



## **The London Pathway**

### **Operating as Pathway**

### **Annual Report and Financial Statements**

31 March 2017

Company Limited by Guarantee  
Registration Number  
07210798 (England and Wales)

Charity Registration Number 1138741

**Financial statements:** year ended 31 March 2017

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## Reference and administrative details

Charity Name: The London Pathway  
 Charity Registered Number: 1138741  
 Company Registration No: 07210798 (England and Wales)

Address: 5th Floor East  
 250 Euston Road  
 London, NW1 2PG

Trustee (Director) name	Office (if any)	
Lady Rhona Bradley		Appointed 10 April 2017
Sir Peter Dixon		
Dr Vanya Gant		
Prof Andrew Hayward		Appointed 18 April 2016
Ms Cathy James OBE		
Sir Ian Kennedy		
Ms Leslie Ann Morphy OBE	Chair	
Mr David Pascall CBE	Vice Chair	
Mr Stephen Robertson		

<b>Chief Executive</b>	Mr Alex Bax
<b>Finance "Director" and Company Secretary</b>	Ms Stephanie Swan
<b>Medical "Director"</b>	Dr Nigel Hewett
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	The Co-operative Bank Business Customer Services PO Box 250 Skelmersdale WN8 6WT

## **Trustees' Report: year ended 31 March 2017**

The trustees of the charity present their annual report and audited financial statements for the year ended 31 March 2017.

This report has been prepared in accordance with Part 8 of the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out on pages 15 to 17 of the attached financial statements and comply with The London Pathway's Memorandum and Articles of Association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2016 or later.

### **Structure, Governance and Management**

#### Governing document

The charity is governed by a Memorandum and Articles of Association incorporated on 1 April 2010.

The charity is constituted as a charitable company limited by guarantee and has no share capital. Its company registration number is 07210798.

The charity has adopted the trading name of 'Pathway' to reflect its expansion into geographical areas outside London.

#### Organisation structure

Pathway is represented by an honorary high profile patron, managed by a number of trustees, and administered by officers who deal with the operation of the charitable company. The trustees meet quarterly, and any new trustees are appointed with the agreement of the current trustees. One new trustee was appointed in 2016/17. A list of the current trustees is set out on page 1.

#### Key management personnel

Pathway's key personnel are the Chief Executive, Finance and Administration Director, and Medical Director. The Board reviewed the remuneration of all current staff and vacant posts in 2015/16 including the key personnel. Also, at the same time the trustees established a Remuneration Sub-Committee to review job descriptions, set appropriate levels of pay and consider and if appropriate, recommend the annual pay award. All job descriptions along with recommendations for remuneration by the Remuneration Sub-Committee are submitted to a full meeting of the Board for ratification. The benchmarks used to assess pay are either the NHS Agenda for Change pay rates for Pathway staff working in hospitals or National Joint Council (NJC) pay scales for all other posts.

#### Recruitment, appointment and training of trustees

A trustee is a member of the Board of Trustees of the charitable company and director for the purposes of the Companies Act 2006. In accordance with Clause 11 of the Articles of Association of Pathway, trustees may appoint a person who is willing to act as a trustee for such a term as they shall see fit, usually a maximum of three years per term, either to fill a vacancy or as an additional trustee. There is a minimum requirement of three trustees. At the end of a term of office, the trustees can reappoint the trustee. There shall be no limit to the number of times a trustee may be reappointed. If the number of trustees shall fall below three, the remaining trustees may act only for the purposes of appointing new or additional trustees.

A trustee may resign from his/her post by written notice to the trustees. Clause 12 of the Articles provides conditions in which a trustee's term of office automatically terminates.

For the year 2016/17, there were eight trustees.

**Structure, Governance and Management** (continued)

Recruitment, appointment and training of trustees (continued)

Each trustee is provided with an information pack which provides details on the duties and roles of charity trustees, a copy of Pathway's constitution, the strategic plan, the previous year's annual accounts and the standing orders and standing financial instructions.

Potential trustees are invited to attend up to three board meetings as observers, and prior to their appointment to the Board they meet the Chair and senior officers of Pathway to discuss the charity's aims, objectives and direction. During the period of these accounts Lady Rhona Bradley attended two board meetings as an observer, and was appointed to the Board on her attendance at the third meeting on 10 April 2017.

Trustees are kept up to date regularly with changes relating to charity legislation by the circulation of newsletters from the Charity Commission.

Members of the Board of Trustees have no beneficial interest in the charitable company.

Organisation and decision making process

Running of the day to day activities of the charity is delegated to the Chief Executive and his senior team. This helps the trustees govern more effectively, although they remain collectively responsible for the charity.

Levels of expenditure delegated to officers are set out in the standing financial instructions.

The proposed strategic direction, plan and draft budget for Pathway are presented to Board of Trustees for discussion at a meeting early in the calendar year, and are finalised and approved by the Board at their April meeting. Progress reports are presented to the quarterly meetings of the Board, and in 2017, a short 'between meetings update' is being introduced, and will be circulated to Trustees by email.

New job descriptions, associated levels of remuneration and annual pay awards are submitted to the Remuneration Sub-Committee for discussion, following which the Chair of the Sub-Committee makes recommendations for approval to the full board.

Where decisions are required between meetings these are carried out through urgent action procedures, and depending on the decision required, this may be through written contact with every trustee or with the Chair and Vice Chair. All urgent decisions taken between meetings are reported to the Board at the next possible meeting for ratification.

Risk management

The trustees have assessed the major risks Pathway is exposed to, in particular those relating to the specific operational areas of the charity, its assets and its finances.

Two key risks for the charity continue to be financial sustainability and the loss of key personnel. These are addressed as follows:

1. The trustees and key management personnel keep the funding and available finance under constant review, and actively seek funding from a range of sources including charitable foundations and trusts and statutory bodies including the NHS for core funding and specific projects, as well as ensuring funds are invoiced for in timely way. They also monitor reserves levels, and ensure controls exist over key financial systems.
2. The trustees manage the risks that might ensue at the loss of key personnel by ensuring staff are supported, paid appropriately and that their knowledge of systems is shared with other staff members and the Board of Trustees. Trustees also intend to introduce succession planning wherever possible.

The trustees believe that they have established effective systems to mitigate these and other operational and business risks which are kept under review.

## **Objectives**

### Objects of the Charity and Principal Activities

The objects of the charity are to advance such purposes as are charitable for the advancement of healthcare for, and for the relief of need of, people often excluded from society, including, but not exclusively, homeless people, alcoholics, drug users and those suffering from mental or physical health problems (excluded people) by, but not exclusively:

- a) the development of targeted healthcare and nursing support for excluded people;
- b) the provision of follow-up support after their discharge from hospital; and
- c) the provision of healthcare-related education and training for excluded people and for staff and volunteers working with excluded people.

The trustees confirm they have complied with the duty in section 47(5) of the Charities Act to have due regard to public benefit guidance published by the Charity Commission.

### Implementation of Objectives

It is the intention of the trustees that funding should be secured and used to work on advancing healthcare services for homeless people and other excluded groups. In formulating and applying these objects, the trustees have regard for the guidance of the Charity Commission on Public Benefit.

### Objectives for the Year

Pathway's objectives are to be:

- a recognised leader in the field of healthcare for homeless people and other multiply excluded groups;
- an organisation that puts service users at its centre;
- an agent of change working within and in partnership with the NHS and other services; and
- the hosts of The Faculty for Homeless and Inclusion health, a network bringing together health, housing and social care workers working with excluded people and also people with lived experience who wish to contribute to their work.

## **Activities, Achievements and Performance**

The main activities during 2016/17 have been:

- supporting homeless patients attending or admitted to six major hospitals in London, and securing funding for the work to continue into 2017/18.
- supporting homeless patients in Brighton & Sussex University Hospital and supporting the re-tendering of the Pathway style model for February 2017 onwards.
- supporting the Pathway style hospital models in Bradford, Manchester and Leeds.
- leading the assessment of need for Pathway style models of care in Hastings and Eastbourne.
- continuing to run the Pathway Care Navigator Apprenticeship scheme supported by the London Learning Consortium.
- publishing research papers detailing the outcomes from respite care pilot project 'Pathway to Home', and the needs assessment of intermediate care services for homeless patients in King's Health Partners' hospitals.

**Activities, Achievements and Performance** (continued)

- further work involving Experts by Experience (EbE's) in Pathway's and other partners' research and consultation work, including development of formal guidance for Pathway's relationship with EbE's in partnership with EbE's.
- continuing to pilot the provision of legal advice services to homeless patients at UCLH and King's Health Partners hospitals and investigating an appropriate approach for the Royal London Hospital.
- supporting the ongoing work of the Faculty for Homeless and Inclusion Health by: continuing to develop a post graduate qualification in Inclusion Health, planning a further CPD course on inclusion health to be run in 2017; supporting work to provide advice, guidance, support and training on mental health service interventions for rough sleepers; and affiliating the Faculty of Homeless and Inclusion Health with the Academy of Royal Medical Colleges.
- initial work to compile revisions to the Faculty for Homeless and Inclusion Health's Service Standards for Commissioners and Providers.
- production of the Faculty for Homeless and Inclusion Health's fifth international symposium.
- continuing the major research project on end of life care for homeless people.
- further development of Pathway's and the Faculty of Homeless and Inclusion Health's communications including use of social media and regular electronic newsletters.
- work to produce a training video and pack explaining homeless people's rights to register with a GP - developed in partnership with the Healthy London Partnership.
- innovative work towards giving all homeless health services across London access to 'EMIS web', a primary care patient record system which will allow participating Pathway teams and specialist homelessness Primary care services to record and access real time patient data across London, and generate homeless health monitoring data.
- training and induction of Pathway's model to a new Pathway homeless team in Bristol.
- initial work with International Centre for Social Franchising to explore options to develop sustainable business models for Pathway.
- review of engagement and potential engagement for people experiencing homelessness to engage with digital health applications and the support required – in partnership with NHS England.
- ongoing participation in a multi-site, multi-year NIHR review of homeless hospital discharge arrangements.
- preparing for provision of a pension scheme for Pathway's employees ahead of auto-enrolment staging date on 1 August 2017.
- development of a group of Pathway Fellows – clinical and professional associates who work with Pathway on a voluntary or paid basis.

Achievements

In our seventh year of operation we have:

- supported the service for homeless patients in UCLH throughout 2016/17 using permanent funding secured from UCLH NHS Foundation Trust to employ a consultant GP for four sessions per week, and enhanced the service by providing Care Navigators with funding from other charitable sources

## Trustees' Report: year ended 31 March 2017

### Activities, Achievements and Performance (continued)

#### Achievements (continued)

- supported the service for homeless patients in the Royal London Hospital enhanced by deploying a Senior Care Navigator to the Pathway team with funding from other charitable sources.
- supported services for homeless patients in King's Health Partners hospitals: Guy's, St Thomas's and King's College Hospital, and South London and Maudsley Lambeth Hospital on a pilot basis.
- publication of reports and dissemination of the results of the pilot Pathway to Home step-down medical respite facility and the assessment of need and consensus around the preferred option for intermediate care services for homeless patients in King's Health Partners' hospitals.
- supported three Care Navigator apprentices to study for nationally recognised qualifications in Health and Social Care. One Care Navigator Apprentice completed a Level 3 City & Guilds qualification in Health and Social Care in March 2017 and is now Pathway's Senior Care Navigator in the Royal London Hospital, two apprentices completed the Level 2 certificate in April 2017.
- promoted emerging results from the substantial research project to study the end of life care for homeless patients to a variety of audiences.
- supported a group of 16 EbE's to attend and participate in the Faculty for Homeless and Inclusion Health's fifth annual conference where the 'Expert by Experience Involvement Handbook' - guidance for Pathway's relationship with EbE's developed in partnership with EbE's was launched.
- continued to develop Pathway's use of social media to promote our presence in particular by regularly using Twitter and building a following of over 900 clinicians, EbEs and people who are passionate about homeless health.
- held the fifth international symposium: Homeless and Inclusion Health 2017, attended by 246 delegates in partnership with the Faculty for Homeless and Inclusion Health. The event received excellent feedback.
- produced and launched a training video 'The role of GP receptionists in supporting homeless patients' which explains homeless people's rights to register with a GP - developed in partnership with the Healthy London Partnership at the Faculty of Homeless and Inclusion Health's 2017 conference.
- launched a new Pathway style hospital team in Bristol.
- published a small study into engagement and potential engagement for people experiencing homelessness to engage with digital health applications and the support required – in partnership with NHS England.
- secured a five year grant for Pathway's core services from The Oak Foundation – total value £1,250,000.
- won the Kate Granger Award for Compassionate Care in 2016/17 in the Organisation category.



## Trustees' Report: year ended 31 March 2017

### Review of financial position

The gross income for the year amounted to: £777,950, (£458,606 restricted and £319,344 unrestricted). The associated expenditure for the year was £792,495, (£561,937 restricted and £230,558 unrestricted). This gives a net deficit of £14,545 (comprising a £103,331 deficit on restricted funds and a £88,786 surplus on unrestricted funds). The total reserve to be carried forward to 2017/18 is £530,795 (£242,645 restricted and £288,150 unrestricted) after the reserve brought forward from 2015/16 of £545,340 (£345,976 restricted and £199,364 unrestricted) is included.

The principal sources of funds in 2016/17 were:

	£
<b>The Oak Foundation</b> – first payment of a five year core grant (unrestricted)	250,000
<b>The Oak Foundation</b> – second payment of a three year grant for research into end of life care provision for homeless people (restricted)	125,380
<b>Justlife Foundation</b> – lead partner receiving funding from Brighton and Hove Clinical Commissioning Group for the collaborative project to provide Pathway+ in Brighton and Sussex NHS Hospital Trust (restricted)	60,926
<b>University College London Hospital NHS Foundation Trust</b> – payment to support four sessions per week of a specialist homeless for the hospital's homeless team and a contribution to the cost of Pathway's Senior Healthcare Navigator Coordinator (restricted)	88,606
<b>UCLH Charity</b> – part payment of a grant to support Pathway's Care Navigator programme at UCLH (restricted)	73,000
<b>UCLH Charity</b> – part payment of a two year grant to support B&B provision of homeless patients at Olallo House following discharge pending finalisation of onward arrangements (restricted)	9,310
<b>Greater London Authority</b> – grant to provide advice, guidance, support and training on Mental Health Service Interventions for Rough Sleepers (restricted)	
<b>Guys and St Thomas' NHS Trust</b> – annual contribution for support to Pathway teams in the King's Health Partnership (unrestricted)	20,000
<b>Hastings Borough Council</b> – grant to make an assessment of need for a Pathway model style of service in Hastings (restricted)	6,624
<b>Trust for London</b> – second year payments for piloting legal advice for patients in London hospitals (restricted)	30,000
<b>Crisis UK</b> – a single grant to support the attendance of homeless service users at the Faculty of Homeless and Inclusion Health's annual international symposium (restricted)	5,000
<b>South London and Maudsley NHS Trust</b> – second year of a three year grant to pilot a mental health Pathway service in south London (restricted)	16,240
<b>Lankelly Chase Foundation</b> – first year of a three year additional grant to support the communications work of Pathway and the Faculty for Homeless and Inclusion Health (restricted).	27,000

Just over 85% (£673,714) of the expenditure can be attributed directly to Pathway's core activities, with just under 15% (£118,780) related to support work including governance. There was no spend related directly to fundraising for the charity in 2016/17.

## **Trustees' Report:** year ended 31 March 2017

### **Reserves policy**

At the end of 2016/17 Pathway holds reserves of £530,795 (£288,150 unrestricted and £242,645 restricted). It is the policy of the charity to aim to maintain unrestricted reserves, which are the free reserves of the charity at a level which equates to six months of basic overheads (estimated at £263,000). The unrestricted reserve provides sufficient funds to cover management, administration and support costs and to respond to emergency situations for 2017/18. Restricted reserves are balances of funding secured for specific projects, where the funding organisation requires the funding to be used on this work, and where work is continuing. Pathway records specific costs against these funds as they are incurred.

### **Plans for Future Periods**

We will continue our work towards the objectives set out in our strategic plan:

- to support, strengthen and spread our existing service models and networks;
- to develop the variety of services operating within the Pathway network;
- to research, test and evaluate new and additional services and build the evidence around homeless and inclusion health;
- to provide support to and develop further the Faculty for Homeless and Inclusion Health – including potentially establishing it as a free standing organisation; and
- to maintain a strong organisation.

We have initiated work with the International Centre for Social Franchising to explore potential avenues for making Pathway's work sustainable in future years, and in June 2017 Garfield Weston provided a grant of £50,000 to support this work.

### **Statement of Trustees' Responsibilities**

The trustees (who are also directors of Pathway for the purposes of company law) are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income 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 the methods and principles in the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping proper accounting records that 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.

**Trustees' Report:** year ended 31 March 2017

**Statement of Trustees' Responsibilities** (continued)

Each of the trustees confirms that:

- so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The above report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved and authorised by the Board of Trustees on 18 July 2017 and signed on its behalf by:



Leslie Morphy, OBE  
Chair of Pathway

## **Independent auditor's report: year ended 31 March 2017**

### **Independent auditor's report to the members of Pathway**

We have audited the financial statements of Pathway for the year ended 31 March 2017 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out in the Trustees' Report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 and of 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit, the information given in the 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.

**Independent auditor's report:** year ended 31 March 2017

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company 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



Katharine Patel (Senior Statutory Auditor)  
for and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

Date 27 July 2017

## Statement of financial activities: year ended 31 March 2017

	Notes	Unrestricted funds £	Restricted funds £	2017 Total £	2016 Total £
<b>Income:</b>					
Donations and legacies		11,910	658	12,568	19,685
<i>Income from charitable activities</i>					
Grants	2	255,459	369,342	624,801	642,302
Research and project income	2	50,849	88,606	139,455	96,323
Investments		1,126	—	1,126	1,894
<b>Total income</b>		<b>319,344</b>	<b>458,606</b>	<b>777,950</b>	<b>760,204</b>
<b>Expenditure</b>					
Expenditure on charitable activities	3	230,558	561,937	792,495	886,202
<b>Total expenditure</b>		<b>230,558</b>	<b>561,937</b>	<b>792,495</b>	<b>886,202</b>
<b>Net (expenditure) income and net movement in funds for the year</b>	5	<b>88,786</b>	<b>(103,331)</b>	<b>(14,545)</b>	<b>(125,998)</b>
<b>Reconciliation of funds</b>					
Total funds brought forward at 1 April 2016		199,364	345,976	545,340	671,338
<b>Total funds carried forward at 31 March 2017</b>		<b>288,150</b>	<b>242,645</b>	<b>530,795</b>	<b>545,340</b>

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

All income and expenditure derive from continuing activities.

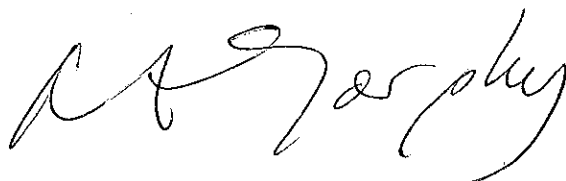
The accounting policies and notes on pages 15 to 25 form part of these financial statements.

**Balance sheet:** as at 31 March 2017

	Note	2017 £	2017 £	2016 £	2016 £
<b>Current assets</b>					
Debtors	9	71,369		36,610	
Cash at bank		<u>703,964</u>		<u>779,695</u>	
		<b>775,333</b>		<b>816,305</b>	
<b>Liabilities</b>					
Creditors falling due within one year	10	<u>(244,538)</u>		<u>(270,965)</u>	
<b>Net current assets</b>			<b>530,795</b>		<b>545,340</b>
<b>Net assets</b>			<b>530,795</b>		<b>545,340</b>
<b>The funds of the charity</b>					
Unrestricted funds	11	288,150		199,364	
Restricted funds	12	242,645		345,976	
<b>Total charity funds</b>	13	<u>530,795</u>		<u>545,340</u>	

The accounting policies and notes on pages 15 to 25 form part of these financial statements.

These financial statements were approved by the Board of Trustees for issue on 18 July 2017 and signed on its behalf by:



**Leslie Morphy OBE**  
**Chair**

The London Pathway,  
Charity Registration no 1138741  
Company Registration No: 07210798

## Statement of cash flows 31 March 2017

	Notes	2017 £	2016 £
<b>Cash outflow from operating activities:</b>			
Net cash used in operating activities	A	(76,857)	(40,346)
<b>Cash flows from investing activities:</b>			
Interest income		1,126	1,894
Net cash provided by investing activities		1,126	1,894
<b>Change in cash and cash equivalents in the year</b>		<b>(75,731)</b>	<b>(38,452)</b>
Cash and cash equivalents at the beginning of year	B	779,695	818,147
<b>Cash and cash equivalents at the end of year</b>	<b>B</b>	<b>703,964</b>	<b>779,695</b>

Notes to the statement of cash flows for the year to 31 March 2017.

<b>A Reconciliation of net movement in funds to net cash used in operating activities</b>		
	2017 £	2016 £
Net movement in funds (as per the statement of financial activities)	(14,545)	(125,998)
Adjustments for:		
Interest income	(1,126)	(1,894)
(Increase)/decrease in debtors	(34,759)	148,608
Decrease in creditors	(26,427)	(61,062)
<b>Net cash used in operating activities</b>	<b>(76,857)</b>	<b>(40,346)</b>
<b>B Analysis of cash and cash equivalents</b>		
	2017 £	2016 £
Cash at bank and in hand	703,964	779,695
<b>Total cash and cash equivalents</b>	<b>703,964</b>	<b>779,695</b>



## **1. Accounting policies**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

### **Basis of preparation**

The financial statements have been prepared in accordance with 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 United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) issued on 16 July 2014, Update Bulletin 1 issued on 2 February 2016, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011. The financial statements have been prepared under the historical cost except for the modification to a fair value basis as specified in the accounting policies below.

The charity constitutes a public benefit entity as defined by FRS 102.

All financial information is presented in British Pounds Sterling (£), the charity's functional currency, and has been rounded to the nearest pound (£).

### **Critical accounting estimates and judgements**

The preparation of financial statements requires the use of certain critical accounting estimates and judgements. It also requires the trustees' to exercise judgement in the process of applying accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including an expectation of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the trustees' best knowledge of the amount, event or actions, actual results may differ from those estimates.

There are no areas requiring the use of estimates and critical judgements that may significantly impact on the charity's financial activities and financial position.

### **Assessment of going concern**

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The charity prepares forecasts and budgets for a two year period to 2018/2019 which provide the trustees with detailed costs for Pathway projects currently undertaken and proposed, together with an indication of how projected costs could be scaled back should funding levels fall. The trustees and the management team are currently in discussion with both existing and prospective funding bodies regarding future grant awards and are optimistic that further grants will be available to meet future expenditure and allow the charity to meet its liabilities as they fall due. Having considered the charity's budget forecasts and the charity's cash reserves at 31 March 2017 of £703,964, the trustees are satisfied that there will be sufficient future funds to allow the charity to continue as a going concern despite any uncertainties surrounding the timing and receipt of grant funding.

### **Fund accounting**

Unrestricted funds are funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charitable company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donors. The aim and use of each restricted fund is set out in the notes to the

**Fund accounting** (continued)

financial statements. Expenditure incurred in fulfilling the objective of each restricted fund is charged against the fund balance and shown in the relevant expenditure category in the charity's statement of financial activities.

**Income**

Income from donations is recognised in the period in which the charity becomes entitled to the donation and where receipt is probable and its amount can be measured reliably.

Income from grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grant have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income for the provision of commissioned research and other projects is recognised when the charity is entitled to receipt, any performance conditions have been met and the amount can be measured reliably.

Interest income from cash at bank is recognised when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

**Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. It includes VAT which cannot be recovered.

*Expenditure on charitable activities*

Expenditure on charitable activities includes the costs of delivering the Pathway services and other activities undertaken for the purposes of the charity. Included is the direct cost of the Pathway service and an apportionment of support costs.

*Support and governance costs*

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include administration, personnel and governance costs. Governance costs include audit costs and legal costs relating to the charity's compliance with regulation and good practice.

**Financial assets and liabilities**

Financial assets and financial liabilities are recognised in the balance sheet when the charity becomes party to the contractual provisions of the instrument.

**Debtors**

Trade and other debtors are initially recognised at their settlement amount and subsequently at amortised cost or their recoverable amount. Impairment provisions are recognised when there is objective evidence, such as significant financial difficulties on the part of the counterparty or default or a significant delay in payment, that the charity will be unable to collect all of the amounts due.

Prepayments are valued at the amount prepaid.

**Cash at bank and in hand**

Cash at bank and in hand represents cash that is available on demand or has a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year are disclosed as short term deposits.

## **Notes to the financial statements:** year ended 31 March 2017

### **Creditors and provisions**

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be measured or estimated reliably.

Creditors and provisions are initially recognised at fair value, being the amount the charity anticipates it will pay to settle the debt, and subsequently at amortised cost.

### **Pensions**

No contributions have been made to employees' personal pension plans in 2016/17. The staging date for auto-enrolment into a pension scheme is 1 August 2017, and Pathway is making arrangements to meet that date.

### **Short term employment benefits**

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the charity. Any unused benefits are accrued and measured at the amount the charity expects to pay to the employees to settle the unused entitlements.

**2. Income from charitable activities**

	Unrestricted funds £	Restricted funds £	2017 £	2016 £
<b>Grants</b>				
The Oak Foundation	250,000	125,380	<b>375,380</b>	331,290
UCLH Charities	—	82,310	<b>82,310</b>	—
Justlife Foundation	—	60,926	<b>60,926</b>	86,869
Trust for London	—	30,000	<b>30,000</b>	15,000
Lankelly Chase Foundation	—	27,000	<b>27,000</b>	70,000
South London & Maudsley NHS Trust	—	16,240	<b>16,240</b>	16,000
Greater London Authority	—	13,762	<b>13,762</b>	—
Health Education Council	—	—	—	48,350
Drapers Charitable Company	—	—	—	20,000
Guys & St Thomas's Charity	—	—	—	19,980
The Health Foundation	—	1,500	<b>1,500</b>	3,780
The Worshipful Company of Leathersellers	—	—	—	13,333
The Rayne Foundation	—	—	—	10,000
Other grants	5,459	12,224	<b>17,683</b>	7,700
<b>Total grants</b>	<b>255,459</b>	<b>369,342</b>	<b>624,801</b>	<b>642,302</b>
<b>Research and project income</b>				
University College London Hospital NHS Foundation Trust	—	88,606	<b>88,606</b>	62,400
Guy's & St Thomas' Hospital NHS Foundation Trust	20,000	—	<b>20,000</b>	20,000
Other projects	30,849	—	<b>30,849</b>	13,923
<b>Total research and project income</b>	<b>50,849</b>	<b>88,606</b>	<b>139,455</b>	<b>96,323</b>
<b>2017 Total funds from charitable activities</b>	<b>306,308</b>	<b>457,948</b>	<b>764,256</b>	<b>738,625</b>
<b>2016 Total funds from charitable activities</b>	<b>236,623</b>	<b>502,002</b>	<b>738,625</b>	

**Notes to the financial statements:** year ended 31 March 2017

**3. Expenditure**

	Unrestricted funds £	Restricted funds £	2017 £	2016 £
<b>Charitable activities</b>				
<b>Direct costs</b>				
Pay costs including staff costs	88,427	229,785	318,212	265,116
Consultants' fees	11,500	232,106	243,606	298,513
Care Navigator expenses	342	82	424	109
Staff training	10,038	3,131	13,169	25,053
Printing	1,590	1,095	2,685	2,219
Patient's costs	4,544	14,432	18,976	8,803
Patient's Legal Advice	—	18,480	18,480	5,395
Telephone	1,389	10	1,399	1,825
Travel and subsistence	989	2,517	3,506	1,977
Catering	209	4,186	4,395	1,394
Volunteer/Service User expenses	4,558	7,252	11,810	12,148
Conference provision	16,719	9,543	26,262	32,713
Marketing and design	2,785	1,077	3,862	880
Rent – Medical Respite	—	—	—	100,004
Stationery	306	102	408	319
IT Equipment	—	832	832	1,221
Insurance	—	500	500	—
Staff uniforms	119	(29)	90	1,117
<i>Total direct costs</i>	<u>143,515</u>	<u>525,101</u>	<u>668,616</u>	<u>758,806</u>
<b>Support costs</b>				
Pay costs including staff costs	58,149	28,968	87,117	89,971
Staff Recruitment	295	—	295	—
Staff Welfare	700	—	700	—
Consultants' fees	8,380	6,248	14,628	13,215
IT Equipment	—	—	—	1,192
Marketing and design	1,500	1,620	3,120	4,462
Travel (incl. staff travel loans)	4,399	—	4,399	4,276
Printing	—	—	—	703
Insurance	4,365	—	4,365	4,569
Bank and payroll charges	820	—	820	835
Stationery	40	—	40	60
<i>Total support costs</i>	<u>78,648</u>	<u>36,836</u>	<u>115,484</u>	<u>119,283</u>
<b>Governance costs</b>				
Trustees' expenses	282	—	282	—
Audit/accountancy fees	8,113	—	8,113	8,113
<i>Total governance costs</i>	<u>8,395</u>	<u>—</u>	<u>8,395</u>	<u>8,113</u>
<b>2017 Total expenditure</b>	<u>230,558</u>	<u>561,937</u>	<u>792,495</u>	<u>886,202</u>
<b>2016 Total expenditure</b>	<u>282,472</u>	<u>603,730</u>	<u>886,202</u>	

**4. Staff costs including key management personnel**

	2017 £	2016 £
Wages and salaries	283,703	208,347
Social security costs	25,050	18,729
	<b>308,753</b>	<b>227,076</b>

In addition to the staff costs above, the charity used two core contract based staff (one part time) at a cost of £98,355 (2016: £125,346).

The average monthly number of persons (including key management personnel) employed by the charitable company during the year, described as full time equivalents was:

	2017 No	2016 No
Care Navigators	3.6	3.5
Key Management (CEO, Medical Director & Finance Director)	1.7	1.7
Senior Healthcare Navigator Coordinator	1.0	1.0
Senior Nurse	0.4	—
Communications Officer	0.7	0.3
Research and administration	2.6	1.5
	<b>9.0</b>	<b>8.0</b>

**Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the charity and are represented by the Executive Management Team which comprise the Chief Executive, Finance and Administration Director and the Medical Director.

The number of key management personnel was 3 (2016: 3)

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

	Key management personnel		Other staff	
	2017 No.	2016 No.	2017 No.	2016 No.
£60,001 to £70,000 p.a.	1	1	1	1
	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

Key management personnel emoluments are made up as follows:

	2017 £	2016 £
Salaries	144,595	155,557
Benefits in kind	—	926
<b>Total emoluments</b>	<b>144,595</b>	<b>156,483</b>

**Trustees' remuneration**

None of the trustees nor any persons connected with them received any remuneration as a result of them holding the office of trustee during the current or preceding year.

**Notes to the financial statements: year ended 31 March 2017**

**5. Net movement in funds**

This is stated after charging:

	2017 £	2016 £
Auditors' remuneration		
. Statutory audit services	<b>8,100</b>	8,100

**6. Trustees' expenses**

There were £282 expenses paid to one trustee during the year (2016: none).

**7. Trustees' indemnity insurance**

The charitable company purchased insurance to cover the trustees for costs and expenses incurred in respect of claims arising out of an actual or alleged wrongful act committed in good faith. It is not possible to identify separately the cost of the indemnity insurance.

**8. Taxation**

Pathway is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

**9. Debtors**

	2017 £	2016 £
Trade debtors	<b>57,600</b>	26,084
Other debtors	<b>5,099</b>	4,276
Accrued income	<b>4,023</b>	4,700
Prepayments	<b>4,647</b>	1,550
	<b>71,369</b>	36,610

**10. Creditors: amounts falling due within one year**

	2017 £	2016 £
Trade creditors	<b>44,416</b>	64,280
Accruals	<b>200,122</b>	206,685
	<b>244,538</b>	270,965

**11. Unrestricted funds**

	At 1 April 2016 £	Income £	Expenditure £	At 31 March 2017 £
General unrestricted funds	199,364	319,344	(230,558)	<b>288,150</b>

**Notes to the financial statements: year ended 31 March 2017**

**12. Restricted funds**

	At 1 April 2016 £	Income £	Expenditure £	At 31 March 2017 £
Greater London Authority	—	13,762	(13,762)	—
The Health Foundation	1,540	1,500	(3,040)	—
Department of Health	87,857	—	(19,531)	<b>68,326</b>
Royal Free & Hampstead NHS Foundation Trust	20,000	—	—	<b>20,000</b>
Justlife Foundation	12,430	60,926	(61,606)	<b>11,750</b>
Homed and other – Donations for Brighton	1,200	175	(675)	<b>700</b>
London Housing Foundation	12,884	—	(10,132)	<b>2,752</b>
London Catalyst	104	600	(504)	<b>200</b>
Merchant Taylors Charitable Company	6,361	—	(6,361)	—
London Borough of Lambeth	1,039	—	(1,039)	—
Mental Health & Rough Sleeping Donation	2,465	483	(86)	<b>2,862</b>
Public Health England	15,939	—	(15,366)	<b>573</b>
NHS England	11,273	—	(11,273)	—
Crisis UK	3,729	5,000	(4,523)	<b>4,206</b>
The Oak Foundation	61,585	125,380	(93,519)	<b>93,446</b>
Lankelly Chase Foundation	49,190	27,000	(75,682)	<b>508</b>
South London & Maudsley NHS Trust	—	16,240	(16,240)	—
Trust for London	3,605	30,000	(22,328)	<b>11,277</b>
Health Education England	48,350	—	(28,329)	<b>20,021</b>
Drapers Charitable Company	6,425	—	(6,425)	—
UCLH Charities	—	82,310	(82,310)	—
Hastings Borough Council	—	6,624	(600)	<b>6,024</b>
University College London Hospital NHS Foundation Trust	—	88,606	(88,606)	—
	<b>345,976</b>	<b>458,606</b>	<b>(561,937)</b>	<b>242,645</b>



**12. Restricted funds (continued)**

Greater London Authority

A grant of £13,762 was awarded in 2016/17 to fund continuation of the work to provide advice, guidance, support and training on Mental Health Service Interventions for Rough Sleepers.

The Health Foundation

The balance of funding awarded to Pathway under the Health Foundation's Widening Impact programme. Using a variety of methods, this funding helped us spread learning and best practice from Pathway's experience of working in hospitals, and also from our policy development which aims to transform the way healthcare is delivered to homeless and other vulnerable groups of people.

Department of Health

In October 2013, we secured a grant of £469,145 from the Department of Health's Homeless Hospital Discharge Fund to develop a pilot medical respite centre. Work continued during 2015/16 to develop and implement the pilot project Pathway to Home that was launched in 2015/16 using this grant. UCLH have continued to fund Pathway to Home from 1 April 2016. Reports of Pathway's work on medical respite were published in 2016, and a half day seminar to showcase and discuss various studies was held in January 2017. We continue to investigate ways to develop the medical respite and other step down options for homeless patients leaving hospital.

Justlife Foundation

In April 2014 following the successful pilot project funded by the Department of Health, the collaborative partnership led by Justlife Foundation was awarded funding from Brighton and Hove NHS Clinical Commissioning Group (CCG) to continue the service Pathway+ in Brighton. As lead partner, Justlife Foundation received the funding and paid Pathway on a staged basis. The service was re-tendered during 2016, and Arch Health CIC won the contract from 1 February 2017. The remaining funds held by Pathway will be used to pay for patients' expenses and reflective practice for the Brighton team.

London Housing Foundation

The London Housing Foundation awarded a grant of £35,210 for the continuation of research into the dental health of homeless people, and this grant included funding to provide direct support to those homeless people who were assessed as needing dental treatment and who wished to access that treatment. The grant was paid over two years, with half received in each of 2013/14 and 2014/15. Work to produce the final report is underway.

University College London Hospital NHS Foundation Trust

UCLH NHS Foundation Trust approved a business case in 2013 to fund four sessions a week of a GP for its Pathway led hospital homeless team and also to provide a second nurse for the service. There was a substantial delay in replacing the second nurse in 2016/17, and the Trust agreed to pay Pathway a contribution towards the cost of the Senior Healthcare Navigator Coordinator who has covered some of the work of the vacant nurse post.

Merchant Taylors Charitable Company

In October 2014, the Merchant Taylors Charitable Company awarded a one off grant of £20,000 specifically to extend the Care Navigator Apprenticeship programme.

London Borough of Lambeth

During 2014/15, the London Borough of Lambeth provided two grants for work to provide advice, guidance, support and training on Mental Health Service Interventions for Rough Sleepers.

Public Health England

In March 2015, Public Health England approved grants for two projects: support to develop work with Experts by Experience (£50,000) and development of an e-library of learning material from the Faculty of Homeless and Inclusion Health's three international conferences (£14,400). Work on both these projects commenced in 2015/16 and completed in 2016/17.

**12. Restricted funds (continued)**

NHS England

In March 2015, NHS England approved a grant of £25,100 to support excluded and vulnerable service user experts at the Faculty of Homeless and Inclusion Health's conference.

The Oak Foundation

In August 2015 The Oak Foundation approved a grant of £285,430 over three years to research end of life care for homeless people and to develop a training programme for agencies working with homeless people. The project, entitled Advance Care Planning in Homeless People (Homeless Healthcare Collaboration), commenced in September 2015, and is ongoing.

Lankelly Chase Foundation

In August 2015, Lankelly Chase Foundation approved a grant of £210,000 over three years to support the work of the Faculty for Homeless and Inclusion Health. The first tranche of the main grant was received in January 2016, and the first payment of the secondary grant was received in June 2016, following the agreement of the communications plan. The second tranche will be paid when the first monitoring report is agreed, expected to be May 2017.

South London and Maudsley NHS Trust

The second payment of an approved three year grant to pilot a mental health Pathway service in south London was paid in August 2016. The total grant to Pathway is £48,000.

Health Education England

In March 2016, the Health Education Council approved a grant of £48,350 towards project 'Resilient 1' the production of an educational film and materials aimed at preventing homelessness among vulnerable young people with severe mental illness. The materials will be used to provide training and participatory engagement resources to the staff of Tier 4 CAMHS units across the UK. Work started on the project in April 2016, and continues in 2017/18 following the award of a further grant by Health Education England.

Drapers Charitable Company

In April 2015, the Drapers Charitable Company awarded a one off grant of £20,000 specifically to extend the Care Navigator Apprenticeship programme.

Trust for London

In March 2015, Trust for London awarded a grant of £90,000 over three years to deliver and evaluate a model of legal advice for homeless people in hospital on housing and other related issues. Four payments were claimed in 2016/17 to support the work taking place in UCLH and King's Health Partners' teams.

UCLH Charities

In March 2016, UCLH Charities awarded a grant of £100,000 to support the Care Navigator programme in UCLH. It was agreed that this would be drawn down retrospectively at regular intervals. During 2016/17, £73,000 was drawn down and the remaining funding will be spent in the first half of 2017/18.

In October 2016, following the success of Pathway to Home at the Olallo House, UCLH Charity agreed a two year grant - £15,000 per year – to support patients who are discharged from Hospital at Home, but who need a few more days stay in Olallo House while Pathway staff at UCLH get onward arrangement e.g. housing or travel, sorted out. Up to end of March 2016/17 £9,310 of the first year's grant had been spent and drawn down.

Hastings Borough Council

In March 2017, Hastings Borough Council commissioned an assessment of needs for a Pathway style service in their local borough and hospital. Work commenced in March and will be completed in early May 2017.

**Notes to the financial statements:** year ended 31 March 2017

**13. Analysis of net assets between funds**

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Current assets	372,783	402,550	<b>775,333</b>	816,305
Current liabilities	(84,633)	(159,905)	<b>(244,538)</b>	(270,965)
<b>2017 net assets</b>	<b>288,150</b>	<b>242,645</b>	<b>530,795</b>	545,340
2016 net assets	199,364	345,976		

**14. Related party transactions**

No transactions have taken place with organisations in which a member of the board of trustees has an interest.

**15. Controlling party**

The trustees make up the membership of the charitable company. There is no overall controlling party.

**16. Members' liability**

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member or within one year after he/she ceases to be a member, not exceeding £1.