

## Report to the Shareholder of

### Southend Care Ltd's Financial Operational performance for 2020/21 – year ending 31<sup>st</sup> March 2021

#### Foreword

As laid out within the audited accounts for Southend Care Ltd 2020/21, 2020/21 continued to be a very positive operational financial performance position for the company, returning a net profit of £392,000 (equivalent 4% of turnover) after applied required accounting practise IAS19 pension adjustments of £301,000. This therefore now means, as laid out on the company's balance sheet as at the 31<sup>st</sup> March 2021 following 4 years of trade, the company holds a total retained operational profit reserve balance of £779,000, a separate transformation funds reserve of £276,000 and a defined benefit pension reserve liability of (£7,465,000) for former SBC council staff TUPE'd into the company which itself is underwritten by the Council.

And, as reflected in the now updated Business plan 2022/23 onwards, for any company to support financial stability a positive operational profit reserve balance should also seek to be held. This also now places the company in a strong financial position to continue to achieve its ambition of continued excellent delivery of direct Council funded services, whilst also now starting to really expand its operations into the private care market.

The 2020/21 positive operational profit performance itself is due to a number of the following factors:

1. Continued robust controls from the head office and the service teams managing their budgets successfully within their funding allocations.
2. The Company is committed to ensuring external agency spend is maintained below £25,000 over a 4 week period across services and this continued to be achieved throughout 2020/21.
3. Whilst 2020/21 was incredibly challenging year in relation to the global pandemic of Covid-19, the Company was thankfully supported with additional Covid-19 related grant income to continue to support vital and specific additional required service expenditure in a safe manner where services had to continue.
4. The Company continued to deliver savings through the natural conversion and turnover of former Southend Borough Council staff, replaced by staff positions appointed on Southend Care's own terms and conditions. This conversion rate performed slightly above the expected target in 2021/22.
5. The Company has also continued to successfully deliver, although relatively small scale, additional health and private funded income through the direct sale of day care sessions at its Viking Day Care centre, which support both the care needs and wellbeing of Adults who have profound and multiple learning disabilities.

**END OF REPORT**