

Care Dorset Shareholder Committee – 1 July 2024

Annual financial report for the year ending 30 September 2023

Prepared by: Paul Oliver
Title: Finance Director
Date: 15 June 2024

Report status: **PUBLIC**

BRIEF SUMMARY:

This paper summaries the first annual report for the 12 months ending 30 September 2023. In the first year of trading Care Dorset made a loss of £394,057 on revenues of £29,583,496. However, this is against a backdrop of a challenging transfer from the previous provider which has necessitated investment in systems and people to drive up quality. Further, Care Dorset delivered 30 reablement beds within the first eight months of its inception and this included acquiring a new building in Blandford.

Care Dorset has also been seeking to invest in its workforce in respect of pay, career development and skills enhancement.

RECOMMENDATION(S):

The Shareholder is asked to note the contents of this report.

OVERVIEW

1. Care Dorset Holding Ltd has prepared its first Annual Report for the twelve months ended 30 September 2023.
2. Care Dorset Holding Ltd and its subsidiary, Care Dorset Ltd, filed dormant accounts for the period ending 30 September 2022. This meant that our annual report for the year ended 30 September 2023 effectively covered a full year's trading. By selecting an accounting reference date of 30 September, future years are more easily comparable for users of the annual report, and because it avoids the more popular accounting reference dates of 31 December and 31 March, there was more time to prepare our annual report.
3. Further, it is easier to secure auditors, many of whom face shortages in audit staff in those peak popular periods.
4. Care Dorset Holding Ltd is wholly owned by Dorset Council and holds contractual relationships with Dorset Council. Care Dorset Ltd, is wholly owned by Care Dorset Holding, holds CQC registration, employs colleagues and delivers services.

FINANCIAL RESULTS

5. For the twelve months ended 30 September 2023, Care Dorset Holding Ltd made a loss of £394,057 on revenues of £29,583,496. Our forthcoming strategy is designed to transform the services we inherited into leading-edge, modern care services which focus on prevention and quality of life on an individualised basis.
6. We have already started that journey rapidly establishing a bedded reablement service to alleviate NHS winter surge pressures. This includes a new bedded reablement centre in Blandford - Castleman Plus. This new facility, thought of by Dorset Council commissioners as one of the best in its class in Dorset, currently has 12 beds, but we plan to expand this to at least 22, specialising not just in reablement but expanding into therapeutic, nursing-led intermediate care, further alleviating pressure on the NHS, by assisting with discharges and admission avoidance.
7. Overall, Care Dorset created 20 beds within three months of going live before adding 12 beds in Castleman Plus in June 2023. We relied heavily on agency staff to achieve rapid mobilisation and assist with winter surge pressures. Better Care Funds helped both with the costs of staffing and set up costs, including repurposing Castleman Plus from a specialist secure adolescent mental health service formerly run by the Priory to a new state-of-the-art reablement centre.
8. This delivered significant benefits across the system. However, relying on agency staffing indefinitely is neither economically feasible nor desirable, so in the 2023/2024 financial year, we have determined we should reduce agency levels. This shows early signs of success, although we are equally determined to avoid complacency.
9. The transfer of the business from the previous provider was challenging, with several issues that needed to be dealt with. The challenges included poor asset condition, especially buildings, levels of poor quality, and non-compliance.

10. This meant Care Dorset's cost base was inflated by the costs of poor quality we had to deal with and continue to deal with. Our assessment is that our costs were adversely affected by between £700,000 and £1 million. While the challenge continues, working with our partners in Dorset Council, we are overcoming them.
11. As expected, most of our revenues come directly from the Dorset Council and the Better Care Fund via the Dorset Council. As such, we are significantly above the Teckal procurement threshold of 80% of revenues coming from the entity's owner authority.
12. Care Dorset's most significant cost is pay, at £20,174,229. Care Dorset employed 818 people, 794 of whom were in our service operation and 24 in management and administration.
13. The next most significant costs were property costs of £2,601,428, of which £2.4 million relates to rents for Dorset Council property, and services bought back from Dorset Council of around £600,000.
14. As at 30 September 2023, Care Dorset Holding Ltd had cash in the bank of £6.5 million. Debtors were £2.2 million but more than half related to accrued revenues related to outstanding contract uplifts. Creditors were £9.1 million but more than half related to accrued costs, the most significant of which were disputed Dorset Council rent charges, settled after the accounting reference date.

SUMMARY

15. While Care Dorset Holding Ltd has had a challenging first year, it has made excellent progress. It has also shown the potential for services that can bring significant benefits to people in Dorset. Its continuing progress, in particular the acceleration of growth and transformation of the outdated services transferred, will require significant investment. However, we remain very confident this can be achieved by working in collaboration with our shareholder and commissioners.

APPENDICES

16. Annual Report and Consolidated Financial Statements for the year ending 30 September 2023 as submitted to Companies House. Please refer to Appendix A.

BACKGROUND PAPERS

17. There are no background papers included with this report.

June 2024

APPENDIX A

Care Dorset Holding Limited

**Annual Report and Consolidated Financial Statements
Year Ended 30 September 2023**

Registration number: 14208349

Care Dorset Holding Limited

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Care Dorset Holding Limited

Company Information

Directors C J Best
A L Billany
C J Brophy
P F J Oliver
N Rowland
C M Tapster

Company secretary S A Longman

Registered office County Hall
Colliton Park
Dorchester
Dorset
DT1 1XJ

Auditors PKF Francis Clark
Statutory Auditor
Towngate House
2-8 Parkstone Road
Poole
Dorset
BH15 2PW

Care Dorset Holding Limited

Strategic Report

Year Ended 30 September 2023

The directors present their strategic report for the year ended 30 September 2023.

Overview

Care Dorset Holding is a local authority trading company (LATC) wholly owned by Dorset Council. Care Dorset Holding commenced trading on 3 October 2022, following the transfer of activities from Tricuro Support Ltd, an LATC owned by Dorset Council and Bournemouth, Christchurch and Poole Council.

Care Dorset Holding holds the contractual relationship with Dorset Council commissioners as well as the property agreements and support services buy-back contracts with Dorset Council. Care Dorset Holding's wholly owned subsidiary, Care Dorset, is responsible for all employees, holds CQC registration where appropriate and provides all the services to the people we support.

Strategy

The Care Dorset Board has spent its first year establishing a solid foundation upon which we can develop our business with a strong ethos and culture. We call this the 'Care Dorset Way'. It consists of a clear and compelling vision, mission and values.

Our vision is "A world where people can thrive", conveying our ambition for all in our communities to have full, fulfilling, meaningful and successful lives.

Our mission is "Delivering excellence in high quality, safe services, driven by informed, passionate colleagues and inspired by continual improvement and positive impact", underlining our commitment to outstanding services delivered by committed and well-trained colleagues.

Our values are:

- We are people focused
- We have integrity
- We will develop
- We are genuine
- We are a team

We know that the business which transferred to us needs radical and transformational change. Care Dorset will begin to implement our strategy in the next 12 months.

Care Dorset Holding Limited

Strategic Report

Year Ended 30 September 2023

Principal activity

The principal activity of the group and company is that of an integrated care provider for older people and disabled people. The key elements of our services are:

- Residential Care. We have an estate of 240 beds for people with a range of acuity, including complex dementia.
- Bedded Reablement. We have 30 beds providing reablement and rehabilitation typically of six weeks duration, to help people making the transition from a hospital to independent living at home. Within this estate is a newly introduced modern care facility in Blandford. We developed this service in partnership with Dorset Council in response to the winter surge pressures experienced by our wider system partners in the NHS.
- Community Reablement. Our Bedded Reablement Service is complementary to our established Community Reablement service, which supports continued independent living.
- Day Services. Care Dorset operates across Dorset, supporting older and people with a range of disabilities. Moreover, this is a vital respite support for unpaid family members and informal carers.
- Supported Living. We provide support in two locations, shortly to be expanded to three, for people living independently with a tenancy often provided by a registered social landlord.

In 2024, we plan to expand our services further to include Shared Lives, a scheme that supports people with learning disabilities, mental health issues or older people who are not able to live alone, matching people with families prepared to share their homes and community life with vulnerable people. We are also in advanced negotiations to support at least one Extra Care scheme, a form of sheltered housing where vulnerable people can live in self-contained homes, with support provided by Care Dorset when needed.

The Board has an obligation under section 172 of the Companies Act 2006 to promote the success of the company. The directors must act, in good faith, in ways that 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-

- (a) the likely consequences of any decision in the long term,
 - (b) the interests of the company's employees,
 - (c) the need to foster the company's business relationships with suppliers, customers and others,
 - (d) the impact of the company's operations on the community and the environment,
 - (e) the desirability of the company maintaining a reputation for high standards of business conduct,
- and
- (f) the need to act fairly as between members of the company.

The Board carefully consider the impact on our stakeholders when making decisions. As well as the owner of our business, Dorset Council, we recognise we have a wide range of stakeholders with significant interests in our business.

Care Dorset Holding Limited

Strategic Report

Year Ended 30 September 2023

People we support and families

We recognise the critical part Care Dorset plays in the lives of the people we support and their families. They are the central focus of everything we do. We have already made major strides in improving our services. Still, we are both ambitious and impatient to transform the quality of services we provide - we know that the people we support and their families deserve better. We are determined to deliver significant and sustained improvements to our services.

We ensure we have robust feedback systems to hear the voices of the people we support and their families, including 'experts by experience' to provide candid feedback about the strengths and weaknesses of our services and suggestions of how we might improve.

Colleagues

Colleagues are vital to our business and ensure the people we support and their families are cared for with kindness, compassion and professionalism. We operate a 'servant leadership' model within our business, which means our managers are required to 'serve to lead', to support our colleagues in doing their jobs as effectively and efficiently as they can so that we can continuously improve the outcomes and lives of the people we support and their families.

We are committed to involving our colleagues in our business and ensuring we communicate regularly through a range of channels about the effects of changes in the external environment that affect our business.

If colleagues' concerns about wrongdoing remain unaddressed, they are encouraged to use our whistle-blowing process. All whistle-blowers' concerns are taken extremely seriously, and whistle-blowers are protected. Secondly, we have a Speak-up campaign allowing our colleagues to express concerns about our practice. A highly visible campaign encourages people to use the Speak-up QR code to report concerns.

We are alert to the views of our colleagues when they flag concerns, especially in areas indicating a risk of a closed culture.

We run regular colleague surveys to test how people feel about working at Care Dorset. The results are generally favourable.

We aim to create a culture where colleagues build their chosen careers and are the best they can be regardless of race, ethnicity, gender, sexuality, religion and identity. We welcome people with disabilities to become colleagues. We believe diversity is a strength and source of advantage.

Commissioners

We can't succeed without a collaborative and close partnership with our commissioners. We appreciate the tough choices they face. We have established excellent working relationships with commissioners and work closely to improve our service levels in the short term. We are committed to ensuring our strategy aligns with longer-term commissioning strategies and other partners across the system.

One example is the rapid deployment of 30 reablement and rehabilitation beds to support hospital discharges. This includes a new 12-bed modern facility in Blandford tailored to the needs of people needing support before living independently at home. We have plans to expand our capacity using the new facility in Blandford.

Care Dorset Holding Limited

Strategic Report

Year Ended 30 September 2023

Regulators

Care Dorset is regulated principally by the Care Quality Commission (CQC), but we must also comply with other associated regulators. While Care Dorset's residential care, reablement and supported living require CQC registration and are subject to inspection, we hold all services, whether registered or not, to the same high standards.

We have made significant investments to improve our systems and processes. We have a robust system of compliance and beyond that ensure appropriate quality of service.

Suppliers

We recognise the important role played by our suppliers, especially Dorset Council, our largest supplier. While value for money is a significant driver, we also ensure we treat suppliers in line with our values, ensuring prompt payment and productive relationships.

We are committed to ensuring we act on any issues relating to modern slavery or exploitation.

Communities

Care Dorset is committed to being a force for good in our local communities. While the people we support and their families will always be a priority, we recognise our role in our local communities, where we are often a significant employer and presence. We seek to collaborate with local community groups where we can.

Employee involvement and disabled employees

The company keeps employees informed of external environmental factors affecting the prospects and financial performance of the business through regular newsletters, other briefings, team meetings, and other colleague forums. Directors regularly visit services and engage with colleagues, and senior executives routinely visit Care Dorset sites and hold meetings on-site to ensure a high and visible profile for colleagues.

The directors pay particular attention to the impact of their decisions on our colleagues. Care Dorset uses the principles of servant leadership, meaning our ethos is to support our colleagues and ensure all decisions are well explained and that we invest in the training and development of colleagues so they can have exciting careers and fulfilling jobs.

We seek a positive and productive relationship with our trade union colleagues.

We welcome applications from people with disabilities and ensure they are treated fairly during our recruitment processes. Should a colleague become disabled, we make appropriate and reasonable adjustments or seek to retrain them so they may continue their employment with Care Dorset wherever possible.

Contributions to political parties

Care Dorset makes no contributions to political parties through any part of the group.

Going concern

The accounts are prepared on a going concern basis. As at 30 September 2023, the group had net liabilities of £394,057. Care Dorset is effectively a start-up with a business transferred that needs issues addressed to ensure it can serve the needs of people needing care in Dorset. In the first year of operation, investment was needed to stabilise our operations.

Care Dorset Holding Limited

Strategic Report

Year Ended 30 September 2023

Care Dorset has a 5-year strategy to modernise our services and to grow in areas where needed, significantly expanding services such as reablement, rehabilitation and intermediate care. We will also modernise our offerings in day services, invest in growing extra care and supported living and work with our commissioners to develop other businesses currently provided by Dorset Council.

We are confident that by ensuring our strategy aligns with commissioner's strategies, we will achieve profitable long-term growth with a sustainable strategic fit. However, it is important to note that Care Dorset delivers social and economic value.

Dorset Council commissions the majority of our revenue and Care Dorset's major costs, other than payroll, are services bought back from Dorset Council. Terms of trade are aligned to reflect Care Dorset's working capital requirements. Contracts for commissioned services and buy-back contracts are coterminous. Care Dorset's cash position is healthy, with any potential strain managed through regular cash flow forecasts.

Care Dorset will need investment to pursue growth and transformation. Dorset Council is committed to negotiating a better and more robust 'block' contract. In addition, we expect to extend our bedded reablement contract beyond December 2024; Dorset Council have indicated they wish to commission several new business opportunities.

Fair review of the business

The group's key financial and other performance indicators during the year were as follows:

Financial KPIs	Unit	2023	2022
Revenue	£'000	29,600	-
Operating loss	£'000	400	-
Cash at bank and in hand	£'000	6,500	-
Number of care staff		718	-

Care Dorset Holding Limited

Strategic Report

Year Ended 30 September 2023

Principal risks and uncertainties

The principal risks are the provision of compliant and safe services, availability of skilled, trained human resources and associated transfer issues, mitigated by the following measures:

- Care Dorset has a comprehensive strategic risk register regularly reviewed and updated by the Board.
- A dedicated quality team regularly reviews the quality and performance of our services.
- Continuous review and investment in training to ensure we have a competent team of colleagues.
- Robust policies are in place and reviewed.
- Strong relationships with the people we support, their families and carers.
- Strong relationships with our shareholder, commissioners and others in Dorset Council.

Care Dorset is a new business that has only been operating for one-year post-business transfer, so we continue to review issues related to the transfer to ensure any issues are dealt with promptly.

Approved and authorised by the Board on and signed on its behalf by:

.....
C J Best
Director

.....
P F J Oliver
Director

Care Dorset Holding Limited

Directors' Report

Year Ended 30 September 2023

The directors present their report and the consolidated financial statements for the year ended 30 September 2023.

Directors of the group

The directors who held office during the year were as follows:

C J Best

A L Billany (appointed 13 December 2022)

C J Brophy

P F J Oliver

N Rowland (appointed 13 December 2022)

C M Tapster (appointed 13 December 2022)

E M Denham (appointed 13 December 2022 and ceased 29 September 2023)

M Lowe (ceased 2 December 2022)

R E Rotchell (ceased 10 November 2022)

S Veevers (ceased 29 September 2023)

Information included in the Strategic Report

The directors have included the going concern statement and all other information required in the directors report within the strategic report.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved and authorised by the Board on and signed on its behalf by:

.....
C J Best
Director

.....
P F J Oliver
Director

Care Dorset Holding Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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; and
- 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Care Dorset Holding Limited

Independent Auditor's Report to the Members of Care Dorset Holding Limited

Opinion

We have audited the financial statements of Care Dorset Holding Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2023, which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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 group's and the parent company's affairs as at 30 September 2023 and of the group's 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 responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 director's 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 group and parent company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Care Dorset Holding Limited

Independent Auditor's Report to the Members of Care Dorset Holding Limited

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our 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 and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Care Dorset Holding Limited

Independent Auditor's Report to the Members of Care Dorset Holding Limited

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of our audit planning we obtained an understanding of the legal and regulatory framework that is applicable to the company. We gained an understanding of the company and the industry in which the company operates as part of this assessment to identify the key laws and regulations affecting the company. We enquired with management policies and procedures and made an appropriate team selection (ensuring competence and capability to recognise non-compliance). Key regulations we identified were those relating to the Care Quality Commission (CQC), health and safety regulations, employment law and also those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and tax legislation.

Management enquiries covered any knowledge or evidence of actual or potential fraud, litigation and claims which are followed up with corroborative audit review work. We also evaluated management incentives and opportunities for fraudulent manipulation of the financial statements. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management regarding their knowledge of any non compliance with laws and regulations that could affect the financial statements. As part of these enquiries we also discussed with management whether there have been any known instances of fraud.
- Reviewed Care Quality Commission reports, government contracts and legal and professional costs to identify any possible non compliance.
- Audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.
- Through our substantive purchase testing, we ensured that all transactions were appropriately classified in the accounts.
- Obtained contracts from outside the accounting system and agreed to income in the accounts, to ensure that contract income was complete and free from cut-off errors.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. 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, collusion, omission or misrepresentation.

Care Dorset Holding Limited

Independent Auditor's Report to the Members of Care Dorset Holding Limited

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

Other matter

The accounts for the period to 30 September 2022 were unaudited.

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.

.....
Daniel Tout FCA (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

Towngate House
2-8 Parkstone Road
Poole
Dorset
BH15 2PW

Date:.....

Care Dorset Holding Limited

Consolidated Profit and Loss Account

Year Ended 30 September 2023

		2023	1 July 2022
	Note	£	- 30 September 2022 £
Turnover	3	29,583,496	-
Cost of sales		<u>(25,867,815)</u>	-
Gross profit		3,715,681	-
Administrative expenses		(4,121,612)	-
Other operating income		<u>11,873</u>	-
Operating loss	4	<u>(394,058)</u>	-
Loss before tax		<u>(394,058)</u>	-
Loss for the financial year		<u>(394,058)</u>	-
Profit/(loss) attributable to:			
Owners of the company		<u>(394,058)</u>	-

The above results were derived from continuing operations.

The group has no recognised gains or losses for the year other than the results above.

Care Dorset Holding Limited

Consolidated Balance Sheet

30 September 2023

		2023 £	1 July 2022 - 30 September 2022 £
Fixed assets			
Intangible assets	8	22,487	-
Tangible assets	9	<u>12,570</u>	<u>-</u>
		<u>35,057</u>	<u>-</u>
Current assets			
Debtors	11	2,237,894	1
Cash at bank and in hand		<u>6,473,563</u>	<u>-</u>
		8,711,457	1
Creditors: Amounts falling due within one year	13	<u>(9,140,571)</u>	<u>-</u>
Net current (liabilities)/assets		<u>(429,114)</u>	<u>1</u>
Net (liabilities)/assets		<u>(394,057)</u>	<u>1</u>
Capital and reserves			
Called up share capital	16	1	1
Profit and loss account		<u>(394,058)</u>	<u>-</u>
Equity attributable to owners of the company		<u>(394,057)</u>	<u>1</u>
Shareholders' (deficit)/funds		<u>(394,057)</u>	<u>1</u>

Approved and authorised by the Board on and signed on its behalf by:

.....
C J Best
Director

.....
P F J Oliver
Director

Company Registration Number: 14208349

Care Dorset Holding Limited

Balance Sheet

30 September 2023

		2023 £	1 July 2022 - 30 September 2022 £
Fixed assets			
Investments	10	1	1
Current assets			
Debtors	11	1,604,001	1
Cash at bank and in hand		<u>4,514,317</u>	<u>-</u>
		6,118,318	1
Creditors: Amounts falling due within one year	13	<u>(6,806,916)</u>	<u>(1)</u>
Net current liabilities		<u>(688,598)</u>	<u>-</u>
Net (liabilities)/assets		<u>(688,597)</u>	<u>1</u>
Capital and reserves			
Called up share capital	16	1	1
Profit and loss account		<u>(688,598)</u>	<u>-</u>
Shareholders' (deficit)/funds		<u>(688,597)</u>	<u>1</u>

The company has taken the exemption in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account. The company made a loss after tax for the financial year of £688,598 (2022 - loss of £-).

Approved and authorised by the Board on and signed on its behalf by:

.....
C J Best
Director

.....
P F J Oliver
Director

Company Registration Number: 14208349

Care Dorset Holding Limited

Consolidated Statement of Changes in Equity

Year Ended 30 September 2023

	Share capital £	Profit and loss account £	Total £	Total equity £
At 1 October 2022	1	-	1	1
Loss for the year	-	(394,058)	(394,058)	(394,058)
At 30 September 2023	<u>1</u>	<u>(394,058)</u>	<u>(394,057)</u>	<u>(394,057)</u>
		Share capital £	Total £	Total equity £
New share capital subscribed		1	1	1
At 30 September 2022		<u>1</u>	<u>1</u>	<u>1</u>

The notes on pages 20 to 31 form an integral part of these financial statements.

Care Dorset Holding Limited

Statement of Changes in Equity Year Ended 30 September 2023

	Share capital £	Profit and loss account £	Total £
At 1 October 2022	1	-	1
Loss for the year	-	(688,598)	(688,598)
At 30 September 2023	<u>1</u>	<u>(688,598)</u>	<u>(688,597)</u>
		Share capital £	Total £
New share capital subscribed		1	1
At 30 September 2022		<u>1</u>	<u>1</u>

Care Dorset Holding Limited

Consolidated Statement of Cash Flows

Year Ended 30 September 2023

		2023	1 July 2022
	Note	£	- 30 September 2022 £
Cash flows from operating activities			
Loss for the year		(394,058)	-
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	<u>12,306</u>	<u>-</u>
		(381,752)	-
Working capital adjustments			
Increase in trade debtors	11	(2,237,893)	(1)
Increase in trade creditors	13	6,874,311	-
Increase in deferred income, including government grants		<u>2,266,260</u>	<u>-</u>
Net cash flow from operating activities		<u>6,520,926</u>	<u>(1)</u>
Cash flows from investing activities			
Acquisitions of tangible assets		(13,713)	-
Acquisition of intangible assets	8	<u>(33,650)</u>	<u>-</u>
Net cash flows from investing activities		(47,363)	-
Cash flows from financing activities			
Proceeds from issue of ordinary shares, net of issue costs		<u>-</u>	<u>1</u>
Net increase in cash and cash equivalents		6,473,563	-
Cash and cash equivalents at 1 October		<u>-</u>	<u>-</u>
Cash and cash equivalents at 30 September		<u><u>6,473,563</u></u>	<u><u>-</u></u>

Care Dorset Holding Limited

Notes to the Financial Statements

Year Ended 30 September 2023

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

County Hall
Colliton Park
Dorchester
Dorset
DT1 1XJ

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

There are no material departures from FRS 102.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The presentational currency of the financial statements is pound sterling, and each number is rounded to the nearest pound.

Summary of disclosure exemptions

Care Dorset Group Limited meets the definition of a qualifying group entity under FRS 102 and has therefore taken advantage of certain disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements.

Exemptions have been taken in relation to the presentation of the financial instruments and no separate company Statement of Cash Flows has been prepared.

The company has taken advantage of the exemption in Financial Reporting Standard 102 chapter 33 "Related Party Disclosure" and has not disclosed transactions with wholly owned group undertakings or wholly owned indirectly by the ultimate controlling party..

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 30 September 2023.

As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Care Dorset Holding Limited

Notes to the Financial Statements

Year Ended 30 September 2023

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein.

Going concern

The accounts are prepared on a going concern basis. As at 30 September 2023, the group had net liabilities of £394,057. Care Dorset is effectively a start-up with a business transferred that needs issues addressed to ensure it can serve the needs of people needing care in Dorset. In the first year of operation, investment was needed to stabilise our operations.

Care Dorset has a 5-year strategy to modernise our services and to grow in areas where needed, significantly expanding services such as reablement, rehabilitation and intermediate care. We will also modernise our offerings in day services, invest in growing extra care and supported living and work with our commissioners to develop other businesses currently provided by Dorset Council.

We are confident that by ensuring our strategy aligns with commissioner's strategies, we will achieve profitable long-term growth with a sustainable strategic fit. However, it is important to note that Care Dorset delivers social and economic value.

Dorset Council commissions the majority of our revenue and Care Dorset's major costs, other than payroll, are services bought back from Dorset Council. Terms of trade are aligned to reflect Care Dorset's working capital requirements. Contracts for commissioned services and buy-back contracts are coterminous. Care Dorset's cash position is healthy, with any potential strain managed through regular cash flow forecasts.

Care Dorset will need investment to pursue growth and transformation. Dorset Council is committed to negotiating a better and more robust 'block' contract. In addition, we expect to extend our bedded reablement contract beyond December 2024; Dorset Council have indicated they wish to commission several new business opportunities.

Care Dorset Holding Limited

Notes to the Financial Statements

Year Ended 30 September 2023

Judgements

There are no key judgements used in the preparation of these accounts.

Key sources of estimation uncertainty

There are no key sources of estimation uncertainty.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the provision of residential and domiciliary care services provided during the year. It is recognised at the point the service is provided. Any income received in advance of the services being provided are deferred until the service is provided. Turnover is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the company.

The company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

Tangible assets

Care Dorset has a policy to capitalise assets with an individual value of over £10,000.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Furniture and fittings	4 years straight line

Intangible assets

Separately acquired trademarks and licences are shown at historical cost.

Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Care Dorset Holding Limited

Notes to the Financial Statements

Year Ended 30 September 2023

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Software	2 years straight line

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Employee benefit obligations

Care Dorset Limited is an admitted body within the Local Government Pension Scheme, a defined benefit scheme administered by Dorset County Council.

Some members of Care Dorset staff are members of the LGPS pension scheme. This is a defined benefit scheme providing members with benefits related to pay and length of service. The scheme is as follows;

The Local Government Pension Scheme (LGPS) for Care Dorset staff is administered by Dorset Council. This is a funded scheme, meaning that the company and the employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013, is contracted out of State Second Pension and currently provides benefits based on career average revalued salary and length of service in retirement.

The administering authority for the fund is Dorset Council. The Pension Fund Committee oversees the management of the fund whilst the day-to-day administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the fund's professional advisers.

As administering authority to the fund, Dorset Council, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Statement of Investment Principles. These should be amended when appropriate based on the Fund's performance and funding.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The actuarial valuation of the Fund was carried out as at 1 June 2023 and determined contributions for the period 1 April 2023 to 31 March 2025.

Care Dorset Holding Limited

Notes to the Financial Statements

Year Ended 30 September 2023

The company's pensions are accounted for as defined contributions plans under which the company pays fixed contributions into the Dorset County Pension Fund. The company has no legal or constructive obligation to pay further contributions or to make direct benefit payments to employees if the fund does not hold sufficient assets to pay all employees benefits relating to employee Service in the current and prior periods. Thus, the amount of the post-employment benefits received by the employees is determined by the amount of contributions paid by an entity (and perhaps also the employees) to a post-employment benefit plan or to an insurer, together with investment returns from the contributions. The defined benefit pension liability is therefore held on the balance sheets of the shareholders of the company.

Financial instruments

Classification

The company holds the following financial instruments:

- Short term trade, intercompany and other debtors and creditors;
- Cash and bank balances.

All financial instruments are classified as basic.

Recognition and measurement

The company has chosen to apply the recognition and measurement principles in FRS102.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

Such instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

3 Turnover

The analysis of the group's Turnover for the year from UK continuing operations is as follows:

	2023	1 July 2022 - 30 September 2022
	£	£
Rendering of services	<u>29,583,496</u>	<u>-</u>

Care Dorset Holding Limited

Notes to the Financial Statements

Year Ended 30 September 2023

4 Operating (loss)/profit

Arrived at after charging/(crediting)

	2023	1 July 2022 - 30 September 2022
	£	£
Depreciation expense	1,143	-
Amortisation expense	11,163	-
Operating lease expense - property	<u>2,601,428</u>	<u>-</u>

5 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2023	1 July 2022 - 30 September 2022
	£	£
Wages and salaries	16,865,714	-
Social security costs	1,417,944	-
Pension costs, defined contribution scheme	<u>1,890,571</u>	<u>-</u>
	<u>20,174,229</u>	<u>-</u>

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2023	1 July 2022 - 30 September 2022
	No.	No.
Care staff	718	-
Management and administration	20	-
Reablement	76	-
Directors	<u>4</u>	<u>-</u>
	<u>818</u>	<u>-</u>

Care Dorset Holding Limited

Notes to the Financial Statements

Year Ended 30 September 2023

6 Directors' remuneration

The directors' remuneration for the year was as follows:

	2023	1 July 2022 - 30 September 2022
	£	£
Remuneration	348,272	-
Contributions paid to money purchase schemes	9,532	-
	<u>357,804</u>	<u>-</u>

In respect of the highest paid director:

	2023	1 July 2022 - 30 September 2022
	£	£
Remuneration	107,550	-
Company contributions to money purchase pension schemes	3,227	-
	<u>110,777</u>	<u>-</u>

7 Auditor's remuneration

	2023	1 July 2022 - 30 September 2022
	£	£
Audit of these financial statements	<u>24,750</u>	<u>-</u>

Care Dorset Holding Limited

Notes to the Financial Statements

Year Ended 30 September 2023

8 Intangible assets

Group

	Trademarks, patents and licenses £	Total £
Cost or valuation		
Additions acquired separately	33,650	33,650
At 30 September 2023	<u>33,650</u>	<u>33,650</u>
Amortisation		
Amortisation charge	11,163	11,163
At 30 September 2023	<u>11,163</u>	<u>11,163</u>
Carrying amount		
At 30 September 2023	<u><u>22,487</u></u>	<u><u>22,487</u></u>

9 Tangible assets

Group

	Furniture, fittings and equipment £	Total £
Cost or valuation		
Additions	13,713	13,713
At 30 September 2023	<u>13,713</u>	<u>13,713</u>
Depreciation		
Charge for the year	1,143	1,143
At 30 September 2023	<u>1,143</u>	<u>1,143</u>
Carrying amount		
At 30 September 2023	<u><u>12,570</u></u>	<u><u>12,570</u></u>

Care Dorset Holding Limited

Notes to the Financial Statements

Year Ended 30 September 2023

10 Investments

Company Subsidiaries	£
Cost	
At 1 October 2022	<u>1</u>
Carrying amount	
At 30 September 2023	<u><u>1</u></u>
At 30 September 2022	<u><u>1</u></u>

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2023	2022
Subsidiary undertakings				
Care Dorset Ltd	County Hall, Colliton Park, Dorchester, England, DT1 1XJ England and Wales	Ordinary	100%	100%

11 Debtors

	2023 £	Group 1 July 2022 - 30 September 2022 £	2023 £	Company 1 July 2022 - 30 September 2022 £
Trade debtors	98,312	-	-	-
Other debtors	312,557	1	1	1
Prepayments	133,162	-	-	-
Accrued income	<u>1,693,863</u>	-	<u>1,604,000</u>	-
	<u><u>2,237,894</u></u>	<u><u>1</u></u>	<u><u>1,604,001</u></u>	<u><u>1</u></u>

Care Dorset Holding Limited

Notes to the Financial Statements

Year Ended 30 September 2023

12 Cash and cash equivalents

	2023 £	Group 1 July 2022 - 30 September 2022 £	2023 £	Company 1 July 2022 - 30 September 2022 £
Cash on hand	6,509	-	-	-
Cash at bank	6,467,054	-	4,514,317	-
	<u>6,473,563</u>	<u>-</u>	<u>4,514,317</u>	<u>-</u>

13 Creditors

	Note	Group 2023 £	2023 £	Company 1 July 2022 - 30 September 2022 £
Due within one year				
Trade creditors		387,326	-	-
Amounts due to group undertakings	18	-	3,272,463	1
Social security and other taxes		1,703,966	1,312,370	-
Other creditors		78,505	-	-
Accrued expenses		4,704,514	-	-
Deferred income		2,266,260	2,222,083	-
		<u>9,140,571</u>	<u>6,806,916</u>	<u>1</u>

Care Dorset Holding Limited

Notes to the Financial Statements

Year Ended 30 September 2023

14 Obligations under leases and hire purchase contracts

Group

Operating leases

The total of future minimum lease payments is as follows:

	2023 £	1 July 2022 - 30 September 2022 £
Not later than one year	264,167	-
Later than one year and not later than five years	47,582	-
	<u>311,749</u>	<u>-</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £239,617 (2022 - £Nil).

There is rental expenditure in the accounts totalling £2,382,100 which is under a tenancy at will agreement. The agreement states that the occupier can choose to or be asked to vacate the properties at any time, meaning that there is no commitment for these properties.

15 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £1,890,571 (2022 - £Nil).

16 Share capital

Allotted, called up and fully paid shares

	No.	2023 £	1 July 2022 - 30 September 2022 No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

Rights, preferences and restrictions

Ordinary have the following rights, preferences and restrictions:

The owner of the share has full rights regarding voting, payment of dividends and distributions.

Care Dorset Holding Limited

Notes to the Financial Statements

Year Ended 30 September 2023

17 Parent and ultimate parent undertaking

The company's immediate parent is Dorset Council, incorporated in England and Wales.

18 Related party transactions

Group

During the year, the group made sales totalling £28,162,303 (2022 - £Nil) and purchases totalling £4,707,144 (2022 - £Nil) to Dorset Council. At the year end, the group was owed £16 (2022 - £Nil).

During the year, the group made purchases totalling £114,691 (2022 - £Nil) to an entity controlled by a director. At the year end, the group owed £9,639 (2022 - £Nil).

Key management compensation

	2023	1 July 2022 - 30 September 2022
	£	£
Salaries and other short term employee benefits	469,068	-
Post-employment benefits	11,494	-
	<u>480,562</u>	<u>-</u>

Company

During the year, Care Dorset Holdings Limited made sales totalling £27,764,833 (2022 - £Nil) to Dorset Council.