

# Annual Report & Accounts 2023-24

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**For the year ending 31 August 2024**

The Percy Hedley Foundation  
Charity Commission Registration Number: 515943  
Registered in England & Wales Company Number: 01855026





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**\*The Trustees’ Annual Report incorporates the requirements of the strategic report and the directors’ report.**

**The Percy Hedley Foundation Annual Report and Accounts for the year ending 31 August 2024**

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# Introductory Statement

We would like to start by saying thank you to all employees and everyone involved with The Percy Hedley Foundation family. Over the past 12 months, we have loved having the opportunity to spend time with colleagues and the people we support in our services, witnessing everything that makes our organisation so special. After a change of leadership, and the reverberations of the pandemic for the Foundation, 2023-24 has been a year of resetting, restoring, and remaining determined to deliver our mission. For our teams, we have focused on pay, workforce planning, removing barriers and factors essential to overall health and wellbeing; and for our beneficiaries we have improved services and ways of engaging with families and carers so we are better equipped to provide holistic support empowering learners and individuals to overcome barriers, achieve independence, and thrive.

This year has marked some significant milestones: we continued to advance our health and wellbeing strategy, through modernising services guided by our commitment to improving the quality of life for those we support. Northern Counties

School achieved an Ofsted rating of Good with Outstanding features and our plans to open an early years class at Percy Hedley School came closer to reality. We have seen new experiences being facilitated such as beneficiaries taking part in accessible surfing sessions at South Shields, participation in the national wellbeing initiative known as the BRIT challenge to mental health and a celebration of musical and performance skills through Hedleys Got Talent and Hedleys Fest. It has been particularly pleasing to see beneficiaries influence organisations through working with the Newcastle Discovery Museum helping to improve accessibility for people with disabilities, as active members of Natspec (The National Association of Specialist Colleges) participating in the national student parliament and working with organisations to develop and deliver a disability awareness programme about their lived experiences of disability.

In the year not only did we achieve accreditation as a real living wage employer but we also celebrated National Employee Appreciation Day, asking people to share shout-outs. We saw so many heartfelt messages to teams and employees and

the words of one in particular summed up Foundation employees - “incredible positivity, skills, enthusiasm and dedication”. It is the commitment of the entire team, senior managers and support teams who provide care and support, that enables us to deliver such quality care and learning. We thank them for their outstanding efforts.

Of course, whilst we celebrate our successes, we must not ignore the considerable challenges that continue to face the sector. The economic environment continues to add increasing pressure to the special educational needs and disabilities (SEND) sector. Unprecedented cost of living increases has meant that many providers of specialist care and education have closed or reduced their services. Social care is still grappling with the issue of low pay, meaning providers are unable to pay their colleagues fairly for the work they do. Difficulty in recruiting and retaining employees in critical roles such as health and social care is an ongoing battle and requires continued investment in time and financial resources from the charity.

Throughout the year, we have put significant effort into strengthening and stabilising our charity’s core – making progress by dealing with some difficult decisions, whilst transforming and investing in the quality of our services. Recognising the continuing demand for our services, we can now focus on future priorities. As we head into 2024-25 we look forward to refreshing the corporate strategy and delivering the next chapter of our charity’s proud history together with all stakeholders. We look forward to the coming year with confidence and a realistic sense of excitement around developments yet to come.

**John Preston**  
Chief Executive Officer

**Janet Donnelly**  
Chair of Trustees

# At a Glance

## Who we are and what we do

The Percy Hedley Foundation is a charitable organisation based in the North-East of England dedicated to providing quality education, residential care, independent supported living and adult day services. Our services support hundreds of young people and adults with complex disabilities and learning difficulties every year from across the UK and predominantly from the North-East of England.

### Our Vision

To inspire and empower every individual to believe in their potential, achieve their dreams, and realise their ambitions in an inclusive and supportive community.

### Our Mission

To enhance the lives of people with disabilities and their families by delivering tailored education, unwavering support and compassionate care. We strive to inspire individuals to believe in their potential and achieve their goals. We are committed to improving quality of life through empowerment, inclusion and opportunity.

### Our Values



### Schools

We have two schools based in Killingworth, North Tyneside and Jesmond, Newcastle upon Tyne, providing specialist education to young people aged 3 to 19.

### College

We have one college based in North Tyneside with services delivered across two sites in Forest Hall and Killingworth, providing specialist further education to young people and adults aged 16 to 25.

### Homes

We have four adult residential care homes based in Forest Hall and Killingworth, North Tyneside and Jesmond, Newcastle upon Tyne, providing specialist person-centred care within a safe, homely environment.

### Day Services

We have an adult day service based in North Tyneside with services delivered across two sites in Forest Hall and Killingworth. The day service provides purposeful activities and enterprise.

### Independent Supported Living (ISL)

We currently deliver ISL services within North Tyneside providing specialist person-centred support to enable those in our care to live fulfilling lives independently within their communities.



# Impact

## Health & Wellbeing



100%

Of our regulated and inspected services rated as Good by CQC

Digitalisation of all care plans



We have successfully expanded our support offerings to include independent supported living, enabling 9 individuals greater independence by the end of the year.



51

People supported in our residential care

9

People have transitioned into independent supported living, gaining greater independence

## Green & Environment

5.21%

Reduction in carbon emissions

978

Employees

Applied to become a **Real Living Wage** accredited employer



22

Employees supported in further education

75%

Employees participated in our employee engagement survey

117

Staff Shout Outs to colleagues going that extra mile

6.8

Employee Engagement Index

## Employees



## Education



100%

Of our regulated and inspected services rated as a minimum of Good by Ofsted



322

Students supported in our schools and college

186

People supported in our adult day services

## Health & Safety



100%

Services have completed our annual comprehensive internal health and safety audit

97%

H&S Training Compliance

95%

IPC Training Compliance



Income from charitable activities increased by

7.5%

Donations and legacies increased by

19.9%

Cash in the bank increased by

21.5%

## Finance





# Percy Hedley School

## What we achieved

Percy Hedley School (PHS) continues as an Outstanding (2013, 2018, 2022, 2023) day special school with up to 175 students of all ages and over 200 employees, located in West Lane, Killingworth. Students' needs are complex; the students have high levels of need in medical, learning and other therapeutic and educational areas of their development and growth; they come from all over the North-East of England, with nearly half from Newcastle. The school was inspected in a no-notice inspection (which is uncommon) in September 2022 and had another inspection in September 2023. PHS could be inspected in the 2024-25 school year, although inspection rules have changed and will change more.

The school operates a multidisciplinary model where therapists and others work in the school as substantive employees alongside teachers, counsellors, nurses and support and other employees to provide the most holistic input for every student that we possibly can. It is unusual for schools to have such a staffing set-up and model.

The school does not use agency, is rigorous about employee attendance and generally closes off vacancies quickly.

From effectively September 2023, the school shared a Director of Education with the other two education services within the Foundation and has started to work more closely with them.

## School Improvement Plan and School Evaluation Form (SEF)

The school's priorities this past year were to develop the concept of physical development for our students in a similar way to the established concept of personal development; we worked on that idea and put it at the centre of our improvement plan for two years, alongside literacy, personal development for a second year and subject leadership. Later in the year we added the planning for an early years class as well. Priorities came from our school SEF, which is a dynamic document written by senior leaders which looks at the service's journey and makes judgements on practice and future direction. Documents are shared and discussed with stakeholders such as governors, school improvement partners, senior leaders and the like, and worked on throughout the year.

## School Improvement Partner

The school continued its relationship with its host local authority, North Tyneside's Schools Improvement Service. This service has become our school improvement partner and has proved very helpful for consultancy, guidance, connectivity and governance. We have a range of partners under this arrangement, who make visits, make links, write reports and work with employees. Teachers have also joined subject groups, which is a valuable network, and made other connections.



Percy Hedley School student and staff member during PE



# Percy Hedley School

## What we achieved

### Other Stakeholders

We have an active group of governors consisting of a small number of committed colleagues, including two parents and two employee members; the governing body was renamed by the Foundation as the local advisory committee during the year. One of our parents is a Percy Hedley Foundation trustee, and we have had trustee visits over the course of the year, as well as visits from governors. We are delighted that from September 2024 we will have a new Chair of Governors, who is the Chair of the Foundation’s Northern Counties School.

Our Friends of PHS (FoPHS), set up last year, goes from strength to strength – it is a fun, dynamic, fundraising and awareness-raising body of parents, carers, some employees and others. We consult with parents and carers regularly over a range of issues and have percentage satisfaction rates consistently in the 90s. The school had its work with parents as partners recognised in gaining the Leading Parent Partnership Award during the year.

We use Clennell as a safeguarding training partner, which has proved highly beneficial, to the point of being essential.

The school posts three blogs every week, which contain a large amount of information and to which a good number of employees contribute: the topics are news and stars, family liaison and online safety. They are a good way to keep in touch with what is happening at the school.

The school plans to open an early years provision in September 2024 as the need is there, it would suit the ethos of the school, we have skilled and experienced people, and we can convert space. Also, the school’s current students are top-heavy in terms of age.

We are working to improve our website, now on a regular basis.

We plan to focus to a large part on physical development next year, as we have with personal development, broaden our reading focus into literacy, and move on from curriculum design to subject leadership. We have added offices, learning spaces and more overhead hoists throughout the school with the support of our Estates colleagues and CapEx arrangements; this is something that continues to be a priority every year.

We have had support from parents and others for fundraising, and have a new sensory motor suite, a pilates studio, an outdoor learning pod, and other plans to improve our site for our students and employees: we already have a hydrotherapy pool, sensory space, sports hall and other important specialist spaces and resources.

The school continues in its mission of delivering on its key drivers of communication, wellbeing and independence for all, and using our school values of respect, teamwork and resilience as our guiding principles, school rules, and guides for awards and recruitment. Our vision is for multidisciplinary teams to work together so that our students receive the best support possible for their additional needs.

Percy Hedley School welcomes visits, questions, challenge and scrutiny, and is determined to improve constantly on its current practice, knowledge, skills, experience and relationships with partners. We need to be a modern, progressive, connected service for the communities we serve. We aim to have a good impact on society by working with our students and their families to develop their cultural capital and positive, engaged citizenship.

### Ambitions for the year ahead

- For an early years class to open in September 2024.
- To improve our website.
- To continue developing the concept of physical development.
- To pursue ambitiously all the improvements in our plan.

### What we achieved last year

- Quality improvement: school self-evaluation, school improvement plan, Ofsted, planned an early years provision in the school.
- School improvement partners, curriculum and other networks with North Tyneside, two schools in Northumberland, and other professional links in therapy and education.
- Improved relationship with parents and other partners and stakeholders. Appointed new Chair of Governors. Strong and on-going links with local authorities.
- Pursuit of several relevant external awards to drive up quality, governance and improvement.



# Northern Counties School

## What we achieved

Northern Counties School (NCS) is a day special school with a capacity for up to 91 students and over 150 employees, located in Tankerville Terrace, Jesmond. Students’ needs are complex and high in medical, learning, and other therapeutic and educational areas of their development and growth; students attend from all over the North-East.

### School Improvement Plan and School Evaluation Form (SEF)

In February 2024, the school was judged Good with Outstanding features. After assessing the Ofsted report, the school’s priorities this year were to incrementally improve the standards of the quality of education and sixth form to also become outstanding, and at the same time keep the outstanding standards in behaviour and attitudes and personal development.

Priorities came from our school SEF, a dynamic document in which school leaders look at the school’s journey and judge practice and future direction. We created a detailed school improvement plan (SIP) from the evidence within the SEF. Documents are shared with stakeholders such as governors, school improvement partners, senior leaders, and the like and referenced in monthly review meetings upwards.

### Service Improvement Partner

The school commissioned the School Development Partner services from North Tyneside local authority in May 2024.

They provided independent monitoring and guidance regarding writing our school improvement plan and SEF. They assess and inspect various elements of the school, reporting back to the headteacher and other stakeholders, and advise on the formulation of a plan to gain rapid improvement. Their advice on school improvement has been very insightful, and they provided connectivity and governance for the whole process.

### Other Stakeholders

We have an active local advisory committee of governors – which are committed colleagues, including two parents and two employee members. The Chair of Governors has extensive education knowledge and has worked in many different educational organisations across Newcastle during his career. We currently have five governors that are employed by local schools, providing us with unique insights into the quality of education that we provide. We have had several governor and trustee monitoring visits over the year.

We have established Friends of NCS, which is strengthening the link between school and families and advising on how to make it more holistic and sustainable. They host the annual summer school picnic. In the last twelve months, they have helped and advised us on how best to increase our engagement with parents, which has helped to increase our parental satisfaction rates, we also provide informal advice and support to our parents via this group.

We use Clennell as a safeguarding training partner, which has proved highly beneficial and provides excellent supervision and support to our safeguarding team.

The school communicates daily to all parents via a written diary. We produce a half-termly newsletter for each class group, and all parents are invited to visit the school half-termly for various curriculum enrichment events. The headteacher produces a monthly vlog to keep families, stakeholders, and families informed.

The Foundation has continued to invest heavily in Northern Counties School’s estate over the last twelve months, creating a fun and modern school.

Within our improvement plan for the year ahead, we will focus on making all areas of teaching and learning outstanding. Therapy services will work closely with teachers, in providing therapeutic support so our students can access the innovative curriculum and reach their full potential.

As we approach the end of the year, there is enthusiasm across the school, students, employees, and parents that Northern Counties School will become an outstanding school, full of energy, fun, and progressive learning for all. This is in part achieved because Northern Counties School welcomes visits, questions, challenges, and scrutiny and aims to improve constantly on its practice, knowledge, skills, experience, and relationships with partners every day.

Northern Counties School student during lesson





# Northern Counties School

## Ambitions for the year ahead

- That Northern Counties School incrementally improves yearly and will become an outstanding school again.
- That all our students will achieve above national standards in all areas of learning.
- That Northern Counties School population will increase to over 100 within the next 12 months.
- To increasingly demonstrate the impact of therapies as a key driver to increased access to learning for all students.

## What we achieved last year

- In February 2024, Northern Counties School passed special measures and achieved a Good with Outstanding features grade from Ofsted.
- The majority of students made significant progress in all areas of learning.
- Fifteen new students joined our school population.
- Very high levels of employee engagement and job satisfaction were demonstrated via the Hive employee survey.



Northern Counties School  
teacher in class



# Hedleys College

## What we achieved

Hedleys College is a specialist college with a capacity for up to 90 students and over 140 employees, providing further education to students with complex needs. The college is located in Forest Hall and Killingworth, North Tyneside. The college was last inspected by Ofsted in November 2022 and has a Good rating. We continued this year to be part of a peer development group alongside National Star College and Treloar's with groups of employees visiting each other's college and focusing on a key area for a deep dive "Mocksted". As part of a visit to Treloar's we reviewed a curriculum area that they were considering adapting to allow for a more bespoke approach for their profound and multiple learning disabilities (PMLD) students. This led us to consider and review our communication and choices pathway where numbers enrolled had been steadily increasing. The result was to split out an additional pathway - developing our new immersive programme, aimed at PMLD students who often have very complex health needs, and require a curriculum that allows interventions embedded into the programme by our therapy and nursing team, to support student health and wellbeing throughout the day.

The National Autistic Society (NAS) college accreditation for the Autism Specialist Award has resulted in key improvement to curriculum design. We continue to bespoke each programme to allow students to develop skills linked to the preparation for adulthood agenda, while also allowing space in the curriculum for self-regulation, strategy learning and creating environments that support everyday tasks.

Further development of the Education, Health and Care Plan (EHCP) and Destinations Manager role introduced last year has seen meaningful impact on fully planned good transitions post college. The role has worked into tutorial sessions and has delivered 1-1 planning sessions with students about their next steps clearly capturing their own voices in the process. There were increases in the number of students leaving to access volunteering, independent supported living and general further education as well as other areas. The focused work of the Destinations Manager has positively impacted on student destinations.

A new format was introduced for internal work placements involving a competitive application process and student interviews for positions. The whole process is explained and where success is celebrated, unsuccessful applicants are also learning how to cope with disappointment and coping strategies when things do not always go the way they planned. This topic is followed up in group tutorial sessions.

Hedleys College continues to be an active member of Natspec (The National Association of Specialist Colleges); our college students attend regular national student parliaments to have their voices heard on national issues affecting the sector. Many student council members and additional peers have developed a disability awareness programme which they delivered to a number of employers last year and to six schools in the region speaking to children from primary age through to sixth form about their lived experiences of disability.

Percy Hedley School student

## Ambitions for the year ahead

- To deliver a range of training to support understanding of wellbeing to support student need linked to positive behaviour support.
- To sustain and further strengthen our vocational student offer by involving employers in the curriculum design process for a relaunch in September 2025.
- The EHCP and Destinations Manager to develop a "next steps" resource for students and their families when graduating college.

## What we achieved last year

- We appointed an EHCP and Destinations Manager to support students' destinations post college; this had a positive impact on destinations with more moving onto volunteering and social enterprise placements.
- The National Autistic Society (NAS) college accreditation for the Autism Specialist Award has continued to see highly bespoke programmes being delivered to individual students.
- As part of a peer development group we completed visits to and had colleagues from National Star and Treloar's acting as a critical friend, all reviewing a part of the curriculum offer on visits to each site.





# Hedleys Horizons Day Services

## What we achieved

This year we took part in accessible surfing sessions at South Shields Surf School. These sessions are accessible for all, with adapted surf boards allowing access. This for many was the first time they had been able to access the water in this way. Engagement in these sessions gave new experiences, built confidence and gave service users social opportunities alongside friends.

The British Inspiration Trust (BRIT) challenge started life in universities and looked at providing activities for people to engage in and support promoting wellbeing. We are one of the first organisations to access the challenge outside of mainstream providers. This year the theme was “24” and we delivered twenty four wellbeing sessions accessed by service users, college students and employees. These included a sea dip at Tynemouth, positivity stones workshop, pamper sessions, music and food from around the world to name a few. We asked employees to share their talents with us and many of our own employees delivered their own sessions based on their interests and pastimes that support their wellbeing.

Hedleys Got Talent took place on an evening at a local venue. It showcased performances from many Horizons service users and employees across the Foundation. There were also sales of “Handmade by Hedleys” products made by service users in print, art and ceramics. The audience of 120 people had a fantastic night seeing the many talents and skills of our service users. The evening promoted inclusivity, ability and passion for the arts.

A steering group at the Discovery Museum was attended by Horizons’ service users to discuss improving accessibility for the cultural venue in Newcastle. The advice shared by service users resulted in sensory bags being introduced for visitors, accessible written information and a greater understanding of the many various needs of people visiting and living in the city.

## Ambitions for the year ahead

- Our Horizons service will be integrated within the within the Foundation’s health and wellbeing directorate as part of our goal to modernise the service.
- Modernising the service, which will involve integrating innovative practices and technology to enhance service delivery, meet individual needs, and adapt to evolving social and health care demands. We will do this by fostering a new person-centred approach, leveraging on new technology, and rethinking traditional models so that we can create dynamic, inclusive, and impactful opportunities.
- Expansion of our services into a new location.

## What we achieved last year

- Horizons’ service users accessed a number of opportunities to support wellbeing and quality of life, including taking part in regular accessible surfing sessions at South Shields Surf School. We also took part for the first time this year in the BRIT challenge, supporting wellbeing.
- Service users celebrated their musical and performance skills at Hedleys Got Talent and Hedleys Fest.
- Horizons’ service users worked with the Newcastle Discovery Museum joining a steering group developing greater accessibility at the museum for people with disabilities.





# Health and Wellbeing Services

## What we achieved

This year has marked a transformative period for the health and wellbeing directorate as we continue advancing our health and wellbeing strategy with a focus on modernising our services, embracing digital innovation, enhancing our quality assurance framework, and actively addressing the broader determinants of social care, health, and wellbeing. Our approach is guided by our commitment to creating impactful, sustainable, and person-centred services that are fit for the future whilst improving the quality of life for those we support.

In alignment with our mission, we have made significant progress in modernising our service delivery model to be more adaptive and responsive to the needs of our community. This includes expanding our capacity to deliver independent supported living (ISL) services, strengthening our offerings in the least restrictive model of care, and enhancing flexibility in our support. Through modernisation, we aim to empower those we support to live independently within their communities, supported by personalised care that is both accessible and effective.

We have embraced digital transformation to streamline the health and wellbeing operations, improve service delivery, and create seamless, accessible care.

Our investment in digital tools, including our online care management platform Nourish and mobile applications, enables better communication, co-ordination, and transparency. Additionally, our digital resources support individuals and professionals to stay connected, monitoring their care and support needs for better annual care reviews. Our goal is to leverage technology to enhance the experience of those we support, provide data-driven insights, and foster proactive, preventative support.

The implementation of our comprehensive quality assurance framework ensures that we maintain the highest standards of care and continuously improve service quality. The framework provides structured assessments, regular audits, and feedback mechanisms to monitor and enhance service delivery across all our services. By embedding quality assurance into our daily operations, we can better support our employees, respond to the needs of those we serve, and uphold accountability in every aspect of our work.

Recognising that positive care delivery is influenced by a range of social determinants, we have adopted an integrated approach that goes beyond traditional methods of support. Our programmes actively address factors such as pay inequalities, workforce plan,

negative cultures, barriers to co-production, social inclusion, and financial security, which are essential to overall health and wellbeing. By working with community partners and stakeholders, we are better equipped to provide holistic support that empowers individuals to overcome barriers, achieve independence, and thrive.





# Health and Wellbeing Services

## What we achieved

### Residential

Over the past year we have made progress in our commitment to modernising the residential care services. By embracing a mixture of new quality assurance frameworks, innovative practices, digitalisation and fostering a culture of continuous improvement, we enhanced the quality of care for our residents. Key milestones include the completion of infrastructure upgrades, the rollout of personalised digital care plans and interactions, and increased engagement with residents and their families. Despite challenges, we remain dedicated to ensuring our services meet the highest standards of safety, accessibility, and inclusivity.

### Independent Supported Living

One of our most significant achievements this year has been the successful registration of personal care with the Care Quality Commission (CQC), a milestone that has expanded our to deliver independent supported living (ISL). ISL represents a more modernised, person-centred approach to care, designed to support individuals in their own homes, enabling those we support to lead more autonomous and fulfilling lives.

This service model allows us to offer flexible, tailored care that adjusts to each person’s evolving needs and preferences, in contrast to traditional residential care.

The shift towards ISL aligns with our commitment to providing choice and independence for those we support. By focusing on empowering individuals within their communities, we aim to foster environments where they feel in control, respected, and part of the larger community. This personalised approach helps each person to develop essential life skills, build meaningful relationships, and experience a sense of belonging. In delivering ISL services, partnership working is vital in creating a sustainable, person-centred model that fully supports individuals with care and support needs. This collaborative approach brings together key expertise and resources to deliver high-quality, inclusive, and effective services. We will continue to work in partnerships with housing providers and commissioners to make a positive difference to those we support.

We look forward to continuing to expand our ISL services in the coming years, ensuring that our Foundation remains at the forefront of modern, compassionate care practices.



Looking Ahead

### Further digital transformation:

- Electronic rota system.
- Transforming care delivery by enabling data-driven decision-making, improving efficiency, and enhancing outcomes for individuals receiving care.

### Research, engagement and partnerships:

- Continue collaboration and integration with assistive tech and organisations who can support us to exceed in our transformation and come together to achieve highest quality care and support.

### Appropriate model of care:

- Continue with the framework of positive behaviour support (PBS) and reducing restrictive practice. Creating a skilled workforce to promote safe and effective environments.
- Our Horizons service will be integrated within the health and wellbeing directorate as part of our goal to modernise the service as outlined on page 11.



# Safeguarding

## Safeguarding the people we support

Safeguarding is of paramount importance to the Foundation and it will always be a fundamental priority at the core of our services, as are our vulnerable children, young people and adults that we support on a daily basis.

Understandably safeguarding is high on our agenda and all employees are subject to safer recruitment practices to ensure that employees are suitable to work with our beneficiaries. Regardless of role within the Foundation, all employees are required to maintain compliance with core mandatory safeguarding training and this is monitored closely.

Safeguarding is everyone’s responsibility and we promote an open-door policy for any concerns to be raised by our employees, service users, governors, trustees, and visitors.

Mechanisms to promote and encourage employee voice from the previous year continued, such as Safecall and Hive surveys, local employee forums, a Foundation wide people network, and visible leadership from the executive team, senior leaders, governors and trustees.

We actively engaged throughout the year with our beneficiaries, parents and families through a variety of channels, aimed at encouraging feedback and service user voice, which contributes to our ability to keep those in our care and education safe.

The Foundation adheres to comprehensive and robust safeguarding policies and works collaboratively with a multi-disciplinary partnership in the area – such as working with departments of adult social services and departments of children’s services, the police, local authority officers, health professionals, and relevant others.

Each service has a designated safeguarding lead and team. Safeguarding is continuously monitored and reported by our services and routinely discussed within supervisions and team meetings at all levels throughout the Foundation. In accordance with our people strategy, employee voice is a priority and in the coming year we will enhance our existing channels for employee voice by introducing a freedom to speak up (FTSU) guardian and trustee. FTSU provides an alternative avenue for our employees to raise concerns about anything that gets in the way of employee wellbeing or the care, education and support we provide to our beneficiaries.

Our safeguarding professionals come together as members of the Foundation’s safeguarding group on a regular basis to share lessons learned and identify and share innovation and best practice. The safeguarding group reports to the Board’s Quality and Standards Committee (QSC). The QSC is chaired by the Foundation’s safeguarding trustee.

Over the reporting period the QSC and the Board was strengthened with the appointment of members from the care sector, to enhance the skills and knowledge in the communities

we serve. Looking at the year ahead we aim to to enhance the Board skills and knowledge in relation to the education sector further.

Our education services routinely report safeguarding to our education local advisory committees (LACs), and our safeguarding link governors regularly conduct site visits, as do all governors and trustees. Our governor and trustee site visits enable the LACs and Board to be better informed about the work of our services, monitor the progress against service objectives and performance including safeguarding, and to help inform decision making and strategy.

In the reporting period, the Board set an objective for the executive to strengthen safeguarding reporting over the coming year, embracing the ongoing systems’ digitalisation and improvements being made as part of our IT strategy.

## Achievements against our aims and objectives

Throughout the year we delivered against our positive behaviour support (PBS) strategic objectives and commissioned the BILD programme for our leaders, focused on improving the quality of life for the people we support. We significantly reduced the use of agency across the Foundation compared to the former year, we continued to closely monitor risk associated with managing dysphagia needs and developed measures to respond appropriately to the risk – including plans to appoint a dysphagia lead therapist, we strengthened governance in relation to

restrictive practices, continued to develop and maintain positive working relationships with external organisations and consultants in relation to safeguarding, and continued to monitor safeguarding on our operational and strategic risks registers in the interests of our employees, beneficiaries and other stakeholders.

## Ambitions for the year ahead

Looking ahead we will be reviewing and refreshing our PBS strategy, embarking on the BILD programme for our leaders, developing a safeguarding strategy, seeking to appoint a clinical professional to strengthen our clinical governance, embracing technology to strengthen our safeguarding reporting, implementing our implementing our freedom to speak up guardian and trustee, enhancing our education skills and experience at the Board, continuously monitoring and responding to the dysphagia risk including the appointment of a dysphagia lead therapist, which is high on our safeguarding agenda, and continuously seeking to improve signposting and promotion of safeguarding as we embark on our new three year strategy.

**Ewen Weir**  
Safeguarding Trustee



# Our People

The Foundation cannot provide the quality of services it does without highly skilled, talented and committed employees.

Our people strategy for 2024-26 highlights our four people priorities:

- Prioritise Wellbeing and Balance
- Focus on Attraction, Retention and Development
- People First Culture
- Harness Compassionate Leadership and Management

The Foundation, like other care and specialist education organisations, is operating in sectors challenged by high vacancy and turnover rates. Our operational, recruitment and communication teams continue to work tirelessly to ensure recruitment campaigns attract talented and committed people through careers fairs, open days, and working together with local job centres, colleges and universities. This has put us in a much stronger position to deliver our high-quality services by achieving required staffing levels and minimising the need for agency usage.

Over the past year we have reviewed our pay structures and taken action to develop a career progression framework aimed at attracting and retaining high quality healthcare professionals. This year we have pledged our commitment, as a responsible employer, to paying our employees a ‘real living wage’ which meets the costs of living, not just the government minimum.

As an accredited ‘real living wage’ employer this commitment is only part of the wide range of employee benefits we have introduced to our package to support our valued workforce and combat the pressures of the rising cost of living. Our suite of reward and support benefits already in place include employee referral payments, life assurance, hardship loans, eye care, cycle-to-work, ‘smart tech’ loans and employee discount scheme.

The Foundation has 978 employees (as at 31 August 2024), many of whom are part-time or term-time, representative of and drawn from the surrounding local communities, with 14% declaring a disability and 10% declared as non-white British or black and minority ethnic. The gender split is 79% female and 21% male. Our employee average age has increased by 3.5% to 41.7 over the last five years.

We operate an equity, diversity and inclusion policy in respect of all employees and prospective employees and our leaders are dedicated to building an inclusive, positive culture where everyone is inspired to achieve their full potential.



Percy Hedley School  
employee and student



# Our People

We maintain the highest standards in safer recruitment and safe working practices through all of our employment practices in the recruitment, selection, retention, and training of all employees. Inspection outcomes by local authorities, Ofsted, and the Care Quality Commission confirm that processes and people are in place to maintain a high standard of provision.

We remain committed to being an organisation that provides opportunities for employees to receive the training they need to do their role and also to be able to progress their careers within the Foundation. Through the Percy Hedley Academy, employees can access apprenticeships at various levels, ranging from 2 to 7, in areas such as adult care worker, leadership and management, teaching assistant, finance and occupational therapy. Seventeen employees are enrolled on apprenticeship qualifications and five employees completed during the period.

As well as apprenticeship qualifications, we also provide a number of other learning opportunities such as face-to-face events, e-learning, distance learning and on-the-job training. At least 253 face-to-face events were provided with over 2,102 attendances last year with further investment into post-graduate studies, coaching and mentoring.

We work closely with a range of networks to ensure our employees are represented and heard, through our Joint Union Committee, our Foundation wide people network and local employee forums. This year, we committed to developing plans for introducing health advocate roles within operational teams and putting a freedom to speak up guardian and trustee in place alongside our whistleblowing policy and procedures – all aimed at giving employees a voice and encouraging them to raise any concerns they may have through whichever route they feel most comfortable.

Foundation leaders and trustees continue to seek and encourage employee views through individual, local and Foundation wide groups and via a comprehensive Foundation wide employee survey conducted by an external company. Overall, the results of the survey are steadily increasing year on year, and in April this year we achieved an amazing 75% response rate (an increase of 10% from the previous year). This shows that our teams really care about the Foundation and are passionate about its success. This year’s survey has highlighted that *‘Our staff feel they are able to maintain a healthy work-life balance working at Percy Hedley’* and *‘Our direct line managers help our staff to stay motivated and focused to deliver their best work’*. Our survey continues to give us a more accurate picture of how our people feel about working here and has provided us with detailed feedback on their opinions about our culture, relationships and how we go about our work here in the Foundation.



Northern Counties  
employee and student

**Ambitions for the year ahead include:**

- Maintaining commitment to real living wage and improving our employee benefits package.
- Working together towards achieving Better Health at Work Awards, demonstrating our ongoing commitment to our employee wellbeing.
- Continue to focus on engagement through employee voice and launching the health advocate, freedom to speak up guardian and trustee roles.
- Introducing new apprenticeship roles.
- Progressing the adult social care pathway and building an inclusive, positive culture where everyone is inspired to achieve their full potential.



# Fundraising

Much of the Foundation’s income is derived through statutory sources, however we rely on fundraising to fund further specialist provisions, equipment and opportunities to enhance the everyday experiences of those we support. The reliance on fundraising income is increasingly important as the cost of providing our services increases.

Our fundraising effort involves encouraging donations and running events. Thanks to the amazing support and generosity of our supporters we raised £459,557 (gross income) during 2023-24. This was an increase of 31.26% on the previous year. We are grateful for the continued support as we look to continue to grow this vital income stream to enable us to further progress the Foundation and widen our strength and support more people.

There are several key areas that contributed to our increase in fundraising income:

### Trusts and Foundations

We received a total of £124,233 (£110,442 restricted and £13,791 unrestricted) in donations thanks to generous support from trusts and foundations.

### Percy Hedley Ball

The Foundation’s Mistletoe Ball was held for the fifteenth time in the charity’s 70th anniversary year and raised an impressive £75,000 – bringing the total raised by the events to over £1million.  
80 businesses from across the North-East

supported the event through monetary and prize donations, hosting tables and sponsorship.

### Great North Run

73 runners joined the fantastic Team Percy Hedley and raised a total of £26,554 for the Foundation by completing the landmark half marathon, the Great North Run.

### Sensory Tyne Tunnel

As part of Tyne Tunnel’s corporate social responsibility programme, they kindly funded a new Sensory Tyne Tunnel at Northern Counties School. This enables students to get outdoors and take part in the various sensory activities in the tunnel.

### Golf Day

We held our inaugural Percy Hedley Golf Day in June 2024, which raised £10,533.54 and is set to return in 2025.

### Legacies

£185,000 was kindly gifted to the Foundation in legacies which was higher than anticipated and a welcome source of unrestricted funding.

### Growing Our Community

We have continued to focus on growing our community across the North-East and further afield, telling our story and increasing the number of people that know about the Foundation and our impact.



Great North Run



Growing our community



Percy Hedley Ball



# Fundraising

**Highlights during the year included;**

- 23.82% increase in sessions on our website.
- Increased social media audience by 17.91% across our channels.
- 3,002,259 impressions across our social media.
- Launched a series of corporate networking events to develop relationships with regional businesses and enable businesses to come together.

**Fundraising practices**

We have high standards about how we fundraise, communicate with supporters and the public as set out in our Supporter Promise. We are registered with the Fundraising Regulator and comply with all the relevant standards set out in the Code of Fundraising Practice. We have a customer relationship management (CRM) database in place to support our fundraising oversight, ongoing adherence to General Data Protection Regulation (GDPR), financial record keeping, monitoring and evaluation. In 2023-24 there were no compliance issues raised about our fundraising by the Charity Commission, Fundraising Regulator or Information Commissioner’s Office.

In 2023-24 we did not engage any professional fundraisers or commercial participators, for example face-to-face or door-to-door fundraisers. Our complaints process is clear and easily accessible.

Complaints received are recorded and investigated in line with the Foundation’s complaints policy. In 2023-24, there were no complaints about fundraising activities carried out by the Foundation or someone on behalf of the Foundation. We make it as easy as possible for people to contact us to opt out of receiving communications from us, or to change the method of communication.

**Thank you for your support**

We are grateful to all the people and organisations that have supported the Foundation. Together we have made a huge difference to the lives of young people with complex disabilities. We need to meet the growing demand for our specialist support and ensure we have the right specialist facilities and opportunities and experiences to enable our beneficiaries to live life to the full. By raising awareness of the impact of our work, by working closely with supporters and by engaging new ones, we will strive to achieve this. The Foundation would like to express its sincere thanks to all its supporters throughout the year.



Percy Hedley Foundation  
Golf Day 2024

**Ambitions for the year ahead:**

- Develop new fundraising and engagement strategy that will support us to:
- Increase public awareness of the Foundation, its work and impact across the North-East and further afield.
  - Continue to grow and develop the supporter database through our supporter engagement first approach to fundraising.
  - Increase income through fundraising.
  - Grow our community of stakeholders, building engagement and support and deepening our understanding of the issues affecting disabled people.



# Future Plans and Strategy

The need for the Foundation’s services continues to rise with the total number of children and young people with Education, Health and Care (EHC) plans continuing to increase year on year, up by 11.4% from 2023, according to national statistics published by the government in January 2024. The three year strategy that we will launch next year will lay out how we will continue to deliver on the Foundation’s mission to enhance the lives of people with disabilities and further the charity’s purpose for the public benefit. The Foundation will be entering this next period stronger and more focused so we can continue our commitment to improve the quality of life of our beneficiaries through empowerment, inclusion and opportunity.

At the forefront of our plans will be ensuring that we are a sustainable employer able to modernise services and generate a surplus to re-invest. We will be focusing on harnessing our existing estate and explore options to grow outside our existing footprint.

In the year ahead our ambitions include the following aims and objectives aligned to our vision, mission and our new corporate strategy:

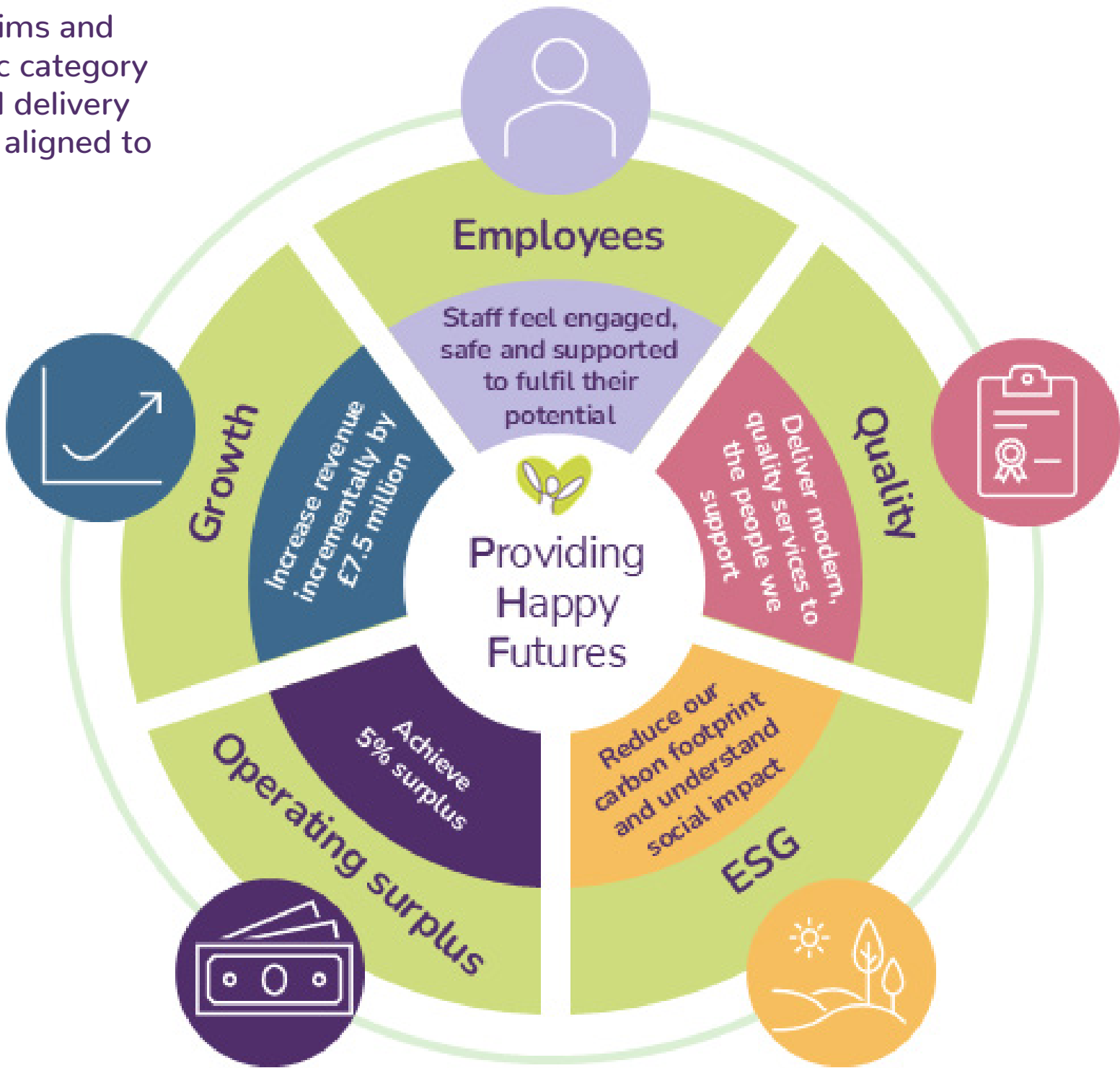
- Launch our new corporate strategy.
- Remain as a real living wage employer, make continued investment in our people focusing on equity, inclusion, diversity and health and wellbeing.

- Continue our commitment to positive behaviour support promoting safe and effective environments to impact the wellbeing of all our beneficiaries.
- Open an early years class.
- See incremental improvement across all our settings so we retain or improve existing regulatory ratings.
- Develop plans with our teams and services to help reduce the environmental impact of the Foundation.
- Support our learners to achieve above national standards in all areas of learning.
- Develop plans that help us increase admissions and continue to show the impact that therapies provide in enabling learners to accessing education.
- Develop plans that help us to increase and Expand our health and wellbeing service to provide holistic support that empowers individuals to overcome barriers, achieve independence, and thrive.
- Strengthen engagement, collaboration and partnerships with employers, developers and assistive technology organisations.

### New Corporate Strategy Overview

By September 2027, be a sustainable employer that delivers integrated, modernised high-quality services for all our stakeholders, generating a financial surplus for re-investment and incremental growth.

Our new corporate strategy is based on five strategic categories: growth, employees, quality, ESG and operating surplus. The diagram to the right outlines the aims and objectives aligned to each strategic category and we will monitor the successful delivery of our strategy by measuring KPIs aligned to these aims and objectives.





# Principal Risks and Uncertainties

The trustees are responsible for ensuring that there are effective and adequate risk management and internal control systems in place for the management of risks to the Foundation. This includes setting the risk appetite and ensuring that appropriate policies and procedures are in place for the prevention and detection of major risks, including fraud and other irregularities.

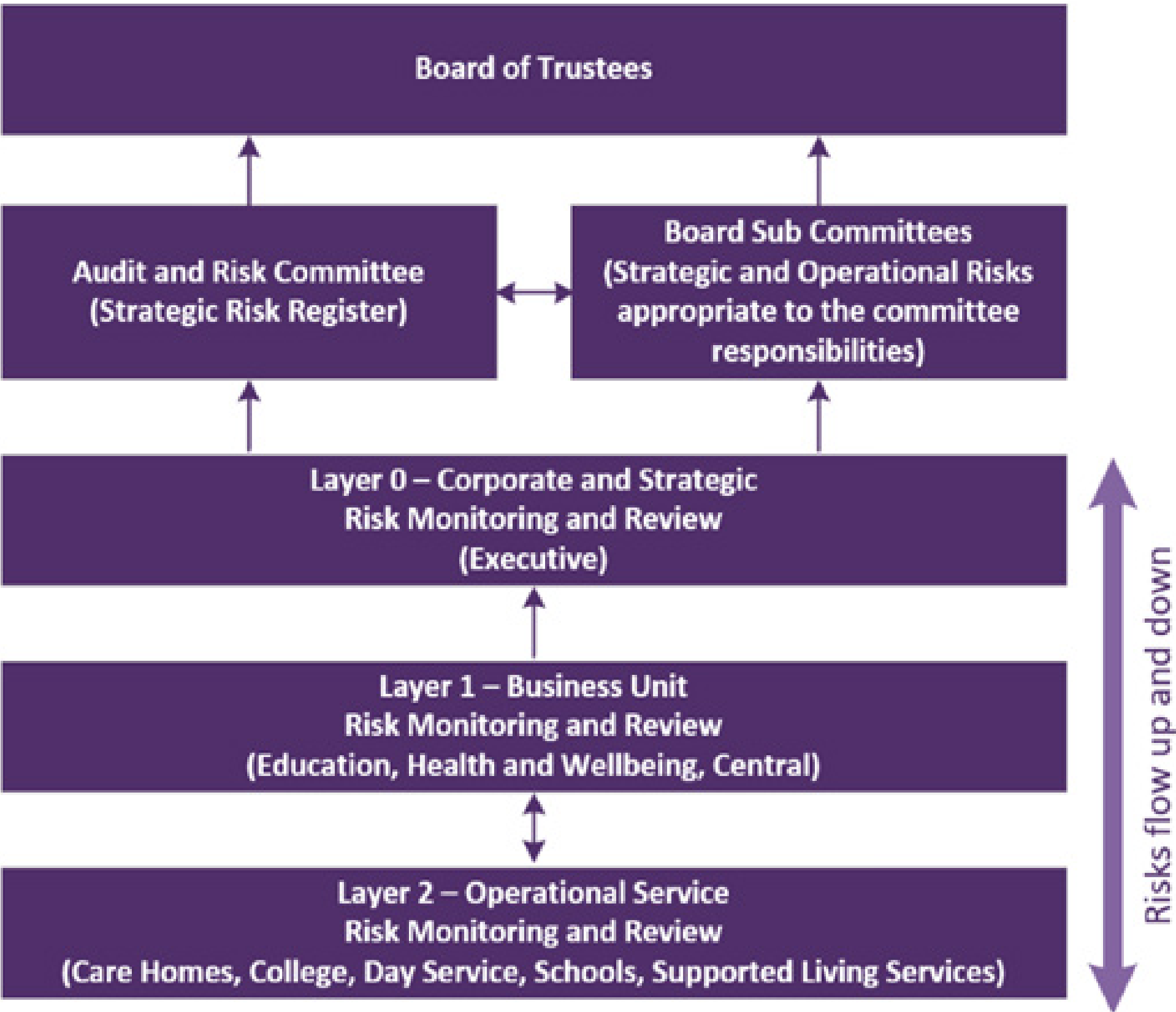
The Foundation recognises the fundamental importance of effective risk management in the successful delivery of the Foundation’s strategy and charitable objectives, and therefore risk management is exercised throughout the Foundation. The Foundation’s risk management framework is aligned to the Charity Governance Code and sets out the process that we use to identify and manage risks within the Foundation whilst ensuring they do not exceed the level of risk the Foundation is willing to accept. It is designed to manage, rather than eliminate, the risks and provide reasonable assurance against material risks.

The operational business units continuously monitor risk by applying their business assurance frameworks and through the Foundation’s project management and governance arrangements. The executive team reviews significant business unit risks on a monthly basis and assesses the impact on the strategic risks to ensure the strategic risk register remains dynamic. The executive monitors strategic risks on a monthly basis and reviews and reports strategic risks to the Audit

and Risk Committee on a quarterly basis. The Audit and Risk Committee maintains oversight of the Foundation’s activities and strategic risks, exercising appropriate challenge to ensure robust mitigation actions and controls are managed by the executive, having regard to the Foundation’s risk management framework. The Foundation’s strategic risks are reported to the Board on a quarterly basis for oversight and assurance that effective risk management processes are in place.

The Audit and Risk Committee annually reviews the Foundation’s Board assurance and risk management frameworks for Board approval, and during the reporting period it was determined that both remained effective.

The table on the following pages presents the principal strategic risks which are currently monitored closely by the trustees and executive team.





# Principal Risks and Uncertainties

Risk	Mitigation
<b>IT Security and Resilience</b> – the lack of IT skills, capacity, appropriate protection, controls, and security.	<ul style="list-style-type: none"><li>• Delivery of technology strategic objectives focused on infrastructure modernisation, IT management optimisation, improving business intelligence and quality centric digital solutions.</li><li>• Infrastructure modernisation – enhancing operational efficiency through advanced infrastructure, integrating resilient systems and embedding cyber protections to safeguard business continuity.</li><li>• IT management optimisation – refining governance process, enhancing organisational structures, clarifying responsibilities, and fostering a collaborative culture to support business objectives.</li><li>• Improving business intelligence – improving Foundation insight by improving analytics capabilities, streamlining reporting process, fostering data literacy, and embedding intelligence driven practices.</li><li>• Quality centric digital solutions – driving excellence across the Foundation by leveraging digital tools to streamline processes, enhance data consistency, empower teams, and deliver superior outcomes.</li></ul>
<b>Regulatory and Statutory</b> – failure to comply with requirements.	<ul style="list-style-type: none"><li>• Regular and routine impact monitoring of regulatory authority changes to legislation, advice, and guidance.</li><li>• Attendance at professional regional and national sector groups.</li><li>• Regular and routine monitoring through regular audits, planned and preventative maintenance schedules and application of business assurance frameworks within operational units to ensure statutory, regulatory, and quality standards are achieved, and that changes and associated risks are proactively managed.</li><li>• Effective and adequate framework is in place to allow issues and concerns to be captured ie internal HR, health and safety, safeguarding and formal operational processes, alongside whistleblowing and freedom to speak up mechanisms, clear policies, procedures and practices in place which are regularly reviewed.</li><li>• Appropriate, effective and adequate procedures in place, which are regularly reviewed to ensure compliance with statutory and regulatory obligations.</li><li>• A skilled and competent workforce, compliant with mandatory training which is reviewed annually.</li></ul>

Risk	Mitigation
<b>Safeguarding Our People</b> – the lack of adequate and effective policies and practice. <b>Regulatory and Statutory</b> – failure to comply with requirements.	<ul style="list-style-type: none"><li>• Development of a new safeguarding strategy and delivery of associated objectives.</li><li>• Adequate and effective safeguarding and child protection policies, procedures, and training, which are regularly reviewed.</li><li>• Robust governance and reporting structures, with collaborative working practices across the Foundation to share lessons learned and identify and share innovation and best practice.</li><li>• Legally compliant with health and safety statutory responsibilities employing a dedicated health and safety manager who undertakes the ‘competent person’ role as required legally by The Management of Health and Safety at Work Regulations.</li><li>• Robust and timely incident response, investigation, supervision and reflective practice processes in place.</li><li>• Workforce compliance with mandatory safeguarding training, policies, and practice.</li></ul>
<b>Quality of Care/Outcomes</b> – failure to deliver the standard of care and education to meet the needs of beneficiaries and enable positive outcomes.	<ul style="list-style-type: none"><li>• Investment in digitalisation, data and reporting to support business unit strategic plans and objectives.</li><li>• Effective and adequate business continuity plans which are regularly reviewed and tested to ensure they remain fit for purpose.</li><li>• Robust quality and clinical assurance frameworks in place, which are regularly monitored and reviewed.</li><li>• Delivery of the Foundation’s positive behaviour support strategy and associated objectives.</li><li>• Sufficient and appropriate employee resourcing levels to maintain safe and secure environments for our people and beneficiaries.</li><li>• A skilled and competent workforce, compliant with mandatory training.</li></ul>
<b>External Factors</b> – failure to understand the impact of the external political, economic, social, technological and environmental landscape on the charities strategy and objectives.	<ul style="list-style-type: none"><li>• Routine monitoring and horizon scanning of the external environment to identify potential changes, opportunities and risks.</li><li>• Regular impact assessments of changing external factors on the Foundation’s operations, strategic objectives and risks.</li><li>• Engagement and interaction with appropriate external networks within the sectors applicable to the Foundation.</li></ul>



# Principal Risks and Uncertainties

Risk	Mitigation
<b>Our People</b> – the inability to attract, develop and retain employees.	<ul style="list-style-type: none"><li>• Delivery of the people strategy priorities focused on creating an environment whereby employees feel engaged, safe at work, appropriately rewarded, valued and supported.</li><li>• A focus on key areas such as:<ul style="list-style-type: none"><li>- maintaining strong pay awards and benefits arrangements</li><li>- improving ways to hear and strengthen the employee voice</li><li>- develop an EDI strategy that is designed for the Foundation’s needs using our data to inform it</li><li>- seeking accreditations to inform plans to improve health and wellbeing and demonstrate that we are a strong employer in this sector in our local region</li><li>- reducing time to recruit</li><li>- increasing investment in learning and development, apprenticeships and professional development</li><li>- ensuring adequate and effective employee induction</li><li>- developing new policies and procedures, which are regularly reviewed to ensure we can support the whole workforce.</li></ul></li></ul>
<b>Environmental, Social and Governance (ESG)</b> – inability to meet stakeholder expectations and statutory and regulatory obligations.	<ul style="list-style-type: none"><li>• Development of a new environmental strategy and delivery of associated objectives focused on compliance and ESG improvements.</li><li>• Stakeholder engagement and collaboration on ESG initiatives and objectives.</li><li>• Effective and adequate monitoring of statutory and regulatory obligations and compliance including delivery of action plan.</li><li>• Effective and adequate ESG related policies and procedures, which are regularly reviewed.</li><li>• Investments conducted in a responsible manner with due consideration of ESG issues.</li></ul>

Risk	Mitigation
<b>Business and Finance Strategy</b> – failure to deliver the strategic objectives.	<ul style="list-style-type: none"><li>• The Foundation’s corporate three year strategy sets out clear goals and objectives for success to be measured against, which is monitored and reviewed by the executive and Board of Trustees on a regular basis.</li><li>• Enabling strategies and plans underpinning the Foundation’s corporate strategy are developed and delivered in areas such as IT, ESG, people, safeguarding, education, health and wellbeing.</li><li>• A three year financial plan financial plan aligned to the corporate strategy is in place, with robust annual financial planning, budgetary and monitoring processes to allow for appropriate and proportionate measures to be taken as required.</li><li>• Sufficient financial reserves in place in line with the Foundation’s reserves policy as regularly reviewed and approved by the trustees.</li></ul>
<b>Reputation</b> – the loss of public trust and confidence.	<ul style="list-style-type: none"><li>• Adequate and effective risk management framework ensuring risks are identified, assessed, monitored and mitigated as far as reasonably possible within acceptable risk tolerance thresholds.</li><li>• Appropriate, adequate and effective codes of conduct, which are regularly reviewed.</li><li>• Appropriate specialist resource applied in key areas such as health and safety, safeguarding, legal, human resources, etc.</li><li>• Compliance with statutory, regulatory and contractual obligations.</li><li>• Effective and adequate supplier management and due diligence processes.</li><li>• Effective and adequate whistleblowing and speak up policies, procedures and practices in place, which are regularly reviewed.</li><li>• A robust stakeholder communication plan with responsive communication and media management procedures in place.</li></ul>
<b>Cultural Maturity</b>	<ul style="list-style-type: none"><li>• Having moved the organisation to beyond compliance over the next three years, move to an organisation driven by passionate value based commitment to the Foundation, society and environment.</li><li>• Provide a roadmap for the change through establishing a three year corporate strategy for the Foundation with clear strategic objectives.</li><li>• Set realistic targets for improvement on the core strategic objectives.</li><li>• Restate/review the organisation’s vision, mission and values.</li><li>• Develop Foundation leadership strategy and framework.</li><li>• Embed talent and performance improvement.</li></ul>



# Structure, Governance and Management

The Percy Hedley Foundation was founded in 1953 and is a charity registered in England and Wales (Charity Commission registration number 515943), and a company limited by guarantee (registered in England, company number 01855026). This Trustees' Report for 2023-24 incorporates the strategic report and the directors' report, required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

The charity is governed by its Articles of Association incorporated on 12 October 1984, adopted on 1 November 2005, and last amended on 8 November 2014. Northern Counties School, now an integrated part of the Foundation as a result of the merger in October 2005, was founded in 1838. The trustees are cognisant of the charity's purpose as set out in the Articles of Association when making decisions, which is to promote the care, welfare, interest, opportunities, education, treatment and advancement of disabled persons.

Our Board of Trustees are both trustees of the charity and legal directors of the company in accordance with the Companies Act 2006. The trustees have overall responsibility for the governance and strategy of the Foundation and are legally responsible for the actions of the Foundation, and ensuring that the

charity is solvent, properly run and delivers its charitable purpose.

Each trustee agrees to contribute £1 in the event of the charity winding up. Our Chief Executive Officer, working with the executive team, has delegated responsibility for delivery of the Board's vision and strategy and for the day-to-day management of the operations, and the Board holds them to account for the performance of the charity. During the year the former CEO left the organisation, and the Board acknowledged with thanks the role that he played in leading the delivery of the strategic priorities and long-term goals of the Foundation. The Board appointed the CFO as the Interim CEO to maintain focus on the Foundation's strategic priorities and objectives whilst maintaining a quality and safe service for all beneficiaries and families. The Board plans to appoint a permanent CEO in the year 2024-25.

The trustees are volunteers who give their time freely and do not receive any financial benefits or emoluments from the charity. No trustees received any reimbursed expenses during the year.

### Trustee Recruitment and Appointment

Trustee recruitment and appointments are led by the Nomination and Remuneration

Committee, and trustees are appointed by the Board on the recommendation of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee meets at least annually to review the composition of the Board and its committees, to review succession plans, identify development needs and to ensure the Board has the appropriate breadth and balance of competency.

The recruitment of new trustees is carried out through a process of open advertisement followed by interview assessment against the role profile and the Board competency framework, which is designed to reflect the breadth of the Foundation's work and the Board's responsibilities, to ensure the right balance of diverse skills, competence, interests and experiences needed to govern the charity in the long term, ensuring that the Board is fit for purpose.

The Articles of Association does not define a maximum number of trustees and trustees in office during the year and, up to the date of signing the financial statements, are set out on page 30.

The Board is seeking to appoint a minimum of two additional trustees in 2024-25 in accordance with areas of competence identified by an evaluation of the Board competency framework.

Trustees are appointed for a three year term, after which they are eligible for re-appointment by the Board of Trustees for up to a maximum of two further three year terms.

### Trustee Induction, Development and Appraisal

New trustees receive an induction programme including training as appropriate, meetings with executive team members, operational site visits to meet employees, managers, and beneficiaries, and access to an electronic board portal containing all key documents relating to the charity's constitution, governance arrangements, roles and responsibilities, and Board and committee business. This is to ensure trustees gain a greater understanding about the work of the Foundation, the expectations of a trustee, and can identify opportunities to become more involved. Trustees perform an individual assessment annually and participate in an appraisal conducted jointly with the Chair of the Board, to review and support individual needs including training and development.



# Structure, Governance and Management

Trustees also complete an annual re-assessment against the Board competency framework to enable the Nomination and Remuneration Committee to perform an accurate evaluation of the Board's composition annually.

## Trustees' Indemnities

Trustee indemnity insurance up to the value of £5m is provided at an annual charge of £1,736 (2023: £1,736).

## Public Benefit

Trustees have due regard to the Charity Commission's guidance on public benefit in accordance with the Charities Act 2011, and the Board is satisfied that it meets the public benefit requirements, particularly in delivering its education, care and day services as summarised throughout this report, which are for the public benefit now and into the future.

## Executive Pay Policy

The executive team is considered as the key management personnel. Executive team pay is set, monitored and reviewed annually in accordance with the executive pay policy and procedure by the Nomination and Remuneration Committee.

The trustees believe that the levels of remuneration should be sufficient to attract, retain and motivate whilst also being commensurate of the knowledge, skills, behaviours, performance and responsibilities of the role. The Foundation ensures that remuneration levels are linked to a performance appraisal system and benchmarked against comparable roles in relevant job markets. The executive team is paid on the basis of a fixed salary.

## Charity Governance Code

The Foundation supports the principles of the Charity Governance Code for larger charities, setting the recommended practice for good governance. Following the delivery of an extensive governance improvement work plan in 2022 to strengthen the charity's governance, the Board will be planning its external Board effectiveness survey in 2024-25.

In the meantime, the Board will be cognisant of successfully delivering the governance effectiveness improvement plans generated in response to internal committee and Board effectiveness surveys conducted.



Hedley's College student



# Structure, Governance and Management

## Our Board and Committee Structure

The Board of Trustees meets at least four times per year and generally holds an away day once a year to focus on strategy. To ensure that all decisions are informed and appropriate it delegates specific responsibilities and activities to various Board committees as summarised in the colour blocks to the right.. All Board committees are accountable to, and report to, the Board and adhere to their respective terms of reference setting out the committees’ duties and responsibilities. Board committees are chaired by a trustee and comprise of members with relevant skills, competence and experience in accordance with the Board competency framework. The Quality and Standards Committee and the Audit and Risk Committee have independent external members with skills and experience appropriate to the work of the committees.

All Board meetings held throughout the year were quorate and no member was absent for more than two meetings.

In addition, the Foundation has three educational local advisory committees for Percy Hedley School, Northern Counties School and Hedleys College, and the Board appoints an independent chair for each local advisory committee. Local advisory

committees contribute to the development of the Foundation’s policies, provide scrutiny and challenge over how our schools and college is managed and provides assurance to trustees.

In the year 2023-24 the Board welcomed new trustees L Parker and L Craig. The Board would also like to extend its particular thanks to former trustees D Kent and B Snaith, our former vice chair, having both retired during the year and who played a huge role in the direction of the Foundation during their tenures. The election of a new vice chair will be performed in the year 2024-25.

## Conflicts of Interest

The Foundation operates a conflicts of interest policy and any conflicts of interest held by trustees and executive team members are collated annually. Declarations of conflicts of interest appear as a standard agenda item at every Board and committee meeting, with any declarations recorded and managed appropriately in accordance with the policy.

**Audit and Risk Committee** – is responsible for the oversight of the processes relating to financial reporting, internal and external audit, systems of internal control, risk management, and compliance with laws and regulations. The committee oversees the appointment of the external auditor, reviews findings of the annual audit, ensuring the integrity of the financial statements and announcements.

**Finance Committee** – is responsible for the oversight of financial affairs including investments.

**Quality and Standards Committee** – is responsible for the oversight of the quality and standards of the Foundation’s operations including safeguarding.

**People and Culture Committee** – is responsible for the oversight of a range of activities relating to the delivery of the people strategy.

**Nomination and Remuneration Committee** – is responsible for the annual review of the Board composition and for setting, monitoring and reviewing executive pay. The committee is also responsible for leading on local advisory committee chair and trustee recruitment.



# Trustees’ duty to promote the success of the charity

## Section 172(1) Statement

The trustees, as company directors in accordance with the Companies Act, consider that they have individually and collectively acted in good faith and fairly to promote the success of the charity in achieving its charitable purposes. The Act states that in doing so, the trustees should have due regard, amongst other matters, to matters set out in section 172(1)(a) to (f) when performing their duty under section 172. The following paragraphs are not intended to be exhaustive, but are illustrative of how the trustees have fulfilled their duty:

**(a) The likely consequences of any decision in the long term**

The trustees have concluded a corporate strategy refresh to launch in the coming year, which takes a long term view of the Foundation’s work, sets ambition and provides focus for decision making. The strategy aims to ensure that the Foundation is a sustainable employer with the ability to modernise services, generate a surplus for future re-investment and furtherance of its charitable purposes, and achievement of the Foundation’s vision and mission.

Trustees approve and oversee the implementation of the corporate strategy. Whilst the strategy helps inform the trustees’ decision making processes, decisions are also informed by the Foundation’s engagement with stakeholders as described in (c).

New trustees are inducted on their role and duties, which are partly fulfilled through the structure, governance and management as described on pages 23-25. The Board discussions and decisions are also informed by the executive reports supplied on a regular basis. In addition, the risk management framework is applied throughout the Foundation to identify and manage risks and inform decision making. Information on our principal risks and uncertainties can be found on pages 20-22.

Throughout the year, colleagues were kept up to date with the Foundation’s corporate strategy refresh and achievements against the previous year’s strategic objectives, including financial performance.

**(b) The interest of the company’s employees**

The trustees take great pride in the Foundation’s workforce on whom it depends for the delivery of its services. The trustees recognise that our people are our biggest asset and they listen to the voice of our people through a range of mechanisms as described on page 16. Our People and Culture Committee oversees our people related risks, our remuneration and reward packages, our succession, talent and performance management approaches, and key people related policies to make sure that we can continue to attract, retain and develop our employees. We aim to be a responsible employer in our approach to pay and benefits,

and the health, safety, wellbeing and working environment is of paramount importance to us. Trustees consider the future impact of their decisions on employees and wider workforce where relevant and feasible.

Read more about how we engage with our people on page 16.

**(c) The need to foster the company’s business relationships with suppliers, customers and others**

The Board recognises the importance of employee and stakeholder engagement in promoting the company success, and of the value in understanding their views and interests to be successful over the long term. Employee and stakeholder engagement can help inform future development and trends, help the Board to understand significant changes in the landscape, and develop objectives, policies and strategy that is aligned and considerate of employee and stakeholder interests. References to various stakeholders are referenced throughout the strategic report.

**Our Employees and Volunteers**

The executive team provides employees and volunteers with a range of information through a variety of communication and feedback tools, used to ensure that employee and volunteer views are taken into account in the Foundation’s decision-making processes, particularly in relation to matters that may

impact employees and volunteers directly. An annual survey was carried out in 2024 which resulted in actions led by the Foundation’s executive team and wider leadership team.

The Board is assisted in fulfilling its governance duties in relation to employees and volunteers by various committees, and most predominantly via the People and Culture Committee which is aligned to overseeing the delivery of our people strategy.

**Local Authorities**

The Foundation’s core income comes from fees paid by local authority commissioners and the Foundation works closely with commissioners to build effective long term relationships and to ensure it meets the needs of the people it supports.



# Trustees’ duty to promote the success of the charity

## Section 172(1) Statement

### Our Service Users

Our service users are the children, young people and adults, who are supported by the Foundation, and their families. Service user voice is extremely important to the Foundation and every day we communicate, listen and learn from the people we support. Feedback is encouraged on a regular basis and a variety of tools are adopted by the Foundation to communicate and obtain feedback, to ensure that the views of the people we support are taken into account in the Foundation’s decision making processes, particularly in relation to matters that have a direct impact on them personally and collectively.

Our services continuously review service user progress, outcomes and support, and in doing so ensure services users, families and carers, as appropriate, have a voice in their lives. Trustees and governors meet service users during regular site visits. Our Board and committees regularly receive updates in relation to service users, and parent governors are appointed on our school local advisory committees.

Trustees continuously consider what more can be done to improve the quality of services and the lives of the people we support. The refresh of corporate strategy to launch in the coming year focuses on delivering modernised high quality services for all of our stakeholders and particularly for the people we support.

### Our Supporters

Building effective and lasting relationships with our supporters is vitally important to us. The Foundation engages with supporters on a regular basis in a variety of ways including including face-to-face visits, telephone, virtual conversations and written communications. We aim to provide the right opportunities for people to support us and the right level of experience, support and engagement that they would expect from us.

A number of supporters participate in our celebratory events, providing them with the opportunity to meet service users, employees, senior management and trustees. We thank all our supporters for their continued support and donations.

For further information on our fundraising activities please refer to pages 17-18.

### Suppliers, Customers, Landlords, Regulators and Others

Fundamental to the delivery of our services are the strategic relationships we hold with our suppliers, customers, landlords and regulators, all of whom are integral to the successful delivery of the Foundation’s strategy. The trustees recognise the importance of the Foundation’s supply chain in the delivery of services. Trustees encourage the development of trusted and mutually beneficial strategic business relationships with stakeholders,

based on openness, transparency, and integrity.

The Foundation aims to maintain positive relationships with suppliers, ensuring that non-disputed invoices are paid within agreed payment terms. The Foundation’s purchasing policy is focused on conducting procurement legally and ethically, as well as achieving best value in pursuance of the Foundation’s overall aims and objectives.

Open and honest dialogue with regulators including Ofsted, Care Quality Commission and the Charity Commission is of key importance to the Foundation, to provide the best possible outcomes for the people we support.

### (d) The impact of the organisation’s operations on the community and environment

Trustees recognise that the Foundation’s activities have both direct and indirect environmental impacts. We are developing a new environment and sustainability strategy and policy to launch in the coming year, in line with our commitment to being a socially responsible and sustainable organisation, reducing our impact on the environment, and providing the best outcomes for the communities we serve now and in the future.

We are also developing our processes to improve how we monitor and manage our

carbon reporting and environmental impact. The Foundation’s streamlined energy and carbon reporting is outlined in the environment and sustainability section of this report on pages 28-29.

### (e) The desirability of the organisation maintaining a reputation for high standards of business conduct

The Foundation has in place a range of policies, procedures and processes that promote corporate responsibility and ethical behaviour, covering matters such as, but not limited to, fundraising (see pages 17-18), conflicts of interest, safeguarding (see page 14), equity, diversity and inclusion, (see page 15), and whistleblowing. The Foundation operates a business assurance framework to manage regulatory and legal risk and is committed to complying with applicable laws and regulations.

### (f) The need to act fairly between members of the organisation

The trustees understand the need to avoid and effectively manage potential conflicts of interest in accordance with the Foundation’s conflicts of interests policy. Each trustee has an equal right to a vote when decisions are presented to the Board.

We respect people’s diversity and foster an inclusive workplace where all are treated fairly.



# Environment and Sustainability

The Percy Hedley Foundation recognises its activities have both direct and indirect environmental impacts and as a socially responsible organisation has committed to reducing its impact on the environment and being a sustainable organisation, to provide the best outcomes for the communities it serves now and in the future.

Our vision for sustainability and climate change is to strive to proactively promote and operate eco-friendly practices which protect and sustain the environment.

During the year, as part of demonstrating our commitment to sustainability, we have invested in resources by expanding environment into the health and safety manager role, a key appointment in helping us drive actions across the Foundation. During the year, the manager successfully completed a IEMA (Institute of Environmental Management and Assessment) professional qualification in environmental management and worked with our employee network to increase awareness and conversations around environmental matters. The network started to share plans for a “swap shop” to help us recycle where we can and began reviewing other waste re-cycling initiatives.

Over the next year we will launch our environment and sustainability policy and strategy, accompanied by performance metrics, focused on three main areas summarised below:

## 1. Education and Awareness

Making sustainable every day practice a key part of the culture at the Foundation and ensuring everyone is aware of the impact of climate change to support strategies for sustainable practices.

## 2. Our Estate

Analysing and reducing energy and water usage, carbon emissions and waste.

## 3. Operations

Reviewing procurement processes, contracts, policies and work practices (to include travel) to ensure we are efficient in our use of valuable resources.





# Environment and Sustainability

## Streamlined Energy and Carbon Reporting (SECR)

The Foundation is compliant with the Streamlined Energy and Carbon Reporting (SECR) and the Energy Savings Opportunity Scheme (ESOS) requirements, both of which are statutory requirements.

We continue to look for cost effective ways of reducing our carbon footprint and are committed to reduce carbon emissions. Our new environment and sustainability strategy will support us in measures to reduce our carbon footprint in the years ahead.

An energy agency manages our gas and electricity supply and we own and lease several vehicles. During the year, we appointed an energy management consultant to advise and support us in preparing our ESOS reports, engaged an environmental consultant to advise in relation to our carbon emission calculations and reporting, undertook lighting upgrades as part of energy saving measures using LEDs (light emitting diodes), continued use of building management systems (BMS) and, within parts of our estate, upgraded boilers and installed insulation.

During the year the environmental consultant supported with the review and calculation of our carbon emissions reporting to ensure

accuracy, and in doing so we re-stated our former reporting periods effective from our first year of reporting for year ending 31 August 2022 (1,234 total metric tonnes of CO2e emitted for 11 months of available data) and 31 August 2023 (1,382 total metric tonnes of CO2e emitted).

Under The Companies (Directors’ Report) and Limited Liability Partnerships (Amendment) Regulations 2018 (SI 2018/1155), we report on greenhouse gas emissions and energy and fuel consumption. The methodology used for reporting of emissions was in line with Green House Gas (GHG) Conversion Factors for Company Reporting.

The environmental impact of our activities has reduced in the current reporting period with a reduction in carbon emissions of 5.21% and a reduced intensity ratio per employee, as per the table to the right.

UK Greenhouse gas emissions and energy use data for the year ended 31 August 2024	2023	2024
Energy consumptions used to calculate emissions (kWh):		
Total energy and fuel consumption	7,220,438	6,842,375
Total gross emissions in metric tonnes CO2e	1,382	1,310
Scope 1 emissions in metric tonnes CO2e (Gas and Transport Fuel)		
Total scope 1	1,049	999
Scope 2 emissions in metric tonnes CO2e (Purchased Electricity)		
Total scope 2	333	311
Scope 3 emissions in metric tonnes CO2e (Business travel in employee owned vehicles)		
Total scope 3	0	0
Total gross emissions in metric tonnes CO2e	1,382	1,310
Intensity ratio tonnes CO2e per employee	1.41	1.31



# Reference and Administrative Details

**Trustees (Non Executive):**

L Craig (from 26 April 2024)  
J Donnelly  
P L Emerson  
P A Foreman  
N C Hutchinson  
D L Kent (until 1 June 2024)  
L E Parker (from 9 February 2024 until 7 November 2024)  
W Snaith (until 7 June 2024)  
C J Thompson  
E G Weir

**Company Number:**  
01855026

**Charity Number:**  
515943

**Registered Name:**  
The Percy Hedley Foundation

**Registered Office:**  
Hampeth Lodge, Station Road, Forest Hall,  
Newcastle upon Tyne, NE12 8YY

The Charity is incorporated in England and Wales.

**Company Secretary:**  
L Dawson

**Independent Auditors:**  
Azets, Bulman House, Regent Centre,  
Gosforth, Newcastle upon Tyne, NE3 3LS

**Bankers:**  
Barclays Bank Plc, Bank House, East Pilgrim  
St, Newcastle upon Tyne NE1 6QE

**Solicitors:**  
Womble Bond Dickinson (UK), The Spark,  
Draymans Way, Helix, Newcastle upon Tyne,  
NE4 5DE

**Investment Managers:**  
Rathbones Investment Management, Earl Grey  
House, 75-85 Grey Street, Newcastle upon  
Tyne, NE1 6EF

RBC Brewin Dolphin, Time Central,  
Gallowgate, Newcastle upon Tyne, NE1 4SR

**Key Management Personnel:**

Chief Executive Officer (until 13 June 2024)	Rob McDonald
Chief Executive Officer (formerly Interim CEO and CFO)	John Preston
Company Secretary	Lynsey Dawson
Director of Corporate Services	Alison Williams
Director of Education and Percy Hedley School Headteacher	John Steward
Director of Health and Wellbeing	Charlotte Jones
Director of Business Development (until 17 December 2024)	Andrew McGreevy



# Financial Review 2023-24

During the year, the Foundation improved the financial performance whilst operating with the continued impacts of higher inflation creating a challenging environment. A significant, positive impact on the overall financial performance came from Northern Counties School as it recommenced taking new student packages in the final term of the academic year, following a successful and well deserved Ofsted inspection where an overall rating of Good was awarded. This additional revenue, as well as positive impacts from a restructure at the school, meant that there was a significant reduction in the trading deficit at this service. The ongoing adverse financial impact from operating an out-of-date residential care facility, Chipchase House, continued throughout the period. However, the decision to close this facility was made during the period, with a target closure date in July 2025.

In the year to 31 August 2024, the Foundation made a surplus of £0.538m (2023 : £0.273m surplus) before actuarial gains and losses. Income increased by £0.986m on the previous year with expenditure, before gains/(losses) on investment assets, increasing by £1.110m. The underlying operational performance has been mixed. Compared to the prior period, there was greater offset of cost inflation by the increase in income generated through fee uplifts and the additional volumes, particularly

in the education portfolio. The investment assets held by the Foundation generated a gain of £0.325m (2023 : £0.064m deficit). The performance of the Foundation was also supported by an actuarial gain on the defined benefit pension scheme of £1.095m (2023 : £0.213m gain).

The surplus post actuarial adjustments was £1.633m (2023 : £0.486m surplus) representing an improving underlying performance by the charity during the financial year. This resulted from the turnaround action plan that was implemented to address these key performance concerns.

Income from charitable activities increased by a reasonable 7.53% year on year at £35.9m. Most of the funding is received from approximately 20 local authorities responsible for the education and care of the children, young people and adults that use the services the Foundation provides. These fees fund the day to day running costs of the services. The Foundation has a fundraising and engagement team, responsible for supplementing this income to help improve facilities, the estate, enrich provision and support specific capital developments. Income from donations and legacies for 2024 was £0.386m, an increase of 19.9% over 2023.

One key area of focus during the period was to further improve the cash position. In addition to the excellent reduction in the trade debtor balance in the previous year, further improvements were made during the period leaving the value of gross trade debtors at £3.132m (2023 : £4.131m). This allowed for some of the previous historic bad debt provision to be released as well as be used to write off uncollectable debts, reducing from 2023 : £1.699m to 2024 : £0.954m. The provision for doubtful debts at the 2024 year end remains higher than target and remains a focus for 2024-25. Due to the ongoing trading challenges, tighter controls were implemented in relation to fixed asset investments. The outcome of this was that the level of capital expenditure for the year reduced to £0.954m (2023 : £2.298m). As a result, the closing cash position at £11.211m increased over the prior year (2023 : £9.223m).

There was a change in the CEO during the year which has allowed for a new three year strategic plan to be implemented, effective September 2024. This plan builds on the improvements seen in the year by generating additional growth to meet the demands for our current services through improved utilisation of the existing estate. Some additional estate and services are expected to be established over the period of the plan where there is sufficient demand for the services.

The 2024 UK government budget has added further financial pressures to the organisation for 2024-25. The Foundation is requesting fee uplifts from commissioners that are sufficient to cover the increases in national insurance contributions as well as general inflationary increases. We understand the impact on our commissioners' budgets where there is continued pressure to obtain increased value for money.



# Financial Review 2023-24

## Pension Schemes

The Percy Hedley Pension Scheme provides benefits on a final salary or defined benefit basis. It is closed to new members, with members' salaries frozen as at 31 March 2019 but open to future accrual of benefits for its active members. The actuarial deficit has been revalued, in accordance with FRS 102, using up to date assumptions over discount rate, the rate of inflation and mortality assumptions. This revaluation has resulted in a decrease in the actuarial deficit by £1.095m from the previous year to £4.305m (2023 : £5.400m) which reflects the investment choices made by the pension trustees and market conditions. This positive movement has been credited against the operating deficit. The trustees of both the Foundation and the Percy Hedley Pension Scheme are acutely aware of the need to balance the interests of the members of the pension scheme with those of the current and future beneficiaries that the charity supports. A new professional trustee has been appointed as chair during the year following the resignation of the previous chair. A decision was taken to bring the triennial valuation forward by one year, effective 31 March 2024. The pension scheme continues to perform well against the targets.

The Foundation also contributes to a defined benefit pension scheme in relation to teaching employees, which is the Teachers' Pension Scheme. The proposed increase to the employer contribution rate, increasing from 22.8% to 28.6%, was implemented as required from 1 April 2024.

The Foundation has total funds of £24.001m (2023 : £22.368m). The increase of £1.633m relates to an increase in the cash balance and reductions in both the pension scheme liability and long term loan liability. The balance sheet highlights a reduction in net book value of tangible fixed assets to £17.006m (2023 : £17.538m) due to the reduced capital expenditure versus the depreciation charged. The capital investments in the year totalling £0.954m (2023 : £2.298m), the majority of which related to development of the estates. Due to the higher prior year capital expenditure value, depreciation was slightly higher than the prior year at £1.485m (an increase of £0.134m).

The value of restricted funds reduced to £74k (2023 : £76k). Restricted funds are those from funds raised from legacies and small donations along with fundraising carried out within a particular service and are used throughout the year to provide 'added extras' to enrich service provision.

The Foundation holds £nil (2023 : £nil) of designated funds. Designated funds have historically been the amounts set aside by the trustees to be spent during the following year. In 2024-25 these funds are incorporated as part of the budget approved by trustees and included in the unrestricted funds.

## Investment Policy

The Foundation has a short-term strategy for investments by increasing the value to a minimum of £4.625m (book value) which ties in with the reserves policy. During the financial year 2023-24, the net value of the investments increased from £2.955m to £3.376m after considering additions, disposal and revaluation. This strategy allows for mid-term reserves to be held in liquid assets until they are needed for specific projects and for an element of reserves to be held for the long term in the event of future unknown uncertainties. It is the intention that the charity will add free cash when a specific fixed deposit investment matures in order to achieve the target value of investments by 31 August 2025. The longer-term strategy is to add to the investments at a similar rate to which Foundation itself grows. The trustees appoint investment managers to whom they delegate responsibility for managing the investment assets in accordance with an agreed policy statement. This statement sets out the





# Financial Review 2023-24

trustees’ aim, to produce the best financial return within an acceptable level of risk and includes the manner in which these assets may be ethically invested to ensure that they do not conflict with the aims of the charity.

**Going Concern**

After making appropriate enquiries, including evaluating any impact with the continued and ongoing effects of the cost of living crisis, the impact of the October 2024 UK government budget and reviewing forecasts into 2024-25, the trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies on page 43.

**Reserves Policy**

The trustees consider that the Foundation should invest unrestricted and undesignated reserves equivalent of between 13% and 16% of non-cash operating expenditure to allow for the Foundation to react to unforeseen circumstances, whilst providing sufficient

flexibility to operate on a day-to-day basis and take any appropriate decisions to further the Foundation’s strategic development. These funds are to be specifically held in the long term investments rather than investments and bank accounts.

The lower end of this range is equivalent to two months’ employee costs for the Foundation and the higher end reflects the Foundation’s aim to build a fund that will enable the modernisation of our services for the children, young people and adults for whom they are designed.

During the last few years, reserves have been built in line with the policy. These are now reviewed annually as part of the corporate strategy in order to make targeted improvements to the estate and services provided, with options appraisals being reviewed during 2024-25. Currently the Foundation’s reserves are sufficient given the ongoing managed capital expenditure improvement programme. There are currently no designated funds set aside outside of this capital expenditure programme.





# Trustee Responsibilities Statement

The Board of Trustees (who are also the directors for the purposes of company law) is responsible for preparing the Trustees' Report (including including the strategic report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees 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 charitable company and of the incoming and expenditure of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe methods and principles in the Charities Statement of Recommended Practice (SORP).

- Make reasonable and prudent judgements and accounting estimates.
- State whether applicable UK accounting standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

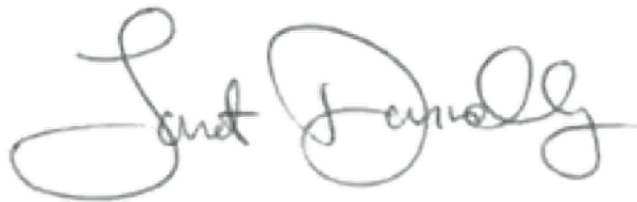
The trustees are responsible for maintaining adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Over the course of the year, Azets Audit Services continued in their role as external auditors in accordance with a General Meeting resolution agreed in June 2022 to appoint

them for three financial years.

In so far as each of the trustees of the charity is aware, at the date of approval of this report, there is no relevant audit information needed by the charity's auditor in connection with preparing the audit report of which the charity's auditor is unaware. Each trustee has taken all of the necessary steps in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The Trustees' Report, which incorporates the requirements of the strategic report and the directors' report as set out in the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, was approved by the Board of Trustees in their capacity as trustees and company directors and signed on its behalf by:



29-4-2025

**J Donnelly**  
Chair – Trustee





# PERCY HEDLEY FOUNDATION

## ANNUAL REPORT AND FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2024

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The Percy Hedley Foundation Annual Report and  
Financial Statements for the year ended 31 August 2024

Charity Commission Registration Number: 515943  
Registered in England & Wales Company Number: 01855026



## Independent Auditor's Report to the Members of The Percy Hedley Foundation

### Opinion

We have audited the financial statements of Percy Hedley Foundation (the 'charity') for the year ended 31 August 2024 which comprise the statement of financial activities, the statement of financial position, the statement of cash flows and notes to the financial statements, including 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 charitable company's affairs as at 31 August 2024 and of its incoming resources and application of resources, including its income and expenditure, 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's responsibilities for the audit of the financial statements* section of our report. We are independent of the charity 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 trustees' 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 charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.



## Independent Auditor's Report to the Members of The Percy Hedley Foundation

### Opinion on other matters 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 Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has 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 charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

### Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, 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 trustees 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 trustees are responsible for assessing the charity'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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### Auditor 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.

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

### Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.



## Independent Auditor's Report to the Members of The Percy Hedley Foundation

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

We identified the following applicable laws and regulations as those most likely to have a material impact on the financial statements: Care Quality Commission, Ofsted, Health and Safety; employment law; and compliance with both the UK Companies Act and the UK Charities Act.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

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 or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

### Use of our report

This report is made solely to the charitable company's trustees, 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 charity's trustees 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 charitable company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



**Simon Brown BA ACA DChA (Senior Statutory Auditor)**  
for and on behalf of Azets Audit Services

Chartered Accountants  
Statutory Auditor

29 April 2025

Bulman House,  
Regent Centre,  
Gosforth,  
Newcastle upon Tyne  
NE3 3LS



Statement of Financial Activities for the Year Ended 31 August 2024 (Including Income and Expenditure Account)

Current financial year

		Unrestricted funds	Restricted funds	Total	Total
		2024	2024	2024	2023
	Notes	£'000	£'000	£'000	£'000
<b>Income and endowments from:</b>					
Donations and legacies	3	242	144	386	322
Charitable activities	4	35,911	-	35,911	33,395
Other trading activities	5	90	-	90	36
Investments	6	447	-	447	301
Other income	7	131	-	131	1,925
<b>Total income</b>		36,821	144	36,965	35,979
<b>Expenditure on:</b>					
Charitable activities	8	36,606	146	36,752	35,642
Net gains/(losses) on investments	12	325	-	325	(64)
<b>Net income/(expenditure) for the year/ Net incoming/(outgoing) resources</b>		540	(2)	538	273
<b>Other recognised gains and losses</b>					
Actuarial gain on defined benefit pension schemes		1,095	-	1,095	213
<b>Net movement in funds</b>		1,635	(2)	1,633	486
Fund balances at 1 September 2023		22,292	76	22,368	21,882
<b>Fund balances at 31 August 2024</b>		23,927	74	24,001	22,368

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.



Statement of Financial Activities for the Year Ended 31 August 2024 (Including Income and Expenditure Account)

Prior financial year

		Unrestricted funds	Restricted funds	Total
		2023	2023	2023
	Notes	£'000	£'000	£'000
<b>Income and endowments from:</b>				
Donations and legacies	3	281	41	322
Charitable activities	4	33,395	-	33,395
Other trading activities	5	35	1	36
Investments	6	301	-	301
Other income	7	1,925	-	1,925
<b>Total income</b>		35,937	42	35,979
<b>Expenditure on:</b>				
Charitable activities	8	35,496	146	35,642
Net gains/(losses) on investments	12	(64)	-	(64)
Gross transfers between funds		565	(565)	-
<b>Net income/(expenditure) for the year/</b>				
<b>Net incoming/(outgoing) resources</b>		942	(669)	273
<b>Other recognised gains and losses</b>				
Actuarial gain on defined benefit pension schemes		213	-	213
<b>Net movement in funds</b>		1,155	(669)	486
Fund balances at 1 September 2022		21,137	745	21,882
<b>Fund balances at 31 August 2023</b>		22,292	76	22,368



Statement of Financial Position  
As at 31 August 2024

		2024		2023	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	14		17,006		17,538
Investments	15		3,376		2,955
			<u>20,382</u>		<u>20,493</u>
<b>Current assets</b>					
Debtors	16	3,063		4,660	
Cash at bank and in hand		11,211		9,223	
		<u>14,274</u>		<u>13,883</u>	
<b>Creditors: amounts falling due within one year</b>	18	<u>(4,785)</u>		<u>(4,861)</u>	
Net current assets			<u>9,489</u>		<u>9,022</u>
<b>Total assets less current liabilities</b>			29,871		29,515
<b>Creditors: amounts falling due after more than one year</b>	19		(1,565)		(1,747)
<b>Provisions for liabilities</b>			<u>(4,305)</u>		<u>(5,400)</u>
<b>Net assets</b>			<u>24,001</u>		<u>22,368</u>
<b>Income funds</b>					
Restricted funds	23		74		76
Unrestricted funds			23,927		22,292
			<u>24,001</u>		<u>22,368</u>

The financial statements were approved by the Trustees on 29-4-2025

.....  
J.Donnelly  
Chair - Trustee

Company registration number 01855026



Statement of Cash Flows  
For the Year Ended 31 August 2024

	Notes	2024 £'000	£'000	2023 £'000	£'000
<b>Cash flows from operating activities</b>					
Cash generated from operations	28		2,763		3,073
<b>Investing activities</b>					
Purchase of tangible fixed assets		(954)		(2,298)	
Purchase of investments		(534)		-	
Proceeds from disposal of investments		439		(104)	
Investment income received		447		301	
<b>Net cash used in investing activities</b>			(602)		(2,101)
<b>Financing activities</b>					
Repayment of bank loans		(173)		(165)	
<b>Net cash used in financing activities</b>			(173)		(165)
<b>Net increase in cash and cash equivalents</b>			1,988		807
Cash and cash equivalents at beginning of year			9,223		8,416
<b>Cash and cash equivalents at end of year</b>			11,211		9,223



## Notes to the Financial Statements for the Year Ended 31 August 2024

### 1 Accounting policies

#### Charity Information

Percy Hedley Foundation is a private company limited by guarantee incorporated in England and Wales. The registered office is Hampeth Lodge, Station Road, Forest Hall, Newcastle upon Tyne, Tyne & Wear, NE12 8YY.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

#### 1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the bank.



Notes to the Financial Statements for the Year Ended 31 August 2024

(Continued)

1 Accounting policies

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset’s use.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	40-100 years
Leasehold land and buildings	100 years or length of lease if less
Fixtures and fittings	3 years
Equipment, therapy, office and computer equipment	3 years
Motor vehicles	3 years

1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.



# Notes to the Financial Statements for the Year Ended 31 August 2024

(Continued)

## 1 Accounting policies

### 1.10 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### *Basic financial assets*

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### *Basic financial liabilities*

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### *Derecognition of financial liabilities*

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

### 1.11 Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

### 1.12 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.



# Notes to the Financial Statements for the Year Ended 31 August 2024

## 1 Accounting policies

(Continued)

### 1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Other retirement benefits to employees of the Charity are provided by the Teacher's Pension Scheme (TPS), and the Percy Hedley Pension Scheme (PHPS). These are defined benefit schemes, which are funded, with the assets being held separately from the charity. The PHPS is closed to new members, being replaced with a defined contribution scheme.

Contributions to the TPS are charged to the income and expenditure account as the amount paid or payable in the year. The contributions to all two schemes are determined by qualified actuaries on the basis of triennial valuations using the projected unit method for the HPS and quinquennial valuations using a prospective benefit method for the TPS.

The assets of the PHPS are measured using fair value. PHPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus.

The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs.

Actuarial gains and losses are recognised within the Statement of Financial Activities.

## 2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The present value of the defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of the pension liability.



# Notes to the Financial Statements for the Year Ended 31 August 2024

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2024 £'000	2024 £'000	2024 £'000	2023 £'000	2023 £'000	2023 £'000
Legacies receivable	183	2	185	98	-	98
Grants including capital Grants	59	142	201	183	41	224
	<u>242</u>	<u>144</u>	<u>386</u>	<u>281</u>	<u>41</u>	<u>322</u>



Notes to the Financial Statements for the Year Ended 31 August 2024

4 Charitable activities

	Education and Adult Day Services	Adult Residential	Total 2024	Education and Adult Day Services	Adult Residential	Total 2023
	2024	2024		2023	2023	
	£'000	£'000	£'000	£'000	£'000	£'000
Sales within charitable activities	28,194	7,717	35,911	25,423	7,972	33,395

5 Other trading activities

	Unrestricted funds	Unrestricted funds	Restricted funds	Total
	2024	2023	2023	2023
	£'000	£'000	£'000	£'000
Fundraising events	90	27	1	28
Trading activity income: other	-	8	-	8
Other trading activities	90	35	1	36

6 Investments

	Unrestricted funds	Unrestricted funds
	2024	2023
	£'000	£'000
Dividends	59	58
Interest receivable	388	243
	447	301



Notes to the Financial Statements for the Year Ended 31 August 2024

7 Other income

	Unrestricted funds	Unrestricted funds
	2024	2023
	£'000	£'000
Other income	61	-
LGPS Exit valuation refund	-	1,758
Insurance proceeds	-	70
External hires	70	97
	131	1,925

The charity was previously an approved employer of the Tyne & Wear Pension Fund.

The Percy Hedley Foundation gave notice to exit the scheme before the prior year end, which triggered a section 75 review and the calculation of an exit valuation. This was performed by AON and on the 16 May 2024, the charity received notice that the exit valuation would result in a repayment to the value of £1,758k. This was included in other income and accrued income in the 2023 accounts.

8 Charitable activities

	Educational adult day services	Adult residential	Total 2024	Educational adult day services	Adult residential	Total 2023
	2024	2024		2023	2023	
	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs	19,549	6,137	25,686	18,712	6,238	24,950
Direct charitable costs	4,008	1,029	5,037	3,633	1,312	4,945
	23,557	7,166	30,723	22,345	7,550	29,895
Share of support costs (see note 9)	4,484	1,419	5,903	4,310	1,326	5,636
Share of governance costs (see note 9)	122	4	126	-	111	111
	28,163	8,589	36,752	26,655	8,987	35,642
<b>Analysis by fund</b>						
Unrestricted funds	28,017	8,589	36,606	26,509	8,987	35,496
Restricted funds	146	-	146	146	-	146
	28,163	8,589	36,752	26,655	8,987	35,642



Notes to the Financial Statements for the Year Ended 31 August 2024

9 Support costs

	Support costs	Governance costs	2024	Support costs	Governance costs	2023
	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs	3,569	-	3,569	2,975	-	2,975
Depreciation	1,485	-	1,485	1,349	-	1,349
Professional costs	145	-	145	369	-	369
Other direct costs	22	-	22	175	-	175
Facilities cost	6	-	6	26	-	26
IT costs	515	-	515	548	-	548
Maintenance costs	67	-	67	29	-	29
Interest	94	-	94	165	-	165
Audit fees	-	19	19	-	18	18
Legal and professional	-	107	107	-	93	93
	5,903	126	6,029	5,636	111	5,747
Analysed between Charitable activities	5,903	126	6,029	5,636	111	5,747

Governance costs includes payments to the auditors of £19,500 (2023- £18,000) for audit fees.

10 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.



Notes to the Financial Statements for the Year Ended 31 August 2024

11 Employees

The average monthly number of employees during the year was:

	2024 Number	2023 Number
Direct staff	797	764
Admin and Support	187	136
Management	6	5
Total	990	905

Employment costs

	2024 £'000	2023 £'000
Wages and salaries	25,180	24,285
Social security costs	2,085	1,810
Other pension costs	1,990	1,830
	29,255	27,925

The total employee benefits of the key management personnel of the charity were £1,070,738 (2023 - £844,269).

The number of employees whose annual remuneration was more than £60,000 is as follows:

	2024 Number	2023 Number
£60,001-£70,000	7	3
£70,001- £80,000	4	2
£80,001-£90,000	2	-
£90,001-£100,000	1	-
£100,001- £110,000	3	1
£110,001 - £120,000	1	-
£160,001 - £170,000	1	-



Notes to the Financial Statements for the Year Ended 31 August 2024

12 Net gains/(losses) on investments

	Unrestricted funds	Unrestricted funds
	2024	2023
	£'000	£'000
Gain/(loss) on sale of investments	325	(64)

13 Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.



# Notes to the Financial Statements for the Year Ended 31 August 2024

14 Tangible fixed assets

	Freehold land and buildings	Leasehold land and buildings	Fixtures and fittings	Equipment, Motor vehicles therapy, office and computer equipment	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 September 2023	2,725	22,158	1,902	2,704	29,957
Additions	-	582	189	183	954
At 31 August 2024	2,725	22,740	2,091	2,887	30,911
<b>Depreciation and impairment</b>					
At 1 September 2023	1,014	7,444	1,422	2,154	12,420
Depreciation charged in the year	23	950	156	329	1,485
At 31 August 2024	1,037	8,394	1,578	2,483	13,905
<b>Carrying amount</b>					
At 31 August 2024	1,688	14,346	513	404	17,006
At 31 August 2023	1,711	14,715	480	550	17,538

Notes to the Financial Statements for the Year Ended 31 August 2024

15 Fixed asset investments

	Listed investments £'000
<b>Cost or valuation</b>	
At 1 September 2023	2,955
Additions	534
Valuation changes	325
Disposals	(438)
	<hr/>
At 31 August 2024	3,376
	<hr/>
<b>Carrying amount</b>	
At 31 August 2024	3,376
	<hr/> <hr/>
At 31 August 2023	2,955
	<hr/> <hr/>

Fixed asset investments revalued

The historical cost of listed investments at 31 August 2024 is £2,872,966 (2023: £2,825,619).

The Charity SORP requires disclosure of any individual investment of more than 5% of the total portfolio value. The charity holds the following investments with a value of more than 5%:

- Treasury 5/8% bonds 31/07/2025 £119,430
- SPDR series trust S&P 500 ETF (GBP) £80,798
- ISHARES PLC Physical Gold ETC (GBP) £103,796
- Vanguard Funds Plc S&P 500 UCITS ETF USD £129,482
- ISHARES Core S&P 500 ucits ETF USD £104,150

16 Debtors

	2024 £'000	2023 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	2,178	2,432
Other debtors	57	25
Prepayments and accrued income	828	2,203
	<hr/>	<hr/>
	3,063	4,660
	<hr/> <hr/>	<hr/> <hr/>

Trade debtors includes a bad debt provision of £954,212 (2023: £1,698,852).

Prepayments and accrued income in 2023 includes the LGPS exit valuation refund.



Notes to the Financial Statements for the Year Ended 31 August 2024

17 Loans and overdrafts

	2024 £'000	2023 £'000
Bank loans	1,747	1,920
Payable within one year	182	173
Payable after one year	1,565	1,747

The Foundation has a single loan with Barclays Bank plc which was renegotiated In July 2022 and is secured by way of a legal charge over the property at Station Road Forest Hall Newcastle Upon Tyne, West Lane Killingworth Newcastle Upon Tyne, Great North Road Jesmond Newcastle Upon Tyne all in favour of Barclays Bank plc and a Debenture granted by The Percy Hedley Foundation in favour of Barclays Bank plc. The loan is due for repayment by July 2027 with interest charged at 5.01% per annum. The ratio of the loan to the value of assets secured is 13%.

18 Creditors: amounts falling due within one year

	Notes	2024 £'000	2023 £'000
Bank loans	17	182	173
Other taxation and social security		626	430
Deferred income	21	1,832	1,471
Trade creditors		1,018	1,069
Other creditors		304	246
Accruals and deferred income		823	1,472
		4,785	4,861

19 Creditors: amounts falling due after more than one year

	Notes	2024 £'000	2023 £'000
Bank loans	17	1,565	1,747
Provisions for liabilities			
	Notes	2024 £'000	2023 £'000
Retirement benefit obligations	22	4,305	5,400
		4,305	5,400

Notes to the Financial Statements for the Year Ended 31 August 2024

21 Deferred income

	2024 £'000	2023 £'000
Other deferred income	1,832	1,471

Deferred income is included in the financial statements as follows:

	2024 £'000	2023 £'000
Deferred income is included within:		
Current liabilities	1,832	1,471
Movements in the year:		
Deferred income at 1 September 2023	1,471	1,149
Released from previous periods	(1,471)	(1,149)
Resources deferred in the year	1,832	1,471
Deferred income at 31 August 2024	1,832	1,471

22 Retirement benefit schemes

Defined contribution schemes

The charity operates two defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund with AEGON and Peoples Pension.

The charge to profit or loss in respect of defined contribution schemes was £1,990k (2023 - £1,830k).



Notes to the Financial Statements for the Year Ended 31 August 2024

22 Retirement benefit schemes (Continued)

Defined benefit schemes

The two defined benefit pension schemes are: The Teachers’ Pension Scheme England and Wales (“TPS”); and the Percy Hedley Pension Scheme (“PHPS”). The PHPS was closed to new members in 2012.

Percy Hedley Pension Scheme

The PHPS is a funded defined benefit pension scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 August 2024 was £544,000 (2023 - £567,000), of which employer’s contributions totalled £487,000 (2023 - £503,000) and employees’ contributions totalled £57,000 (2023 - £64,000).

The pensions cost is assessed every three years in accordance with the advice of a qualified independent actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

- Latest actuarial valuation: 31 March 2022
- Annuity rate of interest: 2.3%
- Discount rate: 4.05%
- Fair value of assets at date of last valuation: £27.6 million
- Present value of liabilities at date of the valuation: £35.1 million
- Life expectancy at age 65: men - 21.9 years, women - 24.3 years
- Life expectancy at age 65 for members currently aged 45: men - 23.2 years, women - 25.7 years

The date of the most recent comprehensive actuarial valuation was 31 March 2022. The group operates a defined benefit scheme in the UK. A full actuarial valuation of the Percy Hedley Pension Scheme was carried out as at 31 March 2022 and the results of this valuation have been updated to 31 August 2024 by a qualified independent actuary. As required by FRS 102 the defined benefit liabilities have been measured using the projected unit method. The scheme is closed to new entrants and further benefit accrual.

	2024	2023
	%	%
Discount rate	4.8	5.1
Expected rate of increase of pensions in payment	3.25	3.55
Expected rate of salary increases	2.55	2.85
	=====	=====

Mortality assumptions

The assumed life expectations on retirement at age 65 are:

	2024	2023
	Years	Years
Retiring today		
- Males	21	21
- Females	24	24
	=====	=====
Retiring in 20 years		
- Males	23	23
- Females	25	25
	=====	=====

Notes to the Financial Statements for the Year Ended 31 August 2024

22 Retirement benefit schemes (Continued)

Amounts recognised in the income statement:

	2024 £'000	2023 £'000
Net interest on defined benefit liability/(asset)	267	237
Other costs and income	138	194
Total costs	405	431

Amounts taken to other comprehensive income:

	2024 £'000	2023 £'000
Actual return on scheme assets	(1,905)	2,714
Less: calculated interest element	942	930
Return on scheme assets excluding interest income	(963)	3,644
Actuarial changes related to obligations	703	(4,086)

The amounts included in the statement of financial position arising from the charity's obligations in respect of defined benefit plans are as follows:

	2024 £'000	2023 £'000
Present value of defined benefit obligations	24,437	24,132
Fair value of plan assets	(20,132)	(18,732)
Deficit in scheme	4,305	5,400

Movements in the present value of defined benefit obligations:

	2024 £'000
Liabilities at 1 September 2023	24,132
Past service cost	138
Plan introductions, changes, curtailments and settlements	(752)
Benefits paid	(1,050)
Contributions from scheme members	57
Actuarial gains and losses	703
Interest cost	1,209
At 31 August 2024	24,437



Notes to the Financial Statements for the Year Ended 31 August 2024

22 Retirement benefit schemes (Continued)

The defined benefit obligations arise from plans funded as follows:

	2024 £'000
Wholly unfunded obligations	-
Wholly or partly funded obligations	24,437
	<hr/>
	24,437
	<hr/> <hr/>

Movements in the fair value of plan assets:

	2024 £'000
Fair value of assets at 1 September 2023	18,732
Interest income	942
Return on plan assets (excluding amounts included in net interest)	963
Benefits paid	(1,050)
Contributions by the employer	488
Contributions by scheme members	57
	<hr/>
At 31 August 2024	20,132
	<hr/> <hr/>

The fair value of plan assets at the reporting period end was as follows:

	2024 £'000	2023 £'000
Equity instruments	96	3
Property	20,036	18,729
	<hr/>	<hr/>
	20,132	18,732
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the Financial Statements for the Year Ended 31 August 2024

### 22 Retirement benefit schemes

(Continued)

#### Other long term benefits Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers and lecturers. All teachers and lecturers are able to opt out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and the employer make contributions, as a percentage of salary. These contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

##### Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions, (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education on 30 October 2023.

##### Scheme Changes

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, rejected the Government's application for permission to appeal the Court of Appeal's ruling and subsequently referred the case to an Employment Tribunal to determine a remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 28.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262,000 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222,200 million giving a notional past service deficit of £39,800 million.
- the SCAPE discount rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 1.7% above the rate of CPI and is based on the Office for Budget Responsibility's forecast for long-term GDP growth.

The next valuation result is due to be implemented from 1 April 2024.

The employer's pension costs paid to TPS in the period amounted to £529,000 (2023 - £529,000)



# Notes to the Financial Statements for the Year Ended 31 August 2024

23 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds				Movement in funds			
	Balance at 1 September 2022	Incoming resources	Resources expended	Transfers	Balance at 1 September 2023	Incoming resources	Resources expended	Balance at 31 August 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Education	654	33	(142)	(505)	40	142	(115)	67
Adult Day Services	24	9	(2)	(25)	6	-	(6)	-
Central	35	-	-	(35)	-	-	-	-
Adult residential	32	-	(2)	-	30	2	(25)	7
	<u>745</u>	<u>42</u>	<u>(146)</u>	<u>(565)</u>	<u>76</u>	<u>144</u>	<u>(146)</u>	<u>74</u>

Education

Percy Hedley School, Northern Counties School and Percy Hedley college receive income from the Education Skills Funding Agency (ESFA) towards the education of our children and young people including grants that are set aside specifically for new sports equipment and for building maintenance improvements.

We also receive donations from Fundraising and Legacies that are restricted to a specific site or specific purpose. EG: a large legacy donation was received in May 2022 for use at our Northern Counties site.

Adult Day Services

Donations from IMUSE and Heritage Funds for use at Hedley’s Horizons.

Adult Residential

Various small donations for use in our Residential Services.

Notes to the Financial Statements for the Year Ended 31 August 2024

24 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total Unrestricted funds	Restricted funds	Total
	2024	2024	2024	2023	2023
	£'000	£'000	£'000	£'000	£'000
Fund balances at 31 August 2024 are represented by:					
Tangible assets	17,006	-	17,006	17,538	17,538
Investments	3,376	-	3,376	2,955	2,955
Current assets/(liabilities)	9,415	74	9,489	8,946	9,022
Long term liabilities	(1,565)	-	(1,565)	(1,747)	(1,747)
Provisionsand pensions	(4,305)	-	(4,305)	(5,400)	(5,400)
	<u>23,927</u>	<u>74</u>	<u>24,001</u>	<u>22,292</u>	<u>22,368</u>

25 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2024	2023
	£'000	£'000
Within one year	47	47
Between two and five years	81	108
In over five years	465	486
	<u>593</u>	<u>641</u>

26 Capital commitments

At 31 August 2024 the charity had capital commitments as follows:

Contracted for but not provided in the financial statements:

Acquisition of property, plant and equipment	34	188
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27 Related party transactions

There were no disclosable related party transactions during the year (2023 - none).



Notes to the Financial Statements for the Year Ended 31 August 2024

24 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total Unrestricted funds	Restricted funds	Total
	2024	2024	2024	2023	2023
	£'000	£'000	£'000	£'000	£'000
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Notes to the Financial Statements for the Year Ended 31 August 2024

28	Cash generated from operations	2024 £'000	2023 £'000
	Surplus for the year	538	273
	Adjustments for:		
	Investment income recognised in statement of financial activities	(447)	(301)
	(Gain)/loss on disposal of investments	(325)	64
	Depreciation and impairment of tangible fixed assets	1,485	1,351
	Difference between pension charge and cash contributions	-	(72)
	Movements in working capital:		
	Decrease in debtors	1,597	1,421
	(Decrease)/increase in creditors	(446)	15
	Increase in deferred income	361	322
	<b>Cash generated from operations</b>	<b>2,763</b>	<b>3,073</b>

29	Analysis of changes in net funds	At 1 September 2023 £'000	Cash flows £'000	At 31 August 2024 £'000
	Cash at bank and in hand	9,223	1,988	11,211
	Loans falling due within one year	(173)	(9)	(182)
	Loans falling due after more than one year	(1,747)	182	(1,565)
		<u>7,303</u>	<u>2,161</u>	<u>9,464</u>