



Quantum Care
for care, not profit



Annual Report 2020-21

www.quantumcare.co.uk

Joint report of the Chair and Chief Executive

The Covid-19 pandemic has continued to have a significant impact on our organisation and the wider care sector as a whole during this financial year. Quantum Care's pre-planning for Covid-19 commenced in late January 2020 and has continued throughout. Our preparations and learning have enabled us to respond swiftly to local outbreaks, with almost all our homes affected during the pandemic. We have had to constantly manage significant changes, including introducing a totally new testing regime, promoting the new vaccination programme and responding to regular government policy and procedure updates.

In keeping with the sector, Covid-19 has had a big impact on our occupancy throughout the year. This has been particularly challenging with homes moving in and out of lockdown due to local outbreaks and home closures. This has led to lower than expected income levels than in the previous year and higher costs with all the necessary additional infection control procedures and practices in place. On a positive note, the Government has helped the sector financially with new grants – the Infection Control Fund and Rapid Testing Fund – both designed to cover the significant costs these additional infection control procedures require. In effect, such funds have enabled us to maintain a healthy cash flow and balance our accounts at the year-end.

More than ever, myself and Julian Baust, the new Chair of Quantum Care, would like to personally thank all our excellent staff for their hard work and dedication

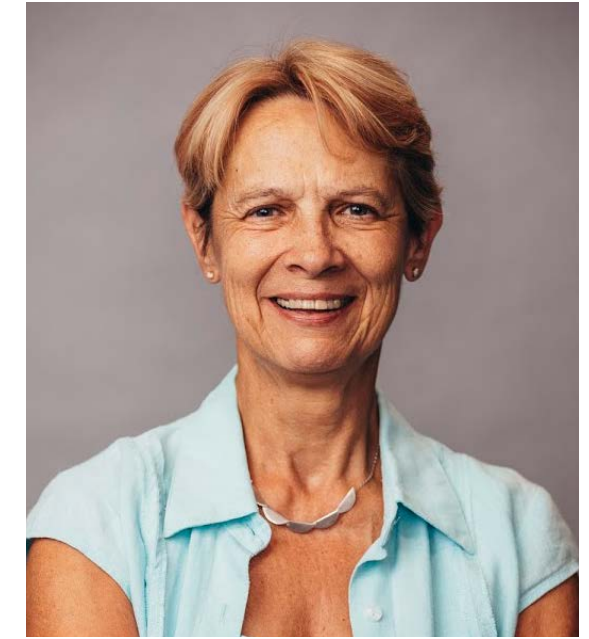
throughout the year. In particular, for the extraordinary ways they have worked to keep our residents safe during these unprecedented times. We believe the term "heroic" is absolutely fitting. Our teams have worked tirelessly and diligently to prioritise the safety and protection of our residents in 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. We would also like to extend a huge thank you to all our families/carers and 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 had to be taken in the best interests of our residents and 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



Julian Baust
Chair

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 and 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.

The pandemic has also affected many other aspects of our business, resulting in significant changes to the way we are working. Our training programme has been completely reviewed and new e-learning courses and tools have



Maria Ball
Chief Executive

been introduced to minimise contact risks. In addition, we have secured new capital investment and maintenance programmes, developed new in-house and regulator quality assurance processes and introduced a new digital care planning system across the company.

We have maintained our focus on the future with our five-year new home development strategy continuing to progress. We are preparing for the opening of our new Central Bedfordshire care home Mantles Court in Biggleswade in the Autumn of 2021. We have also signed agreements for new care homes in a number of areas including Bushey, Rickmansworth and Bishops Stortford. We will continue this strategic plan with more announcements in the near future.

As ever, we maintained our high levels of internal investment in our care services

and our staff through quality training programmes and competitive salaries, terms and conditions. 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 2020/21 Quantum Care social year was very different due to the Covid-9 outbreaks, but we were still able to hold a full range of local home events. Sadly, these events had to be held within the care home setting and without the participation of the local community which is so important to us as a Community Benefit Society. Our teams have worked really hard to offer a full range of safe events ranging from individual and household activities to summer outdoor garden parties.

We 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.

We are also very pleased to have this opportunity to thank all our Board members for their very active support of our organisation and the considerable commitment they all make in attending a very wide range of events, which sadly had to be held over zoom this year. A number of members extended their period of office to help Quantum Care take some difficult decisions during these challenging times. During this period, we recruited a new Chair of the Board, with David Priseman our Chair and long-serving Board member providing an extended period of support before handing over the reins. David's contribution has led to significant developments across the organisation for which we are extremely grateful and all our thanks go with him. Our new Chair – Julian Baust - formally joined us in March 2021 and brings a wealth of commercial, health and housing association experience to our Board.

Finally, we find ourselves looking forward to 2021/22. We are entering a new stage of our organisation's future – with the opening of our first new care home for a number of years and the continued development of other new care homes in the pipeline.

As always, our values and not for profit status will underpin our constant drive to ensure quality care remains high on our agenda and remains high with government and commissioners alike.

Our Board of Directors

Executive Directors



**Wanda
Spooner**



**John
Farmer**



**Stewart
Mynott**

Non Executive Directors



Chris Bow



**Graham
McClelland**



Tony Mills



Cecilia Miller



Simon Karr



**Barbara
Williamson**



Rob Kember



Clifford Norton

Financial Review 2021

Our Results

The Covid-19 pandemic has had a significant effect on us and across the wider care sector as a whole for the financial year 2020/21. We have had to manage major changes within the care sector, including a new testing regime, promoting the vaccination programme and government policy and procedure updates. This has had a major impact on our income and costs during the year.

This has led to a significant reduction in our occupancy throughout the year, as homes had to close to visitors and new individuals moving into our care with Covid outbreaks. But, this reduction in income has been offset by increased government funding to help the care sector with its additional costs due to Covid. Therefore, we are pleased to report that our underlying results was a small surplus in the year, this is against increased cost pressure due to the Covid pandemic. Our income has remained at £63m for the financial year, this after taking account of the reduction in occupancy.

The Covid-19 pandemic has led to a reduction in operating surplus for the first time in three years, before the costs of the Local Government Pension Scheme and bank loan interest. Our operating surplus reduced to £297k, compared to £1.8m in the previous financial year, which is 0.5% of income, compared to 2.8% in the previous year. This reduction is across the care sector, with many providers reporting a loss in the same period. Therefore, achieving a surplus in these challenging times has to be viewed as a positive position. This position has been achieved through strong management of our costs.

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 in the upkeep of the buildings and fabric of our homes. We continued to invest heavily in our homes in 2020/21 with a programme of boiler, lounge and dining room refurbishments across our portfolio. We also upgraded a number of the ensuite bathrooms and fitted them with specialist equipment to meet the needs of our increasingly frail residents.

We have identified separately within the Income and Expenditure Statement, the total impact of the movement in the Local Government Pension Scheme (LGPS) deficit in accordance with accounting standards. These costs continue to be material in terms of the cash impact, but have reduced with the latest revaluation of the pension scheme. Therefore, we have seen a fall in the total payments including employers’ pension contributions and lump sum deficit payments of £583k, compared to over £1million in 2019/20.



Looking forward, the sector faces further significant challenges. The Covid-19 pandemic continues and has had a major impact on our homes. As with the care sector in general, all our homes have had to close 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. Underlining this outbreak is the challenging state of Local Authority finances, but the government has announced the Fairer Cost of Care policy, which should mean an increase in local authority funding from October 2023. However, with careful financial management and detailed risk management, Quantum Care is in a strong financial position.

The Balance Sheet and Working Capital

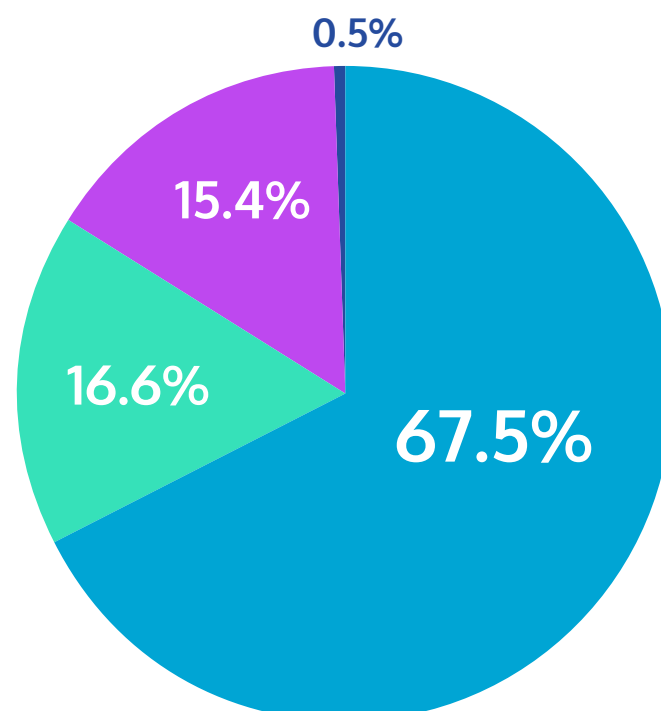
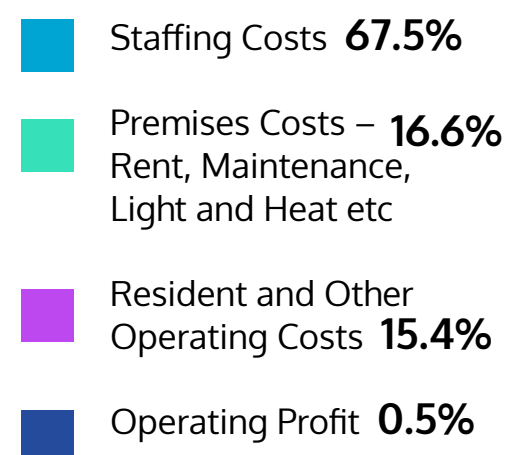
In 2020/21, the company paid more than £28 million on nearly 30,500 invoices. We paid 83% of all supplier invoices by value within 30 days, and 97% within 60 days; the latter being the Government's Business to Business standard. By volume of invoices paid, the payment performance is 85% within 30 days and 99% within 60 days.

Our cash balance stands at £6.7m as at 31 March 2021, strengthening our working capital and ability to reinvest in the business.

Our Net Assets have increased from £8.2m to £8.6m, an increase of £0.4m as at 31 March 2021.

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 £0.7m from £6.8m to £6.1m at the balance sheet date.

Where Does Our Income Go?



INCOME AND EXPENDITURE

	Year ended 31 March 2021 £000s	Year ended 31 March 2020 £000s
Income		
Our charges for residential care and other services amounted to	63,289	63,443
Expenditure		
From this income we had to meet all the operating expenses of our homes together with our central administrative costs, which were	(62,992)	(61,661)
This figure represents our Operating Surplus	297	1,782
Added to this is interest receivable/(payable)	(195)	(290)
The Surplus/(Shortfall) of Income over Expenditure is	102	1,492
Note: the above figures include:		
Charges relating to the Local Government Pension Scheme: <i>Deficit payments on account</i>	(583)	(1,011)

BALANCE SHEET

	As at 31 March 2021 £000s	As at 31 March 2020 £000s
Assets		
Our Fixed and Current Assets inc Debtors and Bank Balances total	25,724	24,569
Expenditure		
Current Liabilities such as Trade Creditors and Accruals and Provisions for Liabilities and Charges together with a Bank Loan amount to	(10,977)	(9,612)
These are our Net Assets but without the Pension Liability	14,747	14,957
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	(6,143)	(6,795)
Which leaves us with a Capital and Reserves of	8,604	8,162



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