



Annual Report 2019-20

www.quantumcare.co.uk


Quantum Care
 for care, not profit

Chair's Annual Report for 2019-20

It is impossible to write this report without significant reference to the unprecedented impact that the Covid-19 pandemic has had on our organisation and the care sector as a whole. The initial impact of the pandemic itself started during the final month of the financial year, but the true scale and sheer scope of how this evolved and continues to evolve is becoming more apparent as we progress throughout our next financial year. As such, a much fuller statement of the impact will be made in next year's Annual Report.

As ever, on behalf of the Board of Directors, I would like to thank all our staff for their outstanding efforts throughout the whole of the past year and in particular during the pandemic itself. The Board has heard many examples of outstanding commitment and personal sacrifice – reflected in the many letters and comments from our families – describing our employees as selfless, passionate and heroic.

I would also like to thank all of our Board members for their ongoing commitment, support and contribution, with particular thanks going to Trisha Robinson who retired from the Board in October. The 2019 Board Skills Audit enabled us to prioritise director skills and experiences to be targeted during our Spring 2019 recruitment campaign for new Directors. As a result, we welcomed Simon Karr and Clifford Norton to their first Board meeting in June, both of whom bring significant experience from the business and construction sectors.

This year has seen some notable successes for Quantum Care. We celebrate the improvements in our CQC ratings over the past year, with Quantum Care remaining listed in the Top 10 national CQC compliance tables compiled by Laing Buisson, as well as being noted as one of the top 20 providers in the national Carehome.co.uk care ratings – the largest online referral site for national care homes and independent customer feedback.

Our financial performance, together with our long-term commitment to delivering high quality care, makes us an attractive partner for institutional funders. As part of our strategy to develop brand new care homes, we engage with infrastructure funds and property investment companies seeking to fund the construction of new care homes. In last year's Report I observed that we expected to make some exciting announcements soon. This came to fruition with the agreement in January to build a brand new 77-bed care home, Mantles Court, in Biggleswade. Construction

Chair
David Priseman

is underway and we envisage opening this home in summer 2021. Negotiations are advanced with other opportunities and we expect to open further new homes in 2022 and beyond. Following the successful acquisition of Elizabeth House in Welwyn Garden City in 2019, we also continue to seek to acquire existing homes which we can integrate seamlessly and effectively into the portfolio.

Whilst the UK formally left the EU at the end of January, we are still in a transition period until the end of December. However, despite the challenges to recruitment that Brexit has posed, we have lower staff turnover than sector average, in an area of historical near-full employment and many alternative employment opportunities. We believe that our values, training and focus on career development will continue to make us an attractive employer.

Finally, the Board remains committed to the highest level of corporate governance that enables the Non-Executive Directors to monitor, support and where appropriate, constructively challenge the senior management team. In March, as a consequence of Covid-19 travel restrictions, we immediately and seamlessly moved our Board and committee meetings online. We also increased the frequency of contact between Maria and myself and the Board.

Despite the immense challenges and sadness caused by the Covid-19 pandemic, we believe that our reputation for high quality care delivery, collaborative approach with our many and varying stakeholders, financial strength, and medium and long term strategy will see us emerge in due course from these unprecedented times more resolved and better positioned than ever.

Chief Executive's Report

It is also impossible to write my report without major reference to the significant impact that the COVID-19 pandemic has had on our organisation and the wider care sector as a whole. Quantum Care's planning for Covid-19 commenced in late January and early February, with our formal Covid-19 working group meeting regularly from this period onwards. Our preparations enabled us to respond swiftly to what was evidently becoming an international issue and to be as prepared as possible for the local outbreak which affected nearly half our care homes before the end of the financial year.

More than ever, I would like to echo David's words by also personally thanking all our wonderful staff for their hard work and dedication throughout the year and in particular for the extraordinary ways they worked to keep our residents safe during these unprecedented times. I believe the term "heroic" is absolutely fitting. Our staff teams have worked tirelessly and diligently to prioritise the safety and protection of our residents in the most difficult of circumstances and it is at times like this that we all realise that we are exceptionally fortunate to have such enthusiastic, loyal and talented staff teams. I would also like to extend huge thanks to all our families/carers and our volunteers, including our Board members, for their continuing support, encouragement and patience throughout. It has been a challenging, often deeply sad time and difficult decisions have been taken in the best interests of our residents, employees and to protect the resilience of our company.

Advice and guidance during the pandemic has been rapidly evolving and our staff teams have been operating with new policies and practice protocols, new

engagement with Public Health England, national lockdown restrictions, new ways of communication and working, caring with PPE limitations, self and resident isolation practices, social distancing – to name just a few. Led by the Covid-19 Response Team, they have reacted and responded with the urgency and efficiency that such a situation requires. Due to the tireless work of our procurement team, we secured an early pipeline of Personal Protective Equipment (PPE) which enabled all employees in our homes to be fully equipped ahead of the changes in government guidance regarding PPE usage. We remain self-sufficient in the provision of PPE to all our employees.

The pandemic has also affected many other aspects of our business, resulting in changes to the way we are working. Our training programme has been completely reviewed and new e-learning courses and tools have been introduced to minimise contact risks. In addition, new capital investment and maintenance programmes have been implemented and new in-house and regulator quality assurance processes developed and embedded.

2019/20 overall, saw us finish the year with a solid outturn, a better than budgeted financial performance, continuing strong occupancy levels and improved Care Quality Commission compliance performance ratings. Our five-year new home development strategy continued to progress with the commencement in February of our new care home in Biggleswade, located in Central Bedfordshire. We maintained our high levels of internal investment in our care services, in the infrastructure of our existing homes, in implementing our new Digital Transformation Strategy and in our staff through quality training programme and competitive salary terms and conditions. As ever, our fundamental belief that high quality, well trained and supported staff are essential to deliver high quality care, remains as strong a commitment as ever. Sadly, we agreed the closure of two of our older homes where the buildings were no longer able to meet the increasingly challenging and complex care needs of current and future residents. With the support of our Local Authority, we have been able to accommodate residents in other Quantum Care homes and support our employees in their choices for the future.

The 2019/20 Quantum Care social year was very full – with a range of local, national and community events. These included a virtual cycling competition, a new series of "Tea and Tech" community events in our homes to provide technology awareness and hands-on experience, our ever popular residents' Christmas party, and our stunning Annual Care Awards. The highlight of the calendar was a very moving Remembrance event in November held at the De Havilland Museum in Hertfordshire, where we were able to pay tribute to all our residents who have been in active service, and with the help of the Lord Lieutenant of Hertfordshire, we were also able to award over 30 residents with Veteran and Women's Land Army badges.

Finally, I would like to thank our key local commissioner, Hertfordshire County Council, and our colleagues in our local Clinical Commissioning Groups with whom we have worked on new health and social care system solutions, along with Central Bedfordshire County Council, our other local Authorities, our local Care Association and our sector membership body - the National Care Forum – all of whom have provided active support, practical and/or financial help.



Chief Executive
Maria Ball

Our Board of Directors

Executive Directors



Wanda
Spooners



John
Farmer



Stewart
Mynott

Non Executive Directors



Chris Bow



Graham
McClelland



Tony Mills



Cecilia Miller



Simon Karr



Barbara
Williamson



Rob Kember



Clifford Norton



Clap for our Carers
Beane River View

Financial Review

Our Results

The financial year 2019/20 has been another year of good financial performance and this has led to continued investment in our staff and our homes. We are pleased therefore to report that the underlying results show a very strong financial performance. Our income has grown by 3% to £63.4m.

**Our income
has grown by
3% to £63.4m.**



This growth in income and strong budget management has enabled us to deliver a similar operating surplus to the previous two financial years, before the costs of the Local Government Pension Scheme and bank loan interest. Our operating surplus has remained at similar levels at £1.8m as compared to the previous financial year, which is 2.8% of income. This level of operating surplus has been delivered in the context of continued underfunding in the care sector, coupled with the challenging state of health and local authority finances. The Covid-19 pandemic impacted our homes towards the end of March 2020 and therefore, had little financial impact within this financial year.

As a 'not for profit' co-operative and Community Benefit Society, we invest our resources into the quality of service and experience that our staff and care homes can provide to residents. This financial strength gives Quantum Care the opportunity to invest more money than other private care providers in staff training, providing more contact hours per resident and the upkeep of the buildings and fabric of our homes. We

invested heavily in our homes in 2019/20 with a programme of kitchen, lounge and dining room refurbishments across our portfolio. We also upgraded a number of bathrooms and fitted them with specialist equipment to meet the needs of our increasingly frail residents.

Our average bed occupancy level of over 95% across the year is comparatively high within the care sector, contributing to the year on year growth in income. This has been achieved through our excellent reputation, high Care Quality Commission ratings and our continued emphasis on delivering community-focused services for our residents.

In accordance with accounting standards, the total impact of the movement in the Local Government Pension Scheme (LGPS) deficit has been identified separately within the Income and Expenditure Statement. These costs continue to be material in terms of the cash impact, with total payments including employers' pension contributions and lump sum deficit payments totalling over £1million in 2019/20.



Garden City Court
Pride of Britain nominees

Looking forward, the sector faces further significant challenges. The Covid-19 pandemic has had a major impact on operations within our homes. As with the care sector in general, all our homes were closed to new admissions and visitors for a number of months. We have seen our costs increase with the additional infection control procedures required to manage the virus, but with the support of central and local government, we have been able

to plan a way forward. Local Authority finances continue to be severely challenged, meaning the chronic underfunding of the care sector is likely to persist over a number of years. In addition, the needs of our residents are becoming increasingly more complex. Despite these challenges however, with careful financial planning and detailed risk management, Quantum Care is in a strong financial position.

The Balance Sheet and Working Capital

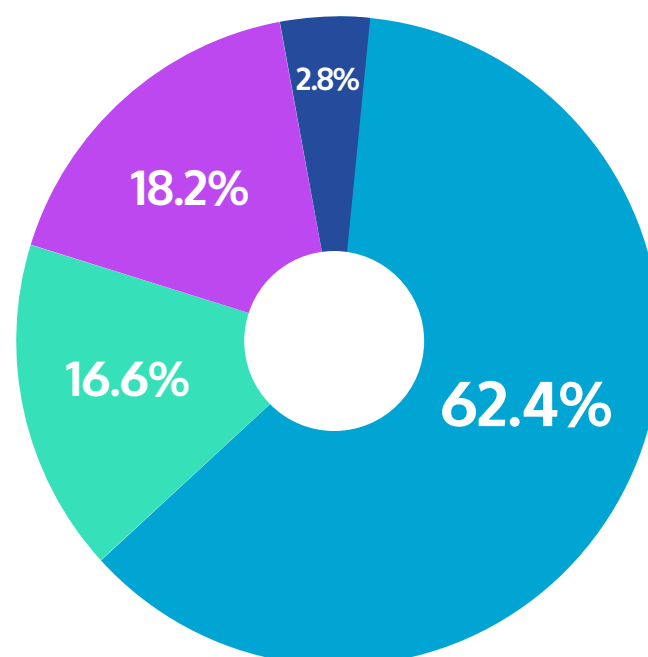
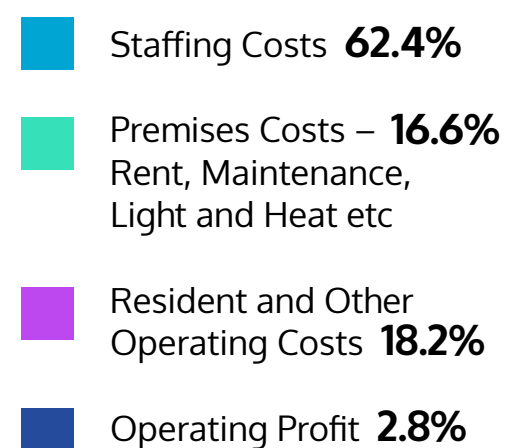
In 2019/20, the company paid more than £26m on nearly 28,500 invoices. We paid 82% of all supplier invoices by value within 30 days, and 97% within 60 days; the latter being the Government's Business to Business standard. By volume of invoices paid, the payment performance is 84% within 30 days and 99% within 60 days.

Our cash balance stands at £5.0m as at 31 March 2020, strengthening our working capital and ability to reinvest in the business.

Our Net Assets have increased from £3.9m to £8.2m, an increase of £4.3m as at 31 March 2020.

The Balance Sheet continues to be impacted by our share of the deficit on the Hertfordshire County Council Local Government Pension Scheme, but on a positive note, this year's Local Government Pension Scheme deficit has fallen by £3.3m from £10.1m to £6.8m at the balance sheet date.

Where Does Our Income Go?



INCOME AND EXPENDITURE

	Year ended 31 March 2020 £000s	Year ended 31 March 2019 £000s
Income		
Our charges for residential care and other services amounted to	63,443	61,574
Expenditure		
From this income we had to meet all the operating expenses of our homes together with our central administrative costs, which were	(61,661)	(59,758)
This figure represents our Operating Surplus	1,782	1,816
Added to this is interest receivable/(payable)	(290)	(354)
The Surplus/(Shortfall) of Income over Expenditure is	1,492	1,462
Note: the above figures include:		
Charges relating to the Local Government Pension Scheme: <i>Deficit payments on account</i>	(1,011)	(1,012)

BALANCE SHEET

	As at 31 March 2020 £000s	As at 31 March 2019 £000s
Assets		
Our Fixed and Current Assets inc Debtors and Bank Balances total	24,569	22,944
Expenditure		
Current Liabilities such as Trade Creditors and Accruals and Provisions for Liabilities and Charges together with a Bank Loan amount to	(9,612)	(8,888)
These are our Net Assets but without the Pension Liability	14,957	14,056
The Pension Liability is the subject of an annual Actuarial Valuation and reflects our share of the deficit of the Herts County Council Pension Scheme	(6,795)	(10,155)
Which leaves us with a Capital and Reserves of	8,162	3,901



Head Office
Quantum Care Limited
4 Silver Court
Watchmead
Welwyn Garden City
Hertfordshire
AL7 1TS

Tel: 01707 393293
Fax: 01707 368250
Email: info@quantumcare.co.uk
www.quantumcare.co.uk

Follow us online:

