

Greensleeves Care - Trading Statement

23 July 2024

Highlights

- Greensleeves Care (Greensleeves or the Group) continues to benefit from its long-term strategy to invest in the renovation, acquisition and development of Care Homes.
- Turnover increased from £65.155m to £79.970m (23%) in the year to 31 March 2024 as the number of care homes rose from 27 to 28 (1,252 spaces to 1,275 spaces) while occupancy increased to 86.5% of available spaces.
- This contributed to an improvement in trading performance with the Group returning underlying Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of £9.234m against £0.581m ahead of asset revaluations in the year before.
- The opening of new homes generated a cost of £4.918m during the year while there were additional non-routine items of £2.001m. In all, this resulted in a net deficit for the year of £4.5m, down from £15.933m in the year previously.
- While developments during and after Covid have placed considerable pressure on the performance of the care home sector, Greensleeves benefits from delivering high quality care in state of the art homes. It expects this to underpin a continuing improvement in the financial performance of the business.
- Its CQC ratings exceed the average for the sector with 2 homes rated Outstanding and a further 20 rated Good. 4 Require Improvement and 2 are yet to be rated.

Operating performance

- During the year, Greensleeves Care has achieved a 'Top 20 Large Care Home Group' Award from the leading online care home directory, Carehome.co.uk, for the seventh year running. At the time of writing, the Trust had a group score of 9.6 out of 10 on carehome.co.uk, with 22 of our homes individually achieving this rating or higher.
- Along with its inclusion in the top large care home group list, Greensleeves Care is also celebrating the individual success of one of its homes in the awards, Torkington House in Acton, which was named in the Top 20 Care Homes in London.
- Our colleague retention rate remains strong. Our turnover as of March 2024 was 20.9%, significantly below the average turnover across the care sector of 28.3% (Skills for Care report published in October 2023).
- Occupancy levels increased over the year, averaging 86.5% on a phased basis, and at the end of the year, we cared for 1,056 residents across our services. Sixteen of our homes finished the year with occupancy levels over 90%, having returned to pre-pandemic levels. A small number of homes achieved slower than budgeted recovery from operational issues.
- These levels have been broadly maintained since March 2024, and we now care for 1,064 residents across our services.
- During 2023/24, agency usage and fees remained stubbornly high, mainly related to operational issues at a few key homes. Continuing focus on reducing agency staff usage, introduction of an agency management platform, other cost reduction

measures, and improved procurement practices are now favourably impacting trading performance and cash generation.

Asset Management

- During the previous financial year, Viera Gray House experienced operating difficulties, resulting in a temporary curtailment of the admission of new residents. This persisted in the year to 31 March 2024, resulting in a further drop in occupancy levels. These issues have been resolved, and new management recruited with occupancy continuing to recover post year-end. The budgetary impact during the year to 31 March 2024 was £882k.
- The decision was made to close St Cross Grange, our home in Winchester, during 2022, with closure anticipated in October 2022. An arrangement was made for all colleagues and residents to transfer to a nearby new-build facility opened by another charitable provider. Completion was delayed, so transfer only finally took place in September 2023. This uncertainty and the costs of delayed building works resulted in the home generating an unbudgeted loss of £206k in the financial year up to the point of closure.
- Due to operational issues at Clarendon Lodge, resident admissions were delayed until January 2024. These issues are now resolved, a new management team is in place, and occupancy levels are beginning to recover. The financial impact of these delays equated to £722k during the year.
- The sale of Croxley House was expected to be completed in March 2022, but the sale was delayed and has yet to be completed. For insurance purposes, the Trust must maintain 24-hour on-site security at the building, which cost £191k during the year.
- These events accounted for the total of £2.001m of non-routine items.

Digital Transformation

- The Digital Transformation programme is progressing well, with good progress made on the electronic care planning module together with a new time and attendance system, as well as a new finance system.

Care Capacity

- In March 2024, our capacity to provide care had increased to 1,275 residents across 28 care homes, a net increase of 23 bedrooms.
- The Charity increased the number of residents through the acquisition of a 28-bed care home, Broadacres, in Norfolk, which joined the group in February 2024.
- Mount Ephraim House also reopened as a 57-bed home following extensive redevelopment.
- Two more bedrooms were added to Glebelands, our nursing home in Wokingham, Berkshire.
- Against this, the decision to transfer our operations at St Cross Grange in Winchester resulted in a reduction in our capacity of 64 residents.

Development and disposals

- In February 2024, the Trust purchased a plot of land in Newport Pagnell, complete with planning permission for a 60-bed care home, which will reprovision the existing

home at Tickford Abbey and add additional capacity to the Trust. The optimal financing strategy for the construction of the home is under review.

- A planning appeal process is underway for a site at Westfield that is being developed and will be leased to us on completion of the new home. This will reprovision our existing home in the village.
- Legal work is underway to acquire the freehold to our development site at Rye, Sussex, previously held on a long leasehold basis.
- The protracted right-of-way issue at Croxley House has continued to delay the sale of the closed home. The Charity is considering all options to allow the sale to proceed.

The impact of new homes on trading performance

To ensure that care is delivered to a uniformly high standard, Greensleeves allows a period of between 18 months and 2 years for a new home to reach full capacity. It enables management to phase in the opening of rooms as the staff are recruited and trained to provide appropriate care to the residents.

The development impact increased in 2022/23 and 2023/24, because of the recruitment crisis following Covid.

As a consequence of the policy, new homes tend to lose money during the first year of operation and only achieve full earnings 2.5 - 3 years later.

During the year to 31 March 2024, Greensleeves experienced the following development impact:

Bucklers Lodge	£2.404m
The Meadowcroft	£1.384m
Mount Ephraim House	£1,130m
Total	£4.918m

Environment and Sustainability

- Greensleeves Homes Trust is committed to year-on-year improvements in operational energy efficiency and is pleased to report a reduction in our Intensity Metric. Despite our growth, we have achieved a reduction in consumption of both electricity and gas.
- Ongoing measures, including those undertaken this year:
 - All lighting upgrades and replacements done using LED.
 - Installed smart meters and water meters across the Trust.
 - Electricity contracts were renewed with REGO-backed contracts, meaning our supply is now 100% renewable.
 - Gas dryers are being replaced with electric dryers as units fail. Two homes have now moved to electric.
 - Operating a cycle to work scheme to reduce staff reliance on cars.
 - Moved to a centralised waste management contract to increase recycling percentages.
- Measures for the future include:
 - Installation of minimum 2 EV charge points at all new build homes.

- Replacement of single-use products with reusable alternatives.
- Creation of food waste action plans to reduce food waste in our homes.
- Solar (PV) units to be installed where possible to homes.
- Surveys of homes being undertaken to assess energy efficiency and produce a strategy for improvements.

All new homes to have electric systems for heating and hot water.

Financial Outcome

An analysis of the movement between reported and underlying performance is set out below:

	2023/24	2022/23
	£'000	£'000
Net (loss) per accounts	(4,511)	(15,933)
Add back asset revaluation	-	7,418
Net (loss) before asset revaluation	(4,511)	(8,515)
Non-routine items detailed above	2,001	4,860
Development Impact	4,918	4,863
Underlying surplus	2,408	1,208
Depreciation	3,448	3,410
Loan interest	3,378	3,381
Underlying EBITDA	9,234	7,999

Current trading performance

- 2024/25 performance to date is slightly ahead of expectations; latest forecasts indicate that Greensleeves Care will meet Budget targets for 2024/25 and achieve a positive return.
- Longer term financial performance is expected to continue to improve as the benefits to operating margins resulting from our development activity continue to be felt and the development impact of new build homes becomes less material to our overall performance.

Commenting on the results, Chris Doherty, CFO, said:

Recovery from the impact of the Covid-19 pandemic is steadily progressing, and I am pleased to report that Greensleeves Care remains financially robust, showing substantial growth in underlying income. This growth can be attributed to the quality of our care provision, successful acquisition and development initiatives, and prudent financial management.

Our sustainable business model, with approximately 75% of our residents being privately funded, along with a cost-effective approach, ensures our financial stability.



Greensleeves Care is consistently achieving or surpassing market benchmarks across key performance indicators, reflecting our strong position in the industry.