



Financial Review for Shareholders

The objective of this report is to provide shareholders with an overview of the financial performance of Here to date. The audited financial statements for the year ended 31 March 2020 were published in November and should be read in conjunction with this document.

Review of results for the year ended 31 March 2020

Key highlights:

	2020	2019	Change
Turnover	£63.4m	£62.9m	+0.78%
Gross Profit	£3.5m	£4.3m	-20.04%
Gross Profit Margin %	5.47%	6.90%	-20.72%
Average number of employees	210	204	+2.9%
Admin expenses	£3.4m	£3.9m	-11.98%
Admin expenses as a proportion of turnover	5.44%	6.23%	-12.68%

As reported in the audited financial statements, the year ended 31 March 2020 saw the start of the organisational restructure of the leadership team, to create a more flexible and effective shape. We felt that this was essential for us to do in order to continue to remain competitive in winning new business. Consequently, administrative expenses reduced by £0.5m.

The year showed a small profit before income tax of £22,528, which was lower than the £423k 18/19 year result. As an organisation, we aim to show a small profit so that our funds are spent in fulfilling our contracts. The surplus increased our shareholders reserves to £1,848k from £1,838k.

The end of the financial year also marked the end of the tenure of the founders at the organisation, with the new Enabling Team taking office from 1 April 2020.

The end of the financial year also saw the start of the pandemic.

Early assessment of performance in the financial year to 31 March 2021

We are in the process of closing out the financial position for the year and thus are unable to give any final figures to the shareholders at this point.

As detailed in the Director's report of the 31 March 2020 financial statements, COVID19 has had an enormous impact on our services and therefore on the financial position of Here.

As many of our services have continued to receive fixed contractual income payments during the pandemic, with patient activity levels remaining low, we have seen temporary underspends in some services, and increased pressures in others. During the pandemic, many of our staff were redeployed to other services under system wide mutual aid initiatives to allow their skills to be used where needed.

We expect many of the services that have seen disrupted activity levels to see above average demand pressures in the year ahead, we need to focus resources towards working through patient backlogs. We are working with the accountants to defer the income of those contracts from this current financial year to the next year when it can be spent supporting the increased patient activity.

Our key new workstream over the past year has been city wide Covid initiatives including the Covid Hot Hub and the Brighton Racecourse Vaccination site which has helped deliver over 30,000 vaccinations to Brighton and Hove across 22 GP practices' patient lists. These efforts have benefited

from mutual aid from within Here and our partners and remains ongoing. We are now moving towards a more sustainable business as usual phase with well-established processes and staffing. We hope that our collaborative and nimble approach to this work with the PCNs and the CCGs will allow us to work more closely with them in the future.

In terms of costs, with the transition from the founders to the new Enabling Team in April, there was a period of overlap when the handover occurred and notice periods expired. This coupled with settlement costs led to the Directors remuneration being higher this year than previously as will be disclosed in the audited 20/21 financial statements.

Here also introduced a new pension scheme, NEST, for all new joiners from 1 March 2020 who were non-clinical staff. Clinical staff and those already with an NHS pension were permitted to join the NHS scheme at Here. This will reduce our pension costs in the future.

Financial outlook for the year ending 31 March 2022

Here is currently in the process of finalising its budget for the financial year ahead.

We currently anticipate that this will be a challenging year. However, the actual performance for the year will depend very much on how much patient demand there is for our services, whether activity resumes to normal or above normal levels, and at what pace.

We are fully aware that there is a significant waiting list for MSK services which may be exacerbated by pressures in secondary care setting. It will take both resources, efficiency gains and all the components of the patient pathway to work together to meet demand. Our SMSKP contract has been extended until March 2023.

Within the Memory Assessment Services (MAS), again we have retained a higher level of patients within our care during the pandemic and not been able to pass them through to primary care which places more demand on our resources within the services. Although we have worked hard to maintain Completed Diagnostic Episodes at acceptable levels during the pandemic, the consultations have taken longer due to making them COVID safe. As COVID restrictions ease, we should find that this reverses and we can make efficiency gains and increase the activity safely within the contract to meet the demand.

Our Improved Access Service (IAS) was meant to end on 31 March 2021, but for Brighton and Hove has been extended for a further year. We are keen to understand how this service supports the system wide need to address health inequalities and restore services as the pandemic recedes.

Within Practice Unbound, our commercial service line, we are planning the launch globally of a new e-learning programme called Prescribing Lifestyle Medicine which will be launched in May 2021 in collaboration with Clinical Education. Dr Rangan Chatterjee forms part of the Clinical Education team, and he will be promoting this course heavily to GPs and other clinicians to change how they use their consultation time to treat patients holistically using his well-established Four Pillar approach.