regularly with their direct reports both individually and collectively as an Extended Senior Leadership Team.



(* = Company Directors registered with Companies House)

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

RESULT FOR THE YEAR

The turnover of the Company in the year to 31 March 2023 was £143,811,372, of which £134,265,887 was received from Sunderland City Council in the form of contract income and contributions. The main contract income from Sunderland City Council totalled £86.5m.

The Company spent £137m on cost of sales, providing services to children and £13.4m on administration expenses during the period. Pension costs totalled £13.4m and includes £8.1m of costs as a result of the required defined benefit pension scheme disclosures and £5.3m contributions paid during the year in relation to the 913 employees of the Company at 31 March 2023, not all of whom are in a Pension Scheme.

Overall income and expenditure in the next financial period are expected to grow as a number of services, primarily relating to Education, and retained by the Council at the inception of the Company are expected to transfer under the control of the Company.

Sunderland City Council has agreed that it will continue to support the Company financially for the twelve-month period from the signing of these accounts, to ensure the Company can continue to operate.

On behalf of the Board



Ms TL Banks
Director

Date: 30/6/2023

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

The company is limited by guarantee and has no share capital.

Principal activities

The principal activity of the company continued to be that of delivering Children's Services on behalf of Sunderland City Council.

Results and dividends

No dividends will be distributed for the year ended 31 March 2023.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

| | |
|-----------------|-----------------------------|
| Ms CE Auld | |
| Ms TL Banks | (Appointed 1 April 2023) |
| Ms SD Carty | (Resigned 31 July 2022) |
| Ms JP Colbert | |
| Ms DM Exley | |
| Mr DJ Gallagher | (Resigned 30 November 2022) |
| Ms CM Hearne | |
| Ms J Laverick | |
| Mr SP Mason | |
| Mr P Moffat | (Resigned 30 November 2022) |
| Mr SG Renwick | |
| Mr SD Williams | (Appointed 1 May 2023) |

Ms SD Carty who resigned as a director 31 July but was on the payroll till 30 October.

Employees

The Company values its staff greatly and is an equal opportunities employer. It is the Company's policy to develop and apply procedures and practices which are designed to ensure that equal opportunities are provided to employees, or those who seek employment. All employees are treated fairly and equally. Selection for employment, promotion, training, or other matters affecting their employment is on the basis of aptitude and ability.

It is the Company's policy to give full and fair consideration to the employment needs of disabled persons (and persons who become disabled whilst employed by the Company) and to comply with all current legislation.

The Company has a Modern Slavery Policy which covers practices within the Company and also its supply chain.

There were 891 employees working on the snapshot date of 5 April 2022. The gender pay gap analysis is based on headcount which showed 742 female employees and 149 male employees. The Company operates a graded salary structure of incremental salary scales with a range of spinal column points (pay points), using the nationally negotiated pay spines as the basis for its local pay structures, together with some locally determined rates. The Company does not operate a bonus scheme.

Comparison of mean pay in the Company shows a gap in favour of men of 1.75%.

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Corporate governance

S54 Modern Slavery Act 2015

Together for Children Sunderland Limited (the Company) is committed to understanding and mitigating risks of slavery and human trafficking in its corporate activities and supply chains. This statement makes clear the Company's commitment to tackling modern slavery by setting out its actions to understand all potential modern slavery risks related to its business and the steps it has taken to aim to ensure that there is no slavery or human trafficking in its own business and its supply chains.

This statement is presented in compliance with the above-noted legislation and covers the following key elements:

- the organisation's structure, its business, and its supply chains.

The Company is a private, limited by guarantee, company wholly owned by Sunderland City Council. It exists to provide high quality social care and education services and delivers these functions through a mixed economy of contracted and in-house services.

Key supply chain services relate to contracted out care services and the supply of back-office materials and functions. All formal procurement activity is undertaken on behalf of the Company by the Council under a Service Level Agreement.

- its policies in relation to slavery and human trafficking.

The Company adheres to procurement best practice by buying in a Procurement service from the City Council. This gives the Company access to the Council's diligent supply chain checks and balances including vis-à-vis Modern Slavery. The Company has adopted the Council's Modern Slavery Policy which can be accessed as follows:

Modern slavery and trafficking - Sunderland City Council

"This statement covers direct employees of the Council (and its wholly owned companies) and services delivered on behalf of the Council by third party organisations, and in the supply chains."

- its due diligence processes in relation to slavery and human trafficking in its business and supply chains. The parts of its business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk.
- its effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against such performance indicators as it considers appropriate.

The biggest risk to the Council, and hence the Company, in not being compliant with the Modern Slavery Act is recognised to be through the procurement of goods and services. The Council's Procurement Strategy (adopted by the Company) was updated to specifically refer to modern slavery and much activity in previous years has been focused on eliminating the procurement risks as much as possible. Procurement staff receive mandatory training and protocols have been subject to regular review.

- the training and capacity building about slavery and human trafficking available to its staff.

The Company will follow the Council which will continue to train and raise awareness with staff and elected members so that they:

- understand that modern slavery is an issue in the UK
- are aware of some of the high-risk areas
- can spot the signs of modern slavery
- be clear about what to do and where to report it if they see something of concern
- think about how the choices people make about what to buy may impact modern slavery.

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Streamlined Energy and Carbon Reporting

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

These regulations cover a reporting requirement for large companies, such as Together for Children Sunderland Limited, to include in its Director's Report a statement on Energy and Carbon utilisation.

The Company is atypical insofar as it owns no assets and leases premises from the Council; data below is from Council sources and covers the grey fleet and some of the main buildings occupied for which separate data can be identified.

Finally, the data capture for this report is maturing and the undernoted has been expanded from last year with the addition of many more premises and the inclusion of energy transmission and distribution under grey fleet analysis. Comparative figures are, by default, meaningless.

| Category | Unit of Measurement | 2022/23 Values |
|---------------------------------------|---------------------|----------------|
| Scope 1 emissions | tonnes CO2e | 308.59 |
| Scope 2 emissions | tonnes CO2e | 124.54 |
| Scope 3 emissions | tonnes CO2e | 150.61 |
| Total Greenhouse Gas emissions | tonnes CO2e | 583.74 |
| Greenhouse Gas emissions per employee | tonnes CO2e | 0.65 |

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the Board



Ms TL Banks
Director



Ms JP Colbert
Director

Date: 30/6/2023

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TOGETHER FOR CHILDREN SUNDERLAND LIMITED

Opinion

We have audited the financial statements of Together For Children Sunderland Limited (the 'company') for the year ended 31 March 2023 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 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.

Basis for opinion

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

Conclusions relating to going concern

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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TOGETHER FOR CHILDREN SUNDERLAND LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of 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 directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 on the basis of these financial statements.

Audit procedures performed by the engagement team included:

Discussions with UK directors and key management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;

Evaluation and testing of the operating effectiveness of managements controls designed to prevent and detect irregularities;

Reviewing relevant meeting minutes;

Reviewing reports and correspondence produced by Ofsted and the Care Quality Commission, with respect to our client;

Identifying and testing journal entries based on risk criteria;

Testing transactions entered into outside of the company's normal course of business.

There are inherent limitations in the audit procedures outlined above and there is no guarantee that our procedures would always detect a material misstatement exists. We also note 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 or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TOGETHER FOR CHILDREN SUNDERLAND LIMITED

Use of our report

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

m moran

Michael T Moran BA FCA (Senior Statutory Auditor)
For and on behalf of Robson Laidler Accountants Limited

Date: *17 July 2023*

Statutory Auditor

Fernwood House
Fernwood Road
Jesmond
Newcastle Upon Tyne
Tyne and Wear
England
NE2 1TJ

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2023

| | Notes | 2023 £ | 2022 £ |
|--|-------|--------------------|--------------------|
| Turnover | 3 | 143,811,372 | 130,544,621 |
| Cost of sales | | (137,028,078) | (125,106,913) |
| Gross profit | | 6,783,294 | 5,437,708 |
| Administrative expenses | | (13,414,985) | (12,793,409) |
| Operating loss | | (6,631,691) | (7,355,701) |
| Interest receivable and similar income | | 89,691 | 1,701 |
| Interest payable and similar expenses | | (1,576,000) | (1,410,000) |
| Loss before taxation | | (8,118,000) | (8,764,000) |
| Tax on loss | 8 | 2,029,500 | 2,191,000 |
| Loss for the financial year | | (6,088,500) | (6,573,000) |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

| | 2023 £ | 2022 £ |
|---|--------------|-------------|
| Loss for the year | (6,088,500) | (6,573,000) |
| Other comprehensive income | | |
| Actuarial gain on defined benefit pension schemes | 62,326,000 | 17,308,000 |
| Tax relating to other comprehensive income | (15,581,500) | 3,260,000 |
| Other comprehensive income for the year | 46,744,500 | 20,568,000 |
| Total comprehensive income for the year | 40,656,000 | 13,995,000 |

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

BALANCE SHEET

AS AT 31 MARCH 2023

| | Notes | 2023 £ | £ | 2022 £ | £ |
|---|-------|--------------------|--------------------|---------------------|---------------------|
| Current assets | | | | | |
| Debtors | 9 | 10,955,160 | | 24,018,197 | |
| Cash at bank and in hand | | 2,971,484 | | 2,599,105 | |
| | | <u>13,926,644</u> | | <u>26,617,302</u> | |
| Creditors: amounts falling due within one year | 10 | (12,261,644) | | (11,400,302) | |
| Net current assets | | | 1,665,000 | | 15,217,000 |
| Provisions for liabilities | | | | | |
| Defined benefit pension liability | 12 | 6,660,000 | | 60,868,000 | |
| | | <u>(6,660,000)</u> | | <u>(60,868,000)</u> | |
| Net liabilities | | | <u>(4,995,000)</u> | | <u>(45,651,000)</u> |
| Capital and reserves | | | | | |
| Profit and loss reserves | 13 | | (4,995,000) | | (45,651,000) |
| Total equity | | | <u>(4,995,000)</u> | | <u>(45,651,000)</u> |

30/06/2023

The financial statements were approved by the board of directors and authorised for issue on and are signed on its behalf by:



Ms TL Banks
Director



Ms JP Colbert
Director

Company Registration No. 10085290

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

| | Notes | 2023 £ | £ | 2022 £ | £ |
|---|-------|-----------|-----------|-----------|-------------|
| Cash flows from operating activities | | | | | |
| Cash generated from/(absorbed by) operations | 18 | | 282,688 | | (1,131,967) |
| Investing activities | | | | | |
| Interest received | | 89,691 | | 1,701 | |
| Net cash generated from investing activities | | | 89,691 | | 1,701 |
| Net increase/(decrease) in cash and cash equivalents | | | 372,379 | | (1,130,266) |
| Cash and cash equivalents at beginning of year | | | 2,599,105 | | 3,729,371 |
| Cash and cash equivalents at end of year | | | 2,971,484 | | 2,599,105 |

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

| | Profit and loss reserves £ |
|--|-------------------------------------|
| Balance at 1 April 2021 | (59,646,000) |
| Year ended 31 March 2022: | |
| Loss for the year | (6,573,000) |
| Other comprehensive income: | |
| Actuarial gains on defined benefit plans | 17,308,000 |
| Tax relating to other comprehensive income | 3,260,000 |
| Total comprehensive income for the year | 13,995,000 |
| Balance at 31 March 2022 | (45,651,000) |
| Year ended 31 March 2023: | |
| Loss for the year | (6,088,500) |
| Other comprehensive income: | |
| Actuarial gains on defined benefit plans | 62,326,000 |
| Tax relating to other comprehensive income | (15,581,500) |
| Total comprehensive income for the year | 40,656,000 |
| Balance at 31 March 2023 | (4,995,000) |

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

Together For Children Sunderland Limited is a private company, limited by guarantee, incorporated in England and Wales. The registered office is City Hall, Plater Way, Sunderland, Tyne and Wear, England, SR1 3AA.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Turnover consists of income from various grants and contracts and is recognised in accordance with the terms of those grants and contracts. Any unbilled work at the year-end is accrued and recognised as turnover and any income that should rightly be recognised in the following year is deferred at the year end.

1.4 Tangible fixed assets

The Company has been established with Service Level Agreements for all of its asset-based infrastructure requirements such as vehicles, premises, ICT systems and equipment. Accordingly, there is a pre-disposition against holding assets on the Company's Balance Sheet. Where specific needs and/or projects arise where an acquisition has a carrying value for more than one accounting period, the de-minimis capitalisation level applied will be £20,000 and beneath that value, transactions will be treated as revenue and written off fully in the year of acquisition. Should an asset be acquired above the de-minimis limit then the asset will be depreciated on a straight line basis as follows:

- Land Not depreciated
- Freehold buildings 50 years
- Long leasehold buildings 50 years
- Fixtures, fittings and equipment 10 years
- Plant, Vehicles and Machinery 5 years
- ICT equipment 5 years

1.5 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.6 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.7 Employee benefits

Pension costs and other post-retirement benefits

The Company operates a defined benefit pension scheme for the benefit of certain of its employees, as a member of the Tyne & Wear Pension Fund. The assets of the scheme are held separately from those of the Company in an independently administered fund.

FRS102 requires the Company to disclose certain information in relation to the pension scheme, concerning assets, liabilities, income and expenditure related to the scheme. These disclosures have been prepared by AON Hewitt, the actuary for the Tyne & Wear Pension Fund.

The liabilities of the pension scheme attributable to the Company are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees based on assumptions about mortality rates, employee turnover rates and projected earnings for current employees.

Assets have been valued at bid value in accordance with FRS102.

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

The net pension liability is analysed into the following components:-

Current service costs

The increase in liabilities as a result of years of service earned this year, is allocated to the Statement of Comprehensive Income.

Past service costs

The increase in liabilities arising from current year decisions that affect years of service earned in previous years.

Interest costs

The expected increase in the present value of liabilities during the year as they move one year closer to being paid.

Expected return on assets

The annual investment return on the fund assets attributable to the Company based on an average of the expected long term return.

Actuarial gains and losses

Changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.

Contributions paid to the pension fund

Cash paid as employer's contributions to the pension fund.

Other pension schemes

Certain employees of the Company are members of the following pension schemes:

- Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education.
- The NHS Pension Scheme.

The arrangements for these two schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to Together for Children Sunderland Limited. These schemes are, however, accounted for as if they were defined contribution schemes but, no liability for future payments of benefits is recognised in the Company's Balance Sheet. Employer contributions into these schemes are charged to the Statement of Comprehensive Income.

1.8 Short-term debtors and creditors

Debtors and creditors with no interest rate which are receivable or payable within one year are recorded at transaction price. Any loss arising from impairment are recognised immediately in profit and loss.

2 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements. If, in the future, such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and judgements will be modified as appropriate in the year in which the circumstances change.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are the disclosures in respect of the defined benefit scheme. The assumptions relating to the pension scheme are disclosed at note 12.

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

3 Turnover and other revenue

| | 2023 £ | 2022 £ |
|---|--------------------|--------------------|
| Turnover analysed by class of business | | |
| Contract income | 86,543,020 | 79,930,481 |
| Educational income | 55,040,001 | 48,568,729 |
| Other income | 2,228,351 | 2,045,411 |
| | <u>143,811,372</u> | <u>130,544,621</u> |
| | 2023 £ | 2022 £ |
| Turnover analysed by geographical market | | |
| United Kingdom | <u>143,811,372</u> | <u>130,544,621</u> |
| | 2023 £ | 2022 £ |
| Other revenue | | |
| Interest income | <u>89,691</u> | <u>1,701</u> |

4 Exceptional item

| | 2023 £ | 2022 £ |
|----------------------------------|----------------|----------------|
| Expenditure | | |
| Exceptional item - Cost of sales | <u>383,228</u> | <u>436,414</u> |

Exceptional items are the costs incurred by the company as a result of the COVID pandemic.

5 Auditor's remuneration

| | 2023 £ | 2022 £ |
|--|---------------|---------------|
| Fees payable to the company's auditor and associates: | | |
| For audit services | | |
| Audit of the financial statements of the company | <u>15,500</u> | <u>14,200</u> |

Auditors' remuneration charged for 2023 includes £550 charged in respect of the audit of the company's S14 grant.

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

| | 2023 Number | 2022 Number |
|------------------|----------------|----------------|
| Service delivery | 752 | 715 |
| Administration | 149 | 153 |
| Total | 901 | 868 |

In 2022, business support functions were reclassified from Cost of Sales to Administration to more accurately reflect their vital role in supporting service delivery to Sunderland's children and families. In total 50 staff were reflected in this reclassification.

Their aggregate remuneration comprised:

| | 2023 £ | 2022 £ |
|-----------------------|------------|------------|
| Wages and salaries | 30,239,097 | 27,953,449 |
| Social security costs | 3,129,934 | 2,767,181 |
| Pension costs | 13,402,107 | 12,269,235 |
| | 46,771,142 | 42,989,865 |

During the year, key management personnel remuneration of £860,656 (2022: £875,339) was paid. Key management personnel encompasses the wider Company management team.

Pension costs

Employees of Together for Children Sunderland Limited are admitted to the Tyne & Wear Pension Fund, under the regulations governing the Local Government Pension Scheme. This is a defined benefit scheme, meaning that Together of Children Sunderland Limited and employees pay contributions into a fund, calculated at a level intended to balance pension liabilities with investment assets.

In 2022/23 the Company paid £5,034,000 into the Tyne & Wear Pension Fund, which provides members with defined benefits relating to pay and services. The Fund Actuary determines the employer's contribution rate based upon triennial actuarial valuations, the last review being 31 March 2022. Under Pension Regulations, overall contribution rates are set to meet 100% of the overall liabilities of the Fund over the defined period.

The above pension costs include £6,542,000 as a result of adjustments relating to costs associated with the defined benefit scheme.

7 Directors' remuneration

| | 2023 £ | 2022 £ |
|--|-----------|-----------|
| Remuneration for qualifying services | 385,145 | 372,768 |
| Pension contributions to defined benefit schemes | 54,840 | 32,662 |

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

7 Directors' remuneration

(Continued)

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 3 (2022 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

| | 2023 £ | 2022 £ |
|--------------------------------------|-----------|-----------|
| Remuneration for qualifying services | 118,748 | 116,621 |

8 Taxation

| | 2023 £ | 2022 £ |
|--|-------------|-------------|
| Deferred tax | | |
| Origination and reversal of timing differences | (2,029,500) | (2,191,000) |

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

| | 2023 £ | 2022 £ |
|--|-------------|-------------|
| Loss before taxation | (8,118,000) | (8,764,000) |
| Expected tax charge based on the standard rate of corporation tax in the UK of 0% (2022: 0%) | - | - |
| Deferred tax | (2,029,500) | (2,191,000) |
| Taxation credit for the year | (2,029,500) | (2,191,000) |

In addition to the amount credited to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

| | 2023 £ | 2022 £ |
|--|------------|-------------|
| Deferred tax arising on: | | |
| Actuarial differences recognised as other comprehensive income | 15,581,500 | (3,260,000) |

Analysis of the tax charge

No Liability to UK corporation tax arose for the year ended 31 March 2023 nor for the year ended 31 March 2022.

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

9 Debtors

| | 2023 | 2022 |
|--|-------------------|-------------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Trade debtors | 947,537 | 3,335,434 |
| Amounts owed by group undertakings | 378,663 | 292,949 |
| Other debtors | 22,711 | 15,603 |
| Prepayments and accrued income | 7,941,249 | 5,157,211 |
| | <u>9,290,160</u> | <u>8,801,197</u> |
| Amounts falling due after more than one year: | | |
| | £ | £ |
| Deferred tax asset (note 11) | <u>1,665,000</u> | <u>15,217,000</u> |
| Total debtors | <u>10,955,160</u> | <u>24,018,197</u> |

10 Creditors: amounts falling due within one year

| | 2023 | 2022 |
|------------------------------|-------------------|-------------------|
| | £ | £ |
| Trade creditors | 672,255 | 1,456,832 |
| Taxation and social security | 1,913,137 | 3,355,105 |
| Accruals and deferred income | <u>9,676,252</u> | <u>6,588,365</u> |
| | <u>12,261,644</u> | <u>11,400,302</u> |

11 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

| | Assets 2023 | Assets 2022 |
|--------------------------|------------------|-------------------|
| | £ | £ |
| Balances: | | |
| Other timing differences | <u>1,665,000</u> | <u>15,217,000</u> |

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

| | | | |
|-----------|---|--------------------|-------------|
| 11 | Deferred taxation | (Continued) | |
| | | 2023 | |
| | Movements in the year: | £ | |
| | Asset at 1 April 2022 | (15,217,000) | |
| | Credit to profit or loss | (2,029,500) | |
| | Charge to other comprehensive income | 15,581,500 | |
| | Asset at 31 March 2023 | (1,665,000) | |
| 12 | Retirement benefit schemes | 2023 | 2022 |
| | Defined contribution schemes | £ | £ |
| | Charge to profit or loss in respect of defined contribution schemes | 6,542,000 | 7,354,000 |

Defined benefit schemes

The disclosures below relate to the funded liabilities within the Tyne & Wear Pension Fund (the 'Fund') which is part of the Local Government Pension Scheme (the 'LGPS'). The funded nature of the LGPS requires Together for Children Sunderland Limited and its employees to pay contributions into the Fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The latest actuarial valuation of Together for Children Sunderland Limited's liabilities took place as at 31 March 2022. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected unit credit method. The principal assumptions used by the actuary in updating the latest valuation of the Employer's assets and liabilities for FRS102 purposes are shown below.

Change of accounting estimate in respect of pension liability – 31 March 2022

The actuary of the company's defined benefit scheme AON Hewitt revised their estimate of the value of the defined benefit scheme liability as at 31 March 2022. The revision of the estimate related to more accurate scheme data including mortality rates. As this is a revision to an accounting estimate rather than a change in accounting policy, in accordance with FRS102 the effect of the change in the estimate needs to be disclosed, rather than amending the prior year's results.

The effect of the change in accounting estimate was nil on the income statement in the previous year. On the balance sheet the defined benefit liability would have fallen by £1.023m from £60.868m to £59.845m. Deferred tax asset would have fallen by £0.256m. Overall there would have been an increase in net assets of £0.767m.

The change of estimate has been reflected this year as part of the pension adjustments in the statement of comprehensive income.

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

12 Retirement benefit schemes

(Continued)

| | 2023 | 2022 |
|---|--------------|--------------|
| | % | % |
| <i>Key assumptions</i> | | |
| Discount rate | 4.60 | 2.70 |
| Expected rate of increase of pensions in payment | 2.60 | 2.90 |
| Expected rate of salary increases | 4.10 | 4.40 |
| CPI inflation | 2.60 | 2.90 |
| Pension accounts revaluation rates | 2.60 | 2.90 |
| | | |
| <i>Mortality assumptions</i> | 2023 | 2022 |
| | Years | Years |
| The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements. Sample life expectancies at age 65 resulting from these mortality assumptions are shown below. | | |
| Retiring today | | |
| - Males | 21.6 | 21.8 |
| - Females | 24.6 | 25.0 |
| | | |
| Retiring in 20 years | | |
| - Males | 22.9 | 23.5 |
| - Females | 26.1 | 26.7 |
| | | |
| | 2023 | 2022 |
| | £ | £ |
| <i>Amounts recognised in the profit and loss account</i> | | |
| Current service cost | 11,576,000 | 11,983,000 |
| Net interest on net defined benefit liability/(asset) | 1,576,000 | 1,410,000 |
| | | |
| Total costs | 13,152,000 | 13,393,000 |
| | | |
| | 2023 | 2022 |
| | £ | £ |
| <i>Amounts taken to other comprehensive income</i> | | |
| Actual return on scheme assets | (5,643,000) | (4,548,000) |
| Less: calculated interest element | 2,520,000 | 1,759,000 |
| | | |
| Return on scheme assets excluding interest income | (3,123,000) | (2,789,000) |
| Actuarial changes related to obligations | (59,203,000) | (14,519,000) |
| | | |
| Total costs/(income) | (62,326,000) | (17,308,000) |

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

12 Retirement benefit schemes

(Continued)

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

| | 2023 £ | 2022 £ |
|--|------------------|-------------------|
| Present value of defined benefit obligations | 108,041,000 | 151,760,000 |
| Fair value of plan assets | (101,381,000) | (90,892,000) |
| Deficit in scheme | <u>6,660,000</u> | <u>60,868,000</u> |

| | 2023 £ |
|--|--------------------|
| <i>Movements in the present value of defined benefit obligations</i> | |
| Liabilities at 1 April 2022 | 151,760,000 |
| Current service cost | 11,576,000 |
| Benefits paid | (1,991,000) |
| Contributions from scheme members | 1,803,000 |
| Actuarial gains and losses | (59,203,000) |
| Interest cost | 4,096,000 |
| At 31 March 2023 | <u>108,041,000</u> |

| | 2023 £ |
|--|--------------------|
| <i>The defined benefit obligations arise from plans funded as follows:</i> | |
| Wholly unfunded obligations | 108,041,000 |
| Wholly or partly funded obligations | - |
| | <u>108,041,000</u> |

| | 2023 £ |
|--|--------------------|
| <i>Movements in the fair value of plan assets</i> | |
| Fair value of assets at 1 April 2022 | 90,892,000 |
| Interest income | 2,520,000 |
| Return on plan assets (excluding amounts included in net interest) | 3,123,000 |
| Benefits paid | (1,991,000) |
| Contributions by the employer | 5,034,000 |
| Contributions by scheme members | 1,803,000 |
| At 31 March 2023 | <u>101,381,000</u> |

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

12 Retirement benefit schemes

(Continued)

The actual return on plan assets was £5,643,000 (2022 - £4,548,000).

Expected return on assets

The approximate split of assets for the fund as a whole is shown in the table above. Also shown are the assumed rates of return adopted by the employer for the purposes of FRS102.

In December 2018, the Court of Appeal ruled against the Government in the 'McCloud/Sargeant' judgement, which found that the transitional protection arrangements put in place when the firefighters' and judges' pensions schemes were reformed, were age discriminatory. The Government has announced that it accepts the judgement of the courts, however there is still significant uncertainty over the remedy that will apply. The ruling will have implications for all public sector schemes which were reformed around the same time and could lead to members who were discriminated against being compensated.

In relation to the LGPS, all members of the 2008 scheme were moved into the new 2014 scheme, but members within 10 years of normal retirement were given an underpin promise, that their benefits would be at least as valuable in terms of amount and when they could be drawn, as they would if they had remained in the 2008 scheme.

For the purpose of reporting a contingent liability it would be prudent to assume the remedy would be equivalent to extending the underpin promise to all members.

The Company recognises that a liability may therefore arise as a result of the above proceedings, but at this stage, it is not practical or cost effective to estimate this liability, particularly at employer-level. This is because the calculations required are not straight forward, as they would require re-calculation of the benefits payable in the pre-formed schemes in relation to members who moved to the new scheme, and decisions would need to be made over what remedy should be assumed to apply in the circumstances and what approximations can be made to limit the cost of the exercise.

| | 2023 | 2022 |
|--|--------------------|-------------------|
| | £ | £ |
| <i>Fair value of plan assets at the reporting period end</i> | | |
| Equity instruments | 51,907,000 | 51,808,000 |
| Debt instruments | 37,004,000 | 29,813,000 |
| Property | 10,645,000 | 7,635,000 |
| Cash | 1,825,000 | 1,636,000 |
| | <u>101,381,000</u> | <u>90,892,000</u> |

| The major categories of scheme assets as a percentage of total scheme assets are as follows: | 2023 | 2022 |
|--|----------------|----------------|
| | £ | £ |
| Equities | 51.20% | 57.00% |
| Government Bonds | 1.30% | 2.00% |
| Corporate Bonds | 19.50% | 18.80% |
| Property | 10.50% | 8.40% |
| Cash | 1.80% | 1.80% |
| Other | 15.70% | 12.00% |
| | <u>100.00%</u> | <u>100.00%</u> |

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

13 Profit and loss reserves

| | 2023 £ | 2022 £ |
|--|--------------------|---------------------|
| At the beginning of the year | (45,651,000) | (59,646,000) |
| Loss for the year | (6,088,500) | (6,573,000) |
| Actuarial differences recognised in other comprehensive income | 62,326,000 | 17,308,000 |
| Tax on actuarial differences | (15,581,500) | 3,260,000 |
| At the end of the year | <u>(4,995,000)</u> | <u>(45,651,000)</u> |

14 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2023 £ | 2022 £ |
|----------------------------|------------------|------------------|
| Within one year | 581,277 | 729,777 |
| Between two and five years | 1,566,831 | 2,565,807 |
| | <u>2,148,108</u> | <u>3,295,584</u> |

15 Related party transactions

Included in turnover is £86,543,020 (2022: £79,930,481) in contract income, which includes £11,258,286 (2022: £8,235,676) of grants received from Sunderland City Council, the sole member of the Company, and £47,722,867 (2022: £43,177,003) in contributions also received from Sunderland City Council.

Services contracted from Sunderland City Council include £2,535,931 (2022: £2,206,672) in administrative expenses and £1,219,672 (2022: £881,827) in cost of sales.

Partnership Agreement Funding received by Sunderland City Council of £2.551m (2022: £2.933m) was passed to the Company and the Company paid the Council £0.512m (2022: £0.482m) in relation to Partnership Agreement Funding.

At the year end, Together for Children Sunderland Limited owed Sunderland City Council £2,846,587 (2022: £2,410,213) and the Council owed the Company £7,409,709 (2022: £7,535,007).

16 Ultimate controlling party

The ultimate controlling party is Sunderland City Council.

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

17 Going Concern

The Company has recorded net liabilities at the year end, by virtue of having to include the pension deficit in the accounts in accordance with FRS102. The Company's pension deficit of £6.66m is recognised in full in the financial statements. The liability is being addressed on a going concern basis, with the Company having up to 23.7 years to address the pension fund projected deficit. If this liability had not been included in the accounts, the accounts would have recorded a break-even position, which is in line with the Company's expectations.

The use of the going concern basis is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt over the ability of the Company to continue as a going concern. Sunderland City Council has confirmed that it will financially support the Company for a further 12 months from the date the financial statements are signed by the directors and the auditor. The directors have reviewed the Company's forecasts for the next financial year from the date of formally approving the financial statements and consider preparation of the financial statements on a going concern basis to be appropriate.

18 Cash generated from/(absorbed by) operations

| | 2023 £ | 2022 £ |
|---|----------------|--------------------|
| Loss for the year after tax | (6,088,500) | (6,573,000) |
| Adjustments for: | | |
| Taxation credited | (2,029,500) | (2,191,000) |
| Finance costs | 1,576,000 | 1,410,000 |
| Investment income | (89,691) | (1,701) |
| Pension scheme non-cash movement | 6,542,000 | 7,354,000 |
| Movements in working capital: | | |
| Increase in debtors | (488,963) | (4,286,086) |
| Increase in creditors | 861,342 | 3,155,820 |
| Cash generated from/(absorbed by) operations | 282,688 | (1,131,967) |

19 Analysis of changes in net funds

| | 1 April 2022 £ | Cash flows £ | 31 March 2023 £ |
|--------------------------|-------------------|-----------------|--------------------|
| Cash at bank and in hand | 2,599,105 | 372,379 | 2,971,484 |

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2023

| | 2023 | 2022 |
|---|----------------------|----------------------|
| | £ | £ |
| Turnover | | |
| SCC contract income | 86,543,020 | 79,930,481 |
| SCC contributions | 47,722,867 | 43,177,003 |
| Fees and charges | 1,272,421 | 861,191 |
| Other contributions | 5,770,695 | 4,423,649 |
| Other income | 955,930 | 1,184,220 |
| DFE grant | 1,080,959 | 498,071 |
| Other grants | 465,480 | 470,006 |
| | <u>143,811,372</u> | <u>130,544,621</u> |
| Cost of sales | | |
| <i>Purchases and other direct costs</i> | | |
| Children looked after | 46,585,797 | 42,751,875 |
| DSG high needs block | 32,345,310 | 27,705,341 |
| DSG early years | 18,210,242 | 17,743,048 |
| Children in need of protection | 10,827,850 | 10,745,448 |
| Locality services | 5,597,747 | 5,174,472 |
| Special educational needs | 4,061,952 | 3,230,467 |
| Children with disabilities | 2,499,299 | 2,161,291 |
| Education | 3,180,354 | 2,645,358 |
| Independent reviewing officers | 1,436,688 | 1,562,482 |
| DSG schools | 1,232,311 | 1,094,867 |
| School improvement | 966,279 | 807,445 |
| Child and adolescent MHS | 342,648 | 322,818 |
| Prevention activities | 2,102,834 | 1,319,152 |
| CoS Defined benefit cost | 5,416,594 | 6,036,075 |
| Youth justice | 1,732,930 | 1,301,704 |
| Supporting Families | 106,015 | 68,656 |
| Exceptional item - Cost of sales | 383,228 | 436,414 |
| | <u>137,028,078</u> | <u>125,106,913</u> |
| Total purchases and other direct costs | | |
| | <u>137,028,078</u> | <u>125,106,913</u> |
| Total cost of sales | (137,028,078) | (125,106,913) |
| | <u>6,783,294</u> | <u>5,437,708</u> |
| Gross profit | | |

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

| | £ | 2023 £ | £ | 2022 £ |
|---|-----------|--------------|-----------|--------------|
| Administrative expenses | | | | |
| Wages and salaries | 4,479,665 | | 4,391,508 | |
| Social security costs | 451,187 | | 405,200 | |
| Pensions | 814,980 | | 787,645 | |
| Communication & computing | 98,595 | | 114,649 | |
| Other employee costs | 262,656 | | 117,951 | |
| Staff pension costs defined contribution | 1,125,406 | | 1,317,925 | |
| Directors' remuneration | 385,145 | | 372,768 | |
| Directors' social security costs | 42,890 | | 42,867 | |
| Directors' defined benefit scheme | 54,840 | | 62,662 | |
| Rents | 486,758 | | 365,980 | |
| Rates | 31,761 | | 31,761 | |
| Cleaning & domestic | 5,363 | | 2,562 | |
| Energy | 47,074 | | 36,467 | |
| Equipment, furniture & materials | 320,975 | | 123,343 | |
| Fixtures & fittings | 334 | | 3,288 | |
| Vehicle lease & hire | 11,350 | | 3,502 | |
| Car allowances | 1,879 | | 949 | |
| Public transport | 2,662 | | 17 | |
| Audit fees | 15,500 | | 14,200 | |
| Bank charges | 11,121 | | 10,165 | |
| Bad and doubtful debts | - | | 22,091 | |
| Printing and stationery | 10,298 | | 8,595 | |
| Grants & subscriptions | 46,028 | | 34,471 | |
| Third party payments | 790,044 | | 779,719 | |
| Services | 3,895,726 | | 3,728,872 | |
| General expenses | 3,691 | | 2,105 | |
| Sundry expenses | 19,057 | | 12,167 | |
| | | (13,414,985) | | (12,793,409) |
| Operating loss | | (6,631,691) | | (7,355,701) |
| Interest receivable and similar income | | | | |
| Bank interest received | 89,691 | | 1,701 | |
| | | 89,691 | | 1,701 |
| Interest payable and similar expenses | | | | |
| Net interest on defined benefit liability | | (1,576,000) | | (1,410,000) |
| Loss before taxation | | (8,118,000) | | (8,764,000) |