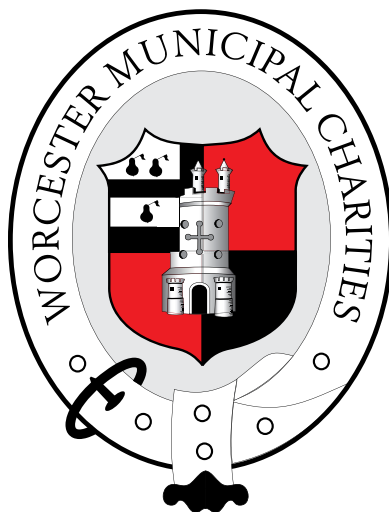


WORCESTER MUNICIPAL CHARITIES (CIO)

Registered Charity No.1166931 • Member of the Almshouse Consortium
Registered Housing Association No.4855 • Member of the Almshouse Association No.159



**Predecessor charities
founded 1559 & 1836**

TRUSTEES' ANNUAL REPORT 1st JANUARY – 31st DECEMBER 2018

This is the second full year's Annual Report of the Charity which was created specifically by the trustees as the successor charity for Worcester Municipal Exhibitions Foundation and Worcester Consolidated Municipal Charity in 2016. They were both wound up once their bank accounts had nil balances. The new charity is incorporated but has very similar objects to the two predecessor charities which it replaces.

The Trustees present their report and the audited financial statements of the Charity for the twelve months' period ended 31st December 2018 ("The Period"). The trustees have adopted the provisions of the Statement of Recommended Practice (SORP): "Accounting by Registered Social Housing Providers Update 2014" along with Financial Reporting Standard 102 in preparing the report and financial statements of the Charity.

The financial statements for the Charity have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the Statements of Recommended Practice.

Registered Office

All enquiries to:

Worcester Municipal Charities (CIO)
Kateryn Heywood House
Berkeley Court, The Foregate
Worcester WR1 3QG
Telephone: 01905 317117
Fax: 01905 619979

Office Administration:

Maggie Inglis, Sarah Bradnick, Margaret Green
Email: admin@wmcharities.org.uk

Office Accounts:

Carlo Barentsen
Email: accounts@wmcharities.org.uk

Website: www.wmcharities.org.uk



Berkeley's Hospital Chapel and Almshouses - Grade 1 Listed Building
The Charity's offices, community meeting room, and residents' sheltered housing

WORCESTER MUNICIPAL CHARITIES (CIO)

"The Charity"

REPORT FOR THE 12 MONTHS' PERIOD ENDED 31st DECEMBER 2018 ("The Period")

For ease of understanding "the Charity" also refers generally to the two predecessor charities in respect of events prior to "The Period"

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Note - the ancient history of the Charity is now published separately. Copies are available, without charge, from the office or on the website: <http://www.wmcharities.org.uk/>

1. CONSTITUTIONAL CHANGES LEADING TO THE PRESENT DAY

- a) After Henry VIII dissolved the monasteries (1536 - 40) the new church inspired little confidence and benefactors began leaving money in trust to the local Municipal Corporations instead. Kateryn Heywood, the first such local donor, in her will of 1559, "gave unto the Corporation of Worcester, 100 marks, to be delivered to the Chamber of the said City, to the end that it might be bestowed in lands for the poor people for ever." Many other local benefactors followed suit leading to the creation of the St Thomas's Day Charities which invested in properties and handed out doles from the income.
- b) However these corporations comprised self-appointed freemen and aldermen, and widespread concern nationally grew about their ability to manage the charities properly. Charity Commissioners were appointed in the first part of the 19th Century to inspect all the charities throughout the land, and their national inquiries led directly to the passing of the "Municipal Corporation Reform Act" in 1835. In Worcester all the money and property that remained from the original 27 charitable bequests was then transferred from the old un-elected Corporations to new independent bodies of charity trustees, initially appointed by the Lord Chancellor in 1836.
- c) In 1899 they were consolidated into one holding charity, **the Worcester Consolidated Municipal Charity**. Of these 27 charities, the 6 primarily and partly educational charities were consolidated into the **Worcester Municipal Exhibitions Foundation** in 1909. Both charities were managed together by the same body of trustees from 1913 onwards.
- d) In 2016 the two charities were dissolved, and their entire assets and liabilities were transferred to the Worcester Municipal Charities CIO. ("WMC (CIO)")

2. THE "CHARITABLE OBJECTS" OF THE WMC (CIO) ARE:

- (a) the relief of persons resident in the City of Worcester who are in conditions of need, hardship or distress including by making grants of money to individuals, or to organisations which provide relevant services; or providing or paying for items, services or facilities calculated to reduce the need, hardship or distress of such persons;
- (b) to carry on for the benefit of the community the business of the provision of social housing in the form of almshouses and affordable social housing and any associated amenities for persons in necessitous circumstances upon terms appropriate to their means; and
- (c) the advancement of education by promoting education in the area of benefit being the City of Worcester, the Parishes of Powick, Bransford and Rushwick and the area of the Ancient Parish of Leigh, all in the County of Worcestershire, in such ways as the Trustees think fit.
- (d) Twelve per cent (12%) of the Net Income of the CIO from its permanent endowment assets shall be applied for the educational purposes set out in clause (c).

The Trustees believe the charitable objects collectively constitute the public benefit requirement of the Charity Commission.

3. "CONSTITUTIONAL GRANT" PRESCRIBED BY THE TRUST DEEDS

By virtue of the intention of the original benefactors and the original constitutions of the predecessor charities, the following grant is automatically payable each year:-

Nought point one per cent (0.1%) of the "Net" income of the CIO from its permanent endowment assets income of the CIO or as near as may be applied, shall be applied in augmenting the income of the charity called Palmer's Educational Foundation in the Ancient Parish of Suckley in the County of Herefordshire. If this is less than £950 it will be increased to that amount. There will be a review of the "top up" to £950 in 2023. Two trustees of this Charity, Brenda Sheridan and Margaret Jones are nominated as trustees to the charity.

4. ADMINISTRATION OF THE TRUSTEE BODY

Worcester Municipal Charities (CIO) registration no.1166931 was established by the trustees on 4 May 2016, and the business, staff, assets and liabilities of the two predecessor charities were transferred to it at midnight on 30 June 2016. The trustees set up the CIO specifically as the successor charity and this report is the second full year's report of The Charity.

The Charity is administered by 17 Trustees.

Four are nominated by Worcester City Council; four are nominated by major beneficiary "stakeholder" charities chosen in a ballot of the trustees every 3 years; and nine "independent trustees" are co-opted by the trustee body, being "persons who through residence, occupation, employment or otherwise, have special knowledge of Worcester City".

On appointment, new trustees are provided with induction training, given copies of the Constitution and Rules, the annual report and accounts, a history of the Charity and a copy of the Charity Commission's publication CC3 "the Essential Trustee" which includes a trustee job description.

The 18 trustees of the Charity during The Period, and the 16 in office, with one vacancy, on 31st December 2018 were as follows:

Paul Griffith I, (Chairman), Martyn Saunders Ch, (Vice Chairman), Roger Berry I, Richard Boorn N, Paul Denham I, Alan Feeney N (until July), Graham Hughes I, Mike Johnson N, Margaret Jones I, Mel Kirk Ch, Roger Knight N, Sue Osborne Ch, Margaret Panter Ch, Robert Peachey N, Ron Rust I, Brenda Sheridan I, Geraint Thomas I, and Geoff Williams I (until November).

"I" independent co-opted by the Board for 5 years,

"N" nominated by the City Council for 4 years,

"Ch" nominated by the 4 chosen major beneficiary "stakeholder" charities for 3 years i.e. Armchair, CAB/WHABAC, MAGGS and WHAT (Worcester Heritage & Amenity Trust).

5. COMPOSITION OF THE TRUSTEE BODY AND THE ADMINISTRATION

The trustees include people with experience in e.g. the Social Services, Child Care, Adult Care, Education, Housing, the Magistracy, Commerce, Finance, Planning, the Law, Property and Social Security. The Board of trustees met monthly, except in August and December, oversees the policy-making of the Charity, signs cheques, scrutinises payments and bank balances, monitors the finances and reviews the Grants Sub-Committee's recommendations.

The Board carries out annual inspections of the property owned on a rotational basis - there are two whole day inspections a year; each property is visited once in every two years. The properties are all vested in the CIO as Custodian Charity.

A Grants Sub-Committee - meets monthly, to deal with the large numbers of individual applications for grants that require detailed consideration. The Chairman and Vice Chairman have delegated authority to make grants up to £1,000 in an emergency.

6. PROFESSIONAL ADVISERS AND STAFF OF THE CHARITY

The Charity retains Solicitors HallmarkHulme, Chartered Surveyors GJS Dillon, Chartered Surveyors ARC Ltd., Architects Lett & Sweetland, Auditors Ballards LLP, and Unity Trust Plc as Bankers. The trustees wish to place on record their thanks to all these officials for their work in helping the Charity to deliver a worthwhile service to Worcester's needy citizens. Thanks are also due to the staff:- Adrian Robinson (Business Manager), Carlo Barentsen (Accountant), Maggie Inglis (Office Manager), Margaret Green and Sarah Bradnick (Administrators) who together run the Charity office on a day-to-day basis. (Full details of the Professional Advisers are on page 26).

7. THE "MISSION" STATEMENT, THE PUBLIC BENEFIT REQUIREMENT, AND EQUAL OPPORTUNITIES

Public Benefit

The trustees' "Mission" is to seek to achieve the public benefit objects set out in the Trust Deed, in compliance with the Charity Commission's guidance, and in the most efficient and effective way. The Charity attempts to earn as much as reasonably possible from its investments, and spends its income (after the expense of administration) on the Charity's Public Benefit Objects.

Equal Opportunities

The trustees do not discriminate against anyone in respect of employment and the provision of services because of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, or sexual orientation.

Permitted Discrimination

The Equality Act 2010 allows a charity to limit its benefits to people who share what are called "protected characteristics" i.e. those who are entitled to be considered in respect of granting the benefits the Charity offers. In other words:-

- **the governing document restricts benefits to people with a shared protected characteristic i.e. relief in financial need and/or educational need, and**
- **the benefits are provided in order to ameliorate these particular disadvantages, or need, linked to that protected characteristic**

8. A SUMMARY OF WHAT THE CHARITY ACHIEVED IN THE PERIOD

A. Major Events/Decisions by the Trustees in The Period

- During the year work was completed on **10 affordable flats for the homeless**. Homes England made a grant of £270,000 gross in respect of these 10 self-contained one bed flats taking the total of new affordable dwellings for the homeless to **37 since 2013**.
- The Charity has continued helping **three organisations** in particular, being those that provide the most help to the poorest, and those in greatest need in Worcester:- **MAGGS** Day Centre for the Homeless, **Worcester Citizens Advice** and **Armchair Furniture Re-Cycling** who have all been provided with free/subsidised premises and grants to assist with their work.
- The Charity fulfilled a contract with the **City Council** to manage the purchase and distribution of £68,311 (net) worth of white goods in Worcester as part of the **Discretionary Welfare Assistance Scheme** ("DWAS"). The Charity won the contract to manage the purchase and distribution of white goods for a further two years ending 6th December 2019 with a further 2 years possible. There is no charge for this administration in recognition of the relief it brings to the Charity's overall grants' budget.
- The Charity registered a **NILS** (no interest loan scheme) with the D.W.P. for grant recipients who want more than they have been awarded and can afford repayment of the capital.
- The Charity increased grants to organisations and staff salaries by **3%**.

B. Annual Revenue Income and Expenditure

Revenue income of £1,183,436 was received, mainly rent from properties. Expenditure was £821,084.

C. Summary of Property Owned

There are two Sheltered Housing "retirement" sites (32 almshouses) and seven "affordable Housing sites" (37 flats) for the homeless. The Charity also owns 17 Investment Properties with rental income. 7 "functional" properties are leased to charities on peppercorns as "facilities in kind" (see pages 14 and 22).

Subject to planning consents and H.E. grants, the Charity plans to develop two vacant properties into 27 affordable flats for the homeless in 2019/2020.

D. Rent Reviews and Accommodation Charges

Sheltered Housing accommodation charges were reviewed and scheduled rent reviews were completed. One commercial rent was increased in The Period.

E. The Grants Sub-Committee met 12 times in The Period

Education, Relief in Need Hardship or Distress Grants

- a) A constitutional grant of £950 was awarded by the Charity to the John Palmer's Educational Foundation in Suckley.
- (b) The Grants Committee awarded relief in need and educational grants to organisations and individuals totalling £338,626 and helped administer the City Council's DWAS relief in need grants worth £81,973 inc VAT (£68,311 net), to individuals in need (details page 12).
- (c) The Charity has focussed its main help on **three organisations** in particular, being those that provide the most help to the poorest and those in greatest need in Worcester. The **MAGGS** Day Centre for the Homeless, **Worcester Citizens Advice** and **Armchair Furniture Re-Cycling** have all been provided with free/subsidised use of premises worth about £77,210 and grants totalling £208,488 to assist with their work for the poor.
- (d) In 2012 The Charity agreed to fund a **Money Management Advice Post** annually, based at the Citizens Advice Bureau which continues to provide excellent communication and grant administration between us in respect of mutual clients with financial problems. This Advisor also provides financial literacy advice. During 2017/2018 he interviewed over 120 clients helping them with benefits, water bills, financial, unemployment and debt issues.
- (e) In 2012 the Grants Committee ceased making grants for **school uniform** due to the Pupil Premium being paid to schools. Clothing grants for school children in need were however introduced, based on the family's income and expenditure, and their clothing needs.
- (f) In 2013 The Charity agreed to help fund a free **Legal Advice Scheme** annually in partnership with the CAB and originally the Worcester Law School, now the University, whose students provide supervised free legal advice to poor people. For 170 clients, where there has been a financial outcome, from 2017 – 2018, the total benefits were £297,676, greatly increasing their ability many to manage financially.
- (g) In 2016 The Charity spent £500,000 purchasing and renovating a building for use by Maggs as a **clothing project, administrative offices, a domestic training centre and a free clothes store, mainly for street sleepers**. It was let to MAGGS in December 2017 on a peppercorn rent, with the two flats for the homeless "over the shop" being managed by "SmartLets" at Worcester Citizens Advice.
- (h) The Committee awarded education grants over two years totalling £41,935 to the Tudor House Museum, and for one year totalling £33,323 to Worcester Action for Youth, Dancefest and Worcester Community Trust providing educational facilities, youth clubs and holiday play-scheme facilities in Worcester (see page 12)
- (i) The Committee continued leasing the Tudor House Museum to Worcester Heritage and Amenity Trust at a nominal rent together with agreeing to pay the salary of a part-time curator and assistant for a further two years' period until June 2021.
- (j) The Committee awarded 4 grants totalling £2,375 to individuals in need of financial assistance with their education (see page 12)

9. ALMSHOUSES AND AFFORDABLE HOUSING FOR THE HOMELESS

The Charity owns two complexes of Retirement Almshouses:-

Berkeley Court, The Foregate - 7 flats and

Nash's and Wyatt's Court, New Street - 25 flats

The former Berkeley's Chaplain's house became the Charity's administrative offices in 2013, and the former Nurse's house became the resident warden's house.

The former Chapel was converted to a community room in 1997 and is available for use by charities and non-profit making organisations, usually without charge depending on reserves' levels.

The residents' accommodation charges were reviewed in The Period. All bar one of the residents receive Housing Benefit. In The Period 3 residents left and 3 were appointed.

The Resident Wardens and partners - Paul and Lorraine Saunders and Julie Fenson continue to provide a very high standard of first line support and care-taking, with specialist help from Headway Trust, who support as required.

Applicants for sheltered housing must be poor and must have lived in Worcester for at least 12 months. Retired or nearing retirement applicants are preferred, although applicants below retirement age are occasionally considered if they have a need for, and would benefit from, accommodation in a sheltered environment. The Charity advertises vacancies when available under "Accommodation Available" with the criteria.



Berkeley Court, Foregate Street - 7 flats



Nash's and Wyatt's Court, New Street - 25 flats

General repairs and maintenance of the Sheltered Housing have been carried out throughout The Period. Testing and servicing of all gas appliances is carried out annually with a full inspection done in 2015. Berkeley's Court and the Chapel Community Room were externally redecorated in 2014. Further work will be carried out in the Spring of 2019 including clearing the rainwater gutters.

AFFORDABLE HOUSING FOR THE HOMELESS

Since 2013 the Charity has been pursuing a re-investment strategy of providing affordable housing for the single homeless, and since 2015 has been helped by Homes England with grants to create flats “over the shops” and in empty office buildings. This is an exciting new strategy that provides housing for the homeless and also makes a reasonable commercial profit from a worthwhile charitable activity, at a time when good investment returns are difficult to find, and affordable flats for the homeless are in short supply.

By November 2018 there were 37 new units of affordable accommodation created in the previous 5 years. All the properties are managed on behalf of The Charity by Citizens Advice & WHABAC who run a “SmartLets” lettings agency for the homeless, i.e. people who are unable to afford private sector rents. The CAB is paid 15% commission as a management fee.

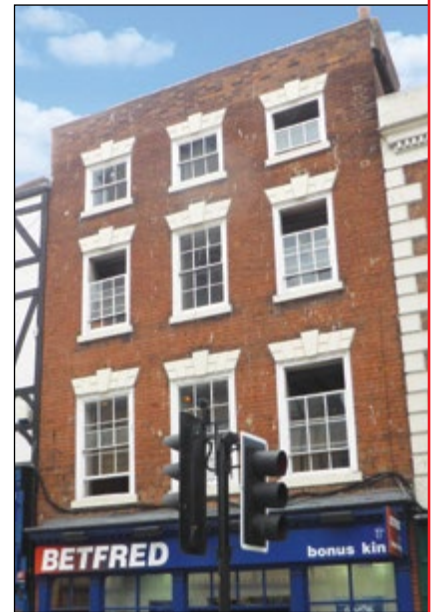
Existing - 37 Flats



2013 - 9 Sansome Place
6 studio flats - occupied



2014 – 16/17 St. Swithins Street
6 one bedroom flats - occupied



2016 – 21 The Cross
3 one bedroom flats - occupied



2017 – 15 St. Swithins Street
4 bedroom HMO - occupied



2017 – 19 Foregate Street
5 one bedroom flats, 1 studio flat
& a shop/office - occupied



2017 – 59-60 The Tything
2 one bedroom flats - occupied

Existing Flats



2018 - Sir Thomas White Court
10 new one bedroom flats -
occupied

A further 27 flats are proposed subject to planning consent and grants from Homes England.



3-4 Shaw Street
25 one bedroom flats



8 Sansome Place
2 one bedroom flats

The names of historic donors have been used for two of the new developments "Shewringes and Gouldings House", and "Sir Thomas White Court".

10. GRANTS AWARDED IN 2018 BY THE CHARITY

RELIEF IN NEED AND EDUCATIONAL GRANTS – (inc.+3% from 2017)

Grants determined by Constitution	£
Palmer's Educational Foundation	950.00*
0.1% of The Charity's "clear" income or £950 whichever is the greater	

"REVENUE" GRANTS TO ORGANISATIONS

£

Armchair furniture recycling	Running Costs, free furniture - means tested	15,621.00
CAB/WHABAC	Running Costs, advice, support, legal aid	164,705.00~
Dancefest	Dancing lessons, (social housing areas)	10,537.00*
Maggs Day Centre	Running Costs, day centre, clothes, training	28,162.00
Shopmobility	Running costs, (frozen, as not means tested)	7,000.00
Worcester Action for Youth	Running costs - assistance to youth clubs	27,571.00*
Worcester Action for Youth and All Sorts of Performing Arts	one off grant for equipment/staging	5,000.00
Worcester Community Trust	Holiday play schemes (social housing areas)	18,000.00#
WHAT Tudor House Museum	Curator's salary, part-time	21,175.00*
(£41,935 spread over 2 years) July 2017 – June 2018 £20,759.76		
July 2018 – June 2019 £21,174.96. Extra £15,000 2019 onwards		
for additional paid educational assistance.		
All Sorts of Performing Arts	Decorating and Projector	790.00
Total		£299,511.00

* Educational grants

50/50 relief in need and education. (WCT £18,000 (subject to matching.)

~ CAB/WHABAC core support costs £99,361 - 60%; legal aid project £28,670 – 17.5%; money advisor £32,363 – 20%; ethnicity training & language (education) £4,311 - 2.5%;

INDIVIDUAL GRANTS

£

Education grants of £1,000 or more	2,000.00*
Education grants under £1,000	375.00
Relief in Need grants under £1,000 for carpets and essential items	32,139.00
White Goods under £1,000	4,601.00
DWAS Relief in Need grants under £1,000 (81,753.93 gross)	68,311.00 (net)
Total	£107,426.00

The grants included educational grants and the following essential household and personal items: Carpets, Washing Machines, Cookers, Electric Clothes Driers, Fridges, Fridge Freezers, Microwaves, Clothing Grants, Removal Costs, Vacuum Cleaners, and "other household items"

Grand Total £406,937.00

Page 38 shows grants paid of £423,897. This amount includes £16,960 grants administration costs.

WORCESTER MUNICIPAL CHARITIES (CIO)

11. Relief in Need Grants & Grants to Promote Education for Individuals in Need

GENERAL POLICIES & PRACTICES – ADVICE FOR SUPPORT WORKERS & APPLICANTS

It is the Charity's policy not to make a grant if adequate funds are available from:

1. **Family/Friends**
2. **DWAS** for white goods - www.worcester.gov.uk/discretionary-welfare-assistance-scheme
3. **DWP** for a Budgeting Loan - www.gov.uk/budgeting-help-benefits/how-to-claim
4. **Health Authority** for disability aids - www.hacw.nhs.uk/our-services/equipment-service
5. **County Council** for child care services - www.worcestershire.gov.uk/info/20501/children_young_people_and_families
6. **Student Finance England** for promotion of education - www.gov.uk/apply-for-student-finance/how

The application form must be endorsed to show that all 6 options have been considered and with what result. Failure to do so will mean the application will be deferred to enable these enquiries to be made.

The Grants Committee will consider the income and expenditure sheets of each applicant and their ability to meet their own needs, with budgetary assistance from Citizens Advice Worcester if required.

Applications may be turned down if the applicant has not demonstrated financial hardship, or is seriously mismanaging his/her income by spending excess amounts on luxury items like "Sky TV" rather than on necessities like food and clothes. Individual budgetary advice may be provided by the Citizens Advice Money Adviser in such cases.

To consider, as a condition of any grant to an individual, the possibility of debt advice, usually with help from Citizens Advice Worcester.

Not to commit the Charity to repeat a grant to an individual or organisation.

The Trustees reserve their complete discretion in all cases.

GRANTS FOR RELIEF IN FINANCIAL NEED

Can be considered for people living in Worcester City only.

All applications from an individual for a relief in need grant must be endorsed by a support worker from the statutory or voluntary bodies in Worcester, using the forms available on the Charity's web-site. The support workers are relied upon to provide to applicants such additional help that the applicant may require e.g. in respect of their vulnerability and other needs.

One-off grants can be considered for "essential" items like cookers, fridges, fridge freezers, washing machines, clothes airers, food, clothes, fuel bills, carpeting, a television, a vacuum cleaner, other household items; in exceptional circumstances help may be considered for holidays or holiday activities.

The Trustees judge as "essential" those items that people generally nowadays feel they cannot manage without, and that form part of an expected way of life in today's society.

GRANTS TO PROMOTE EDUCATION

Can be considered for people in need, of any age, living in Worcester City, the Parishes of Powick, Bransford and Rushwick, and the Ancient Parish of Leigh.

Applicants for educational grants do not need a support worker but references/reports may be requested from the institution concerned.

Applications may be considered from people of any age who live outside these areas but who have attended school in the City for at least two years.

The Trustees will not normally consider applications from persons attending educational establishments in the City who, prior to enrolling, lived outside these areas for two years or more, and/or who still live outside them.

The Trustees will not normally consider applications from persons attending educational establishments with national catchment areas e.g. the New College (for the blind) and Worcester University, unless they were resident in the area of benefit for at least two years, or attended school in the area of benefit for at least two years, prior to enrolling at the relevant institution.

Applications in respect of fee-paying institutions, for travel abroad, and awards beyond 1st Degree level are normally excluded.

Assistance with school uniform grants is not provided in the light of the Government's Pupil Premium payments to schools for such purposes. Any requests for non-distinctive clothing may be considered for a "relief in need" grant based on family income and expenditure.

WORCESTER MUNICIPAL CHARITIES (CIO)

12. A SOCIAL INVESTMENT PROGRAMME

Free use of the Charity's property facilities in 2018

Since 1997 the Charity has been donating some "surplus" funds to provide subsidised office accommodation for like-minded City charities who are helping the poor or providing free education or educational facilities in areas of social need.

The Charities SORP (FRS 102) requires that facilities and services donated to a charity for its own use which it would otherwise have purchased must be included in the Charity's accounts when received, provided the value can be measured reliably. Value to the beneficiary Charity is the amount that the Charity would pay on the open market for an alternative item that would provide a benefit to the Charity equivalent to the donated item.

Worcester Municipal Charities (CIO), as the donors of these "facilities" to the charities concerned, have estimated the rental values based on 8% of their capital value as contained in their Quinquennial Valuation of 2015 as follows, with the exception of leasehold properties which have been estimated individually based on the advice from their Chartered Surveyors, and any actual bills paid in The Period.

No.	Property - Let to:	Capital	Rental Value
28/29	1 & 2 Inglethorpe Court (50 years' Leasehold 2001) CAB/WHABAC	£110,000.00	£8,800.00
40/41/42	Old Glove Factory , 13 & 15 Lowesmoor totals	[£850,000.00]	[£68,000.00]
	Old Glove Factory , 13 & 15 Lowesmoor CAB/WHABAC (42% of total)		£28,560.00
	Total service charges utilities etc paid by WMC		£19,573.00
43	St. Albans, Deansway (150 years' leasehold 2008) Maggs Day Centre	£50,000.00	£10,000.00
44	Tudor House , Friar Street (125 years' leasehold) WHAT . Lease £1.00; £1,000 p.a. insurance paid.	£100,000.00	£7,000.00
46	Medway Youth & Community Centre Worcester Action for Youth All Sorts of Performing Arts (50 years leasehold 2002)	£75,000.00	£6,000.00
53	59/60 The Tything Maggs Clothing Store, Activity Centre and Offices	£373,145.00	£29,850.00
Total facilities in kind provided in this period:			<u>£109,783.00</u>

13. THE CHARITY'S STRATEGIC OBJECTIVES, INVESTMENT POLICY & REVIEWS

Put simply, these are to fulfill the registered charitable objectives for people in need, by using its endowed funds to provide the necessary income to the "best advantage", inter alia, by ensuring the process involves "value for money" principles.

The Charitable Objectives

- (a) the relief of persons resident in the City of Worcester who are in conditions of need, hardship or distress including by making grants of money to individuals, or to organisations which provide relevant services; or providing or paying for items, services or facilities calculated to reduce the need, hardship or distress of such persons;
- (b) to carry on for the benefit of the community the business of the provision of social housing in the form of almshouses and affordable social housing and any associated amenities for persons in necessitous circumstances upon terms appropriate to their means; and
- (c) the advancement of education by promoting education in the area of benefit being the City of Worcester, the Parishes of Powick, Bransford and Rushwick, and the area of the Ancient Parish of Leigh, all in the County of Worcestershire, in such ways as the trustees think fit.
- (d) Twelve per cent (12%) of the Net Income of the CIO from its permanent endowment assets shall be applied for the educational purposes set out in clause (c).

Strategic Financial Reviews and Reinvestment Programmes 1980s/90s and 2013 onwards

Background

The Charity's annual income is composed almost entirely of rents from its **commercial properties**, comprising shops, offices and warehouses, and from its two types of **social housing** almshouses for **retired people** (32 units), and affordable almshouse flats for the "**younger homeless**" (37 units, with another 27 planned).

1980s. In the first part of the 20th century the Charity's endowed property comprised principally farms, farmhouses, cottages, and farmland across Herefordshire and Worcestershire, together with a small amount of commercial property in Worcester. Following an investment policy review in the late 1980s, the Charity began a wholesale transition from agricultural to commercial investments, including the purchase of two very large offices resulting in large rental increases.

Building on that success, the Charity also disposed of all its stock-market holdings and reinvested that money also in commercial property, with similarly improved returns. This policy effectively quadrupled income and proved wholly successful for about 25 years, allowing more money to be spent on the beneficiaries.

2012 onwards, as the High St. recession began to seriously affect the viability of the commercial shops and the larger offices, the trustees began reviewing their investment policies and looking at alternative forms of investments given the low interest rates which were still falling.

The trustees' review concluded that the reinvestment policies that had been pursued following the 1980s review, were effective, and were the best that could be devised at the time for the Charity and its beneficiaries, both short and long term. However, the buoyant days of the High Street shops and city centre offices were clearly on the wane, the bubble was bursting and new sustainable strategies were becoming urgent.

Special consideration in 2012 was given to one big office property with a large rent and a real risk of non-renewal at lease expiry time in February 2018. It was agreed to commit £50,000 a year to a sinking fund to help with the possible transition to a new use if this became essential. By the end of The Period, this risk had become a reality, with a surrender notified verbally in November 2017, and the tenants due to leave in February 2019, after “holding over” for 12 months. The property has been marketed as commercial offices to let since February 2018 but with no serious interest expressed. The plan now is conversion to affordable housing, subject to planning consent and H.E. grants. A planning application for 25 flats was made in December 2018. It is a grade 2 listed building so the exemption does not apply. Previously comprising two imposing Georgian houses, with an extension it is now a large office. The Conservation Officer supports returning the entire building to residential use and a decision is expected on April 18th.

By 2013 some of the Charity’s city centre shop tenants were struggling to pay the rent and the Charity asked the tenants to consider surrendering the empty rooms upstairs out of the leases, in return for a rent reduction. This was agreed and considerable investment was then made in developing flats above the shops that the Charity owned at 15 & 16 St. Swithin’s St. This provided a reasonable return and equally important, a charitable objective of 6 new flats for people on low incomes at risk of homelessness. These developments also brought about large reductions in rent for the tenant shopkeepers trading below, and helped to make their businesses sustainable and affordable.

In 2014 resulting from the need to reinvest the large proceeds from the forced sale of a doctors’ surgery in Hereford, and in view of the recession on the High Street, and the steady growth of on-line purchasing, the trustees reviewed the entire investment portfolio of the Charity as required by the Trustee Act 2000. It was decided generally to continue investing in the High Street, but only if the particular shop, its location and its type of sales looked sustainable, despite on-line shopping. A Pizza Take-Away with a buoyant trade, was considered suitably sustainable, and was purchased using part of the proceeds from the Hereford sale. However it was sold to great advantage to a speculative buyer prepared to pay almost twice what it cost at auction.

In addition, having learned from the flats “over the shops” experience, part of the Hereford sale proceeds was committed to the purchase of the Samaritans’ office at 9 Sansome Place, which in 2014 was turned into 6 studio flats for people on low incomes, at risk of homelessness, with a reasonable return on the investments as well.

In 2015, as part of this strategic change of investment direction, the trustees decided to register with the Homes and Communities Agency as a not for profit housing association, as this opened the door to applications for grants to help develop “affordable” housing for the homeless. This registration depended on registration as a CIO first, which was lodged with the Charity Commission in 2015, and registered in May 2016. After that, a preliminary application to register as a Housing Provider was also accepted, followed by a successful detailed application and registration as a private not for profit Housing Association on 1st August 2017.

In 2015 the trustees purchased the freehold of 19 Foregate St. after obtaining planning consent for 5 flats for the homeless. In 2016 planning consent was obtained for a 6th (studio) flat and a shop on the ground floor there and the work was completed in 2017 and now has 6 homeless occupants, and a shop tenant.

In 2016 the trustees purchased the freehold of 59/60 The Tything for use by MAGGS (day centre for the homeless) as their rent-free admin. offices, with a “free clothes” store for the poor/homeless, a domestic training centre for the homeless with two flats upstairs for the homeless (modernised with help from an HCA grant) and managed by Worcester Citizens Advice through its “SmartLets” agency. The purchase allowed MAGGS to surrender a rent-free leased admin office, and also released the existing “free clothes” store for conversion to two flats for the homeless which was completed by November 2017.

2017 At the end of the year the trustees owned 27 units of affordable housing for the homeless, all let, and work had just started on the next 10. Planning consent was secured for the creation of a further 2 in the former Maggs clothes store. The HCA paid, or committed, a grant of about £530,000 gross in respect of 20 self-contained one bed flats, as some were built before the Charity's registration as a Housing Association, or were not eligible e.g. studio flats lacking a separate bedroom.

2018 Following the entire loss of its County Council income in 2014 by Home-Start, the trustees discussed with their trustees the long term future of The Charity and the "peppercorn" lease of their large office and car park. Mutually acceptable terms were agreed for the surrender of Goodrich House with re-location to one of the Charity's properties on a rent-free basis. Plans were then made to develop the office building into 4 flats and to create a further 6 flats on the car park, all for single people on low incomes who were potentially homeless. Planning consent was secured in 2015/16 and the work was begun in 2017. 10 new flats were handed over in October and officially opened on 16 November by Robin Walker M.P., and Jabba Riaz, the Mayor of Worcester. The development has been shortlisted for the Prince Charles' "Patrons Award" for the Almshouse Association.

As commercial properties became available for re-letting, they were sold instead, with a view to creating more affordable flats in Worcester. Moving assets out of Herefordshire enabled HCA grants in Worcester. Two sales were "social programme" charity lettings on peppercorn rents of £1 p.a. One was a sustainable commercial shop for which a generous speculative offer was accepted.

SOLD	Sale Price	Rent Loss p.a.
Wargrave House Surgery (Hereford) sold to G.P. tenants	602,000.00	46,700.00
2 Hawthorne Cottages (Hereford) sold by sealed offers	222,000.00	1,000.00
23A St Owen's St. , Hereford (offices) - NHS cuts	154,600.00	10,000.00
48 Gaol St. , Hereford (offices) - NHS cuts	128,000.00	10,750.00
Bricklehampton smallholdings sold by sealed offers	321,500.00	3,638.00
Pan Pizza New St - bought £168,000 & sold due to high offer	300,000.00	15,000.00
38 Lowesmoor (Charity Shop) Charity wound up	191,000.00	1.00
4 Checketts Lane Industrial (Day Centre) Charity wound up	195,000.00	1.00
Totals: <u>5.8% rent loss on investment</u>	£1,512,100.00	£87,090.00

To fund the new homes the Charity has sold off eight properties which raised £1.5m capital. The downside has been the loss of £87k p.a. from rents from these former assets. Conversion to social housing would in part offset this loss through the rent generated, but a significant injection of capital funds from Homes England is needed to compensate for the loss.

The result to date has been 37 new affordable units for vulnerable people. This new accommodation has also contributed to the physical regeneration of Worcester city centre.

The trustees took professional advice in relation to all the investment policies reviewed in The Period and in respect of purchases and sales of commercial property.

No almshouse properties were sold and, as a precaution, the Trustees have registered all almshouses as "endowed" property, which may not be sold to residents under the existing right to buy or acquire legislation.

Compliance with Homes England's Value for Money Standard

From 2018 onwards, registered Housing Associations are obliged to spell out in the Annual Report whether they comply with the HE Standard and how. As part of the initial registration process the Charity had to provide evidence to demonstrate that it was financially viable and had good quality financial controls and procedures in place. These are being updated to reflect the practices adopted subsequently.

The purpose of the Charity's financial investment is to yield the best return within the level of risk considered to be acceptable. There is also a legal requirement to review investments from time to time and to diversify investments.

The strategic, incremental changes to investment made since the 1980s are set out above, with the underlying rationale for those made over the past 33 years. The Charity has recorded its income and expenditure carefully, and the headline results are that the earned income from investments has risen from 1985 by an average compound increase of 6.35% every year compared to a U.K. average of 3.54%.

The Charity reviewed its Investment Policies and Procedures in 2018 and will report its findings to the Board at its January 2019 meeting. A major factor in this very favourable financial result has been the longstanding policy decision to accumulate unspent contingency money of up to 10% on property investment each year, by saving it up gradually until more property can be afforded without borrowing.

The Returns on the "High Street" Properties of shops and offices are static, and present a very real challenge. Where street access is possible, turning the upstairs into flats for the homeless has proved successful, but it's hard to find another economic way forward. There are two charity shops let on beneficial rates which seem to be afloat, but in reality only those "shops" like hairdressers, beauty salons, shoe repairs and food shops are surviving, as none of them have to compete with on-line sales. However, the butcher's shop is easily the best and most popular in Town.

The Charity has managed to keep all its shops and offices occupied, bar one enormous office which is being converted into residential use subject to listed building consent and H.E. grants for 25 units for the homeless.

There are four rent reviews due in 2019 for which we have negotiated a modest fixed rate with the agents, as a stand-still rent review is the most likely outcome.

Most of the shops are in a single street, the lower part of which has been dubbed "charity alley". However it does have a wonderful footfall as it provides the main pedestrian route to The Shambles and the new Asda further down. Like other landlords in a similar position, the Charity can only wait and see what happens and diversify into residential in the meantime.

The Charity has never borrowed money but has been delighted to be able to take advantage of interest free grants from Homes England, which have greatly increased the pace of providing more almshouses, whilst allowing the Charity to maintain its network of financial support to the homeless. The Charity sponsors a homelessness day centre, a domestic training unit, free clothes and free recycled furniture when re-housed.

The Board reviews its investment strategy and almshouse maintenance strategy regularly, including consideration of where savings might be made, for example by installing solar panels and water meters.

Cost comparisons with other housing associations are problematic without detailed reports on the age and present state of repair of their entire housing stocks.

Routine Almshouse Maintenance Costs

In 2018 the Charity monitored the cost of maintaining the 27 affordable almshouse then being let, and it

produced a figure of £735 plus a 15% management fee of £750 for the letting agents who support a difficult to manage group of residents on licences to occupy. This figure has now been applied to all 37 units in the 2019 budget. This is considerably less than the lowest amount of £2,020 quoted in the “average costs revealed by the regulator.” The charity generally has lower than average administration costs as it benefits from unpaid trustee involvement.

Between 1899 and 1985 the Charity “lost” 32 of its original 64 almshouses, due entirely to a lack of routine maintenance, which was caused mainly by a policy decision not to charge rent, even when Income Support first became available through the Beveridge reforms in the late 1940s. Almshouse properties decayed and were sold for development or modernisation, or demolished as they became uninhabitable, and the sites were sold.

By 2020 the Charity will have a total of 96 units comprising 7 built in 1708, 25 in the 1960s, 27 between 2013 – 2017, 10 in 2018, 2 in 2019, and 25 in 2020. The 7, originally built as 14 in 1708, were not modernised until 1965 with toilets installed instead of privies. They were reduced in number from 14 to 7 in 1981, by turning two into one, and baths were replaced with showers in the 1990s. The 25 built in 1964 on a 16th century site, originally with 15 almshouses which were demolished, have had a complete modernisation of the electrical wiring, showers to replace bathrooms, and a rolling programme to replace the kitchens will take place between 2019 – 2025. The 37 built between 2013 and 2018 are already subject to minor maintenance and repairs arranged by the Worcester Citizens Advice “SmartLets” agents.

“Programme Related Investment”

In 2013 the Charity adopted this Charity Commission recognised programme which ***“uses assets to directly further the charity’s aims, while potentially also generating a financial return”***.

Subject to planning consent and grants from Homes England, by 2021 there will be 64 new “affordable” flats for the homeless, with an approximate rental return of £320,000. The 2019 Investment Report to the Board demonstrates that the reinvestment strategy is both sustainable and diverse and, in particular, almost replaces the lost income of £150,000 from the vacation of the Shaw Street offices in 2018 with 25 affordable flats for the homeless, and only an overall loss of about £12,000 in rental income. Advertising the lease of the building for 12 months produced no serious enquiries, and the alternative option to sell the building for development could realise about £500,000 only to invest, which represented a huge potential loss to the Charity. The Trustees believe they have made the best of a bad job, brought about through circumstances entirely beyond their control.

Tendering Policy for Capital Projects – Threshold of £500,000

In 2013/14 the Charity sought competitive tenders for the development of 12 affordable flats for the homeless and appointed the chosen contractors as “preferred providers.” It was agreed that the preferred provider would be used for all work under £500,000 but their tenders would always be checked by our retained Quantity Surveyors. The one exception to this was two contracts on a single site in 2018 where the preferred provider was awarded the first contract at £273,000, and then offered the second at £657,240 as there were no preliminary charges which benefited the charity considerably. Competitive tenders will be sought for the c. £1,800,000 contract in 2019. The charity also has in place preferred providers for water, electricity, general maintenance and carpentry.

Future Investment

In broad terms, there is no real shortage of retirement facilities for the elderly in Worcester; commercial high street shops and offices are on standstill rents; and any new capital, if it can be matched by HE grants, will be directed towards affordable flats for the single homeless in continuation of the charity’s “programme related investment.”

Homes England - Value for Money Metrics

The below financial information is stated at the 31st December 2018.

1. Reinvestment percentage

This is the cost of development and/or acquisition of new or existing housing properties as a percentage of the value of the ones already owned.

The percentage is: **15.93%**

2. Percentage of new supply delivered

This is the number of social housing units developed or newly built during the year as a percentage of the number of social housing units held at year end.

The percentage is: **14.49%**

3. Social housing cost per unit

This is the total cost of ownership and management of social housing units divided by the number of units owned and/or managed.

The cost per social housing unit is: **£3,498**

4. Operating margin as a percentage

There are 2 margins to report.

The first is the operating result from social housing lettings, i.e. total income minus total expenditure, expressed as a percentage of total income.

The percentage is: **32.68%**

The second margin to report is the overall operating margin, i.e. total overall income minus total overall expenditure of the organisation, expressed as a percentage of total overall income.

The percentage is: **31.37%**

5. Return on capital employed (ROCE) as a percentage

This is the overall operating margin divided by the (total assets minus current liabilities).

The percentage is: **2.47%**

14. THE COST OF ADMINISTRATION & GOVERNANCE

The more a charity earns, and the less it spends on administration, the more there is available for direct charitable expenditure and grants. The trustees therefore remain anxious to ensure that there is no unnecessary waste on administration.

Every effort is made to keep the cost of administration to a minimum. The trustees themselves do not claim expenses. However, with 22 Trustee meetings, two property inspections a year and the inevitably high cost of servicing a huge volume of individual applications for assistance, there is an inbuilt unavoidable administration cost. In The Period the Charity spent £12,152 (1%) of gross income on Governance and £89,191 (7.5%) of gross income on Administration.

15. PROPERTY RE-VALUATIONS

In 2015 the trustees commissioned a quinquennial property revaluation exercise. The Commercial Properties were valued by Guise Jones Sawyer and the agricultural properties by ARC Surveyors. The “Functional Properties”, occupied by the Charity and others with similar objects, were also re-valued based on vacant possession. The exercise will be repeated in 2020.

16. PROPERTY INSURANCES

In 2010 the trustees commissioned a complete revaluation of property insurance including accurate rebuilding costs and loss of rent calculations. The insurers are still Ecclesiastical Insurance Office Plc, arranged through Hazleton Mountford Ltd

17. RESERVES POLICY AND FINANCIAL RISK ASSESSMENTS

In 2010 the trustees reconsidered their reserves policies and decided to set aside reserves on an “ad hoc” basis when required e.g. for a capital programme or major repairs or maintenance. Each year a contingency sum of approximately 10% is set aside by the Charity in its annual revenue budget for unforeseen expenditure. Any unspent contingency money is transferred to the reserves to purchase new investment properties when sufficient is available, to help the Charity at least keep pace with inflation. This process has brought the Charity compound inflationary increases of 6.35% p.a. compared to the national average of 3.54%.

“New Risks” form the first agenda item for all Board meetings. In 2016 the Trustees began publishing their “Financial Risk Register & Narrative” as part of their Business Plan.

18. STAFF REMUNERATION

The trustees review the pay of all paid staff and self employed staff at the January meeting of the Board each year and generally, subject to affordability, increase salaries of both groups by UK CPI inflation.

19. SERIOUS INCIDENTS

The trustees confirm that in The Period ended 31st December 2018 there were no “serious incidents” to report.

20. THE CHARITIES' PROPERTY PORTFOLIO FOR THE PERIOD

	ADDRESS	PROPERTY	AQUIRED	CHARITY	TENANT/OCCUPANT
1.**	2 St Swithin's St	Shop	1560	St Thomas's Day	Timpson Ltd
2.**	3 St Swithin's St	Shop	1560	St Thomas's Day	Miss Sarah Johnson
3.	15 St Swithin's St, Ground Floor	Shop + 1st floor room	1560	St Thomas's Day	M & M Meats (Nelmes Family)
3A.	15 St Swithin's St	4 Social Housing Units	1560	St Thomas's Day	CAB/whabac 4 HMO tenants
4.	1 The Cross	Bank	1618	Inglethorpe's	National Westminster
5.	16 St Swithin's St, Ground Floor	Shop	1618	Inglethorpe's	Headway
6.	17 St Swithin's St, Ground Floor	Shop	1618	Inglethorpe's	SCOPE
6A.	16/17 St Swithin's St, Upper Floors	6 Social Housing Units	1618	Inglethorpe's	CAB/WHABAC 6 tenants
7.	Nash's & Wyatt's Court	25 Social Housing Units	1661	Nash's	25 Residents
8.	25 Nash's & Wyatt's Court	1 Flat	1661	Nash's	Warden's Flat
9.	13 Nash's & Wyatt's Court	Community Room	1661	Nash's	Residents
10.*	Berkeley Court	7 Social Housing Units	1705	Berkeley's	7 Residents
11.*	Kateryn Heywood House	Charities' Offices	1705	Berkeley's	WMC & Laslett's Charities
12.*	Berkeley's Chapel	Community Room	1705	Berkeley's	Residents & charities
13.*	The Gatehouse, Berkeley Court	Warden's House	1705	Berkeley's	Warden's House
14.*	The Cellar, Berkeley Court	Electricity sub-station	1705	Berkeley's	Western Power Distribution
17.	22 The Cross, Ground 1st, 2nd & 3rd	Shop & Flat	1990	WMEF	Mr Spyros Tsangarakis
18.**	3 - 4 Shaw St	Offices & Car Park	1994	WCMC/WMEF	Void
19.#	6A Checkett's Lane Ind. Est.	Offices	1996	WCMC	Enterprise Driver Training
20.#	6B Checkett's Lane Ind. Est.	Furniture Store	1996	WCMC	Armchair
21.	Castle House, Castle St	Offices & Car Park	1997	WCMC	Swanswell Charitable Trust
22.	20 Church St, Evesham	Charity Offices	1997	WCMC	Evesham & District Mental Health
27.	Sir Thomas White Court	10 Social Housing Units	1997	WCMC	Conversion to 10 flats
28.#	1 & 2 Inglethorpe Court	Offices	2000	WCMC	CAB/WHABAC
32.	Crown Lane Wychbold 1	Warehouse, Offices & Carpark	2000	WCMC	Worcestershire CC
33.	Crown Lane Wychbold 2 & 3	Wheelchair Clinic & W'shops	2002	WCMC	Worcs. Health & Care NHS Trust
37.**	8 Sansome Place	2 Social Housing Units Plan	2002	WCMC	Void
40.**	Old Glove Factory (13 Lowesmoor)	Expertan	2006	WCMC	J Fiedorowicz & K Kumorowski
41.**	Old Glove Factory (13A, B)	Offices	2006	WCMC	CAB/WHABAC
42.**	Old Glove Factory (15 Lowesmoor)	Shop	2006	WCMC	Sorin Pop
43.**AM#	St Albans, Deansway	Day centre for the homeless	2009	WCMC	Maggs Day Centre
44.**s#	Tudor House, Friar St.	Heritage Centre /Museum	2008	WMEF	WHAT
46.#	Medway Road Community Centre	Offices, Youth Club, Hall	2012	WMEF	WAY & All Sorts of Performing Arts
48.**	9 Sansome Place	6 Social Housing Units	2013	WCMC	CAB/WHABAC 6 tenants
49.	Land at Welland	45.1 acres arable land	1702	S & G	Mr Bullock - Life-Time tenancy
51.**s#	21 The Cross	3 Social Housing Units	2014	WCMC	CAB/WHABAC 3 tenants
52.**	19 Foregate Street	Office	2015	WCMC	Void
52A**	19 Foregate Street	6 Social Housing Units	2015	WCMC	CAB/WHABAC 6 tenants
53	59/60 The Tything	Charity Shop & Offices	2016	WMC (CIO)	Maggs Day Centre
53A	59/60 The Tything	2 Social Housing Units	2016	WMC (CIO)	CAB/WHABAC 2 tentants

* = Grade I Listed ** = Grade II Listed **s = Grade II* Listed AM = Ancient Monument

Leasehold - Properties are freehold except 19, 20, 28, 43, 44, 46 & 51

21. CONCLUSION AND COMMENT

- a) **The ancient trusts** now managed as Worcester Municipal Charities (CIO) were largely founded between 1559 and 1899, and originally came into being to provide almshouses, pensions, financial help for the poor, and education for the poor.



- b) **The ancient history** of the Charity and the Chapel is published separately. Please visit the web site or ask at the office for a copy.

- c) **A major history** of the Charity is being written and will be published in 2019.

- d) **In the 20th Century**, after the creation of the Welfare State in the 1940s, the work of charities was realigned to fill some of the gaps left. Charities were free to concentrate on innovation - new work that, if successful, would probably eventually be taken over by the State, whose welfare provision was increasing year by year. Charities looked for the small “gaps” left by the Welfare State and filled them.

- e) **Housing Benefit, State Pensions and Income Support** brought by far the biggest change in the administration of Almshouse Charities as they meant that the money originally endowed for the provision of rent free housing and pensions for residents has become available for other purposes e.g. grant making and social investment.

- f) **However, in the 21st Century** the State began rolling back its traditional boundaries of support for citizens and spending less each year on welfare. Work, originally taken off charities, is now being handed back by the Health and Social Services in the wholly unrealistic expectation that it can all be done by volunteers, without any need for paid staff to recruit, DBS check, train, organise and support them. This strategy seems doomed to fail, and is already leading to the collapse of charities that were created during better financial periods.

- g) **In 2013** the Government Social Fund which provided help to poor people in an emergency was all but wound up and replaced in Worcester by the DWAS (Discretionary Welfare Assistance Scheme). The Charity agreed to act as agents for the Scheme and in 2018 bought white goods to the value of £81,973 gross, thereby greatly reducing the number of grants requested from the Charity itself. The Charity won the tender to help continue the DWAS scheme until March 2019 when the new political incumbents at the Guildhall will decide how best to respond to the basic emergency needs of Worcester’s poor, mainly in receipt of means tested benefits.

- h) **In 2014** Home-Start lost its County Council funding and was forced to dramatically down-size, relocate and rely wholly on its reserves to survive.

- i) **In 2016** Worcestershire Lifestyles and ASHA were both forced to close due to a similar loss of County Council funding.
- j) **The country** does seem to be on a retrograde journey, back to the old Victorian welfare values of “help yourself or go without, try the food banks or charities”. The pace of this process has been accelerated by the recession, welfare cuts, the introduction of Universal Credit and the Government’s reductions in grant aid to Local Authorities who have cut grants to charities.
- k) **On paper** this principle of “self help and find a job” may be a laudable objective, but there will remain a rump of poor, often socially excluded, sometimes mentally impaired, perhaps addicted drug users, or alcohol abusers - people whose problem actually is an inability to help themselves no matter how hard they try, or who cannot try, because it is that inability that is their weakness.
- l) **This Charity**, and many others, will continue to do their best to help, but poverty and homelessness are very much on the increase and beyond the resources of charities on their own.
- m) **As well as offering help to individuals in need** (£107,426 inc. DWAS), the Charity is also empowered to help organisations that provide help to them.

Pictured below Sir Thomas White Court, 10 new flats, built for the single homeless. Officially opened by Jabba Riaz the Mayor of Worcester and Robin Walker MP on Friday 16th November 2018.



Also pictured from left to right Martyn Saunders, WMC Vice Chair and CAB's CEO Paul Griffith MBE, WMC Chair, Peter Jones from Homes England Frazer Bufton, Architect and Shaun Wood, Building Contractor.

Page 11 shows the 10 new flats for the homeless

Page 12 provides details of the grants made to organisations for The Period worth £299,511

Page 14 sets out the “Facility Gifts in Kind” to a number of charities valued at £109,783 for the period.

22. LEGISLATION, POLICIES, PROCEDURES, AND PRACTICES COMPLIANCE

The Charity confirms it has complied/is complying with the following:-

GOVERNANCE

The Registered Constitution and Rules as amended
The “Good Governance” Code for the Voluntary and Community Sector Checklist
Risk Register established and reviewed annually
Charity Commission’s “Public Benefit” Requirements
Review of Trustees’ Skills and Knowledge audit and their pen picture profiles
The Chairman’s Role and Job Description
Trustees’ induction and training
Trustees’ Code of Conduct
Trustees’ Conflict of interest policy
Trustees’ Declaration of Interests
Trustees’ Expenses’ policy
Trustees’ Register of Interests
Equalities Legislation
Equal Opportunities Policy
Data Protection Act (registered)
Environmental Policy
Complaints Policy and Procedure

SOCIAL HOUSING – RETIREMENT & AFFORDABLE HOUSING FOR THE HOMELESS

Housing SORP applied to Annual Accounts
Homes England “STANDARDS” for:- Home, Rent, Tenancy (Licence), Community Relations, Neighbourhood and Community, Value for Money (including Metrics)
Retirement Almshouses Allocation Policy – 12 months residency qualification
Housing Ombudsman Registration - extending licensees’ rights of complaint
Worcester Citizens Advice Landlord and Agent “Smartlets” Agreement.
Rent Arrears Protocol

FINANCES

Accounts Audited externally annually
Annual Business Plan
Annual Budget – Revenue & Capital separately
Register of Assets and Liabilities - Maintain a current record of any new buildings under construction, together with any associated contractual liabilities to the contractors concerned.
Financial Controls Policy including Value for Money & Metrics
Financial Forecast Review
Financial Viability Policy
Insurance - Take out appropriate policies annually
Reserves - Set aside suitable major reserves for capital projects – 10% revenue contingency

REVIEWS

A review of all policies, procedures, practices and compliance is completed annually

23. PRINCIPAL ADVISERS TO THE CHARITY

SOLICITORS

HallmarkHulme LLP
3-5 Sansome Place
Worcester
WR1 1UQ
Tel. 01905 726600

BANKERS

Unity Trust Bank Plc
Nine Brindley Place
Birmingham, B1 2HB
Tel. 0121 631 2743

ARCHITECTS

Lett and Sweetland, Architects
58 London Road
Worcester, WR5 2DS
Tel. 01905 353768

COMMERCIAL VALUERS

GJS Dillon, Chartered Surveyors
7 Roman Way Business Centre
Droitwich, WR9 9AJ
Tel. 01905 676169

ARC Surveyors Ltd

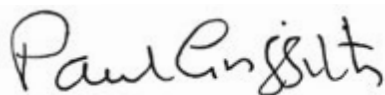
Adrian Robinson, MRICS
Chartered Surveyors & Land Agents
The Estate Office
Madresfeld, Malvern
WR13 5AH
Tel. 01684 588400

AUDITORS

Ballards LLP
Oakmoore Court
Kingswood Road
Hampton Lovett
Droitwich, WR9 0QH
Tel. 01905 794504

TRUSTEES' APPROVAL

The foregoing Report of the Trustees, pages 1 – 26, was approved by the Board of Trustees on 29 May 2019, together with the audited Accounts pages 27 - 45 and was signed on behalf of the Trustees by:



PAUL GRIFFITH, MBE (Chairman)

MARTYN SAUNDERS (Vice-Chairman)



24. Audited Accounts - Worcester Municipal Charities (CIO)

Year Ended 31 December 2018

Statement of trustees responsibilities

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales 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 charity and of the incoming resources and application of resources of the charity 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 of the Housing SORP 2014 (FRS 102);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any 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 charity 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 charity and enable them to ensure that the financial statements comply with the Housing SORP 2014 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Disclosure of information to the auditors

We, the trustees of the CIO who held office at the date of approval of these financial statements each confirm, so far as we are aware, that:

- there is no relevant audit information of which the charity's auditors are unaware; and
- we have taken all the steps that we ought to have taken as trustees in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

In approving the Trustees Report, we also approve the Strategic Report included therein, in our capacity as company trustees.

On behalf of the Board of Trustees

A handwritten signature in black ink, reading "Paul Griffith". Below the signature is a horizontal line of small dots.

Paul Griffith MBE, Chairman

Worcester Municipal Charities (CIO)

Auditor's Report

Year Ended 31 December 2018

Opinion

We have audited the financial statements of Worcester Municipal Charities (the charitable incorporated organisation – 'charity') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

(This report is made solely to the charity's board, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008 and section 137 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the charity's board 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 charity and the charity's board as a body, for our audit work, for this report, or for the opinions we have formed.)

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2018, 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 Housing SORP 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2015.

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- *the board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or*
- *the board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.*

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Worcester Municipal Charities (CIO)

Auditor's Report

Year Ended 31 December 2018

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the board report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

Responsibilities of the board

As explained more fully in the board's responsibilities statement set out below, the board members (who are also the trustees of the charity for the purposes of charity 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 board 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 board is 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 board either intends to liquidate the charity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and section 136 of the Housing and Regeneration Act 2008 and report in accordance with regulations made under section 154 of the Charities Act 2011 and section 137 of the Housing and Regeneration Act 2008.

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board.
- Conclude on the appropriateness of the board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence

Worcester Municipal Charities (CIO)

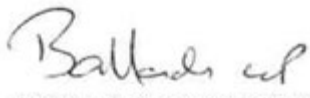
Auditor's Report

Year Ended 31 December 2018

obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


19 June 2019

Ballards LLP Statutory Auditor
Oakmoore Court
11c Kingswood Road
Hampton Lovett
Droitwich
Worcestershire
WR9 0QH

Ballards LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Worcester Municipal Charities (CIO)
Statement of Comprehensive Income
Year Ended 31 December 2018

	Note	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Income	2	1,183,436	1,515,174
Administrative expenditure		(821,084)	(936,496)
Other operating income		34,682	349,330
Operating surplus		<u>397,034</u>	<u>928,008</u>
Interest receivable and similar income	4	12,922	15,634
Surplus for the year		<u>409,956</u>	<u>943,642</u>
Revaluation of investments		-	-
Total comprehensive income for the year		<u><u>409,956</u></u>	<u><u>943,642</u></u>

On behalf of the Board



Paul Griffith MBE, Trustee



Martyn Saunders, Trustee

Worcester Municipal Charities (CIO)

Balance sheet

Year Ended 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible fixed assets	7	6,452,735	5,675,972
Investment properties	8	9,276,940	9,280,953
		<u>15,729,675</u>	<u>14,956,924</u>
Current assets			
Debtors	9	131,748	162,507
Investments	10	-	120,000
Cash at bank and in hand		1,482,878	1,667,456
		<u>1,614,626</u>	<u>1,949,963</u>
Creditors: amounts falling due within one year	11	(161,753)	(134,296)
Net current assets		<u>1,452,873</u>	<u>1,815,667</u>
Total net assets		<u>17,182,548</u>	<u>16,772,592</u>
Reserves			
Income and expenditure account		17,182,548	16,772,592
Total Reserves		<u>17,182,548</u>	<u>16,772,592</u>

The financial statements were approved and authorised for issue by the Board on 26 June 2019.

Signed on behalf of the board



Paul Griffith MBE, Trustee



Martyn Saunders, Trustee

The notes on pages 35 to 45 form part of these accounts.

Worcester Municipal Charities (CIO)

Statement of Changes in Equity

Year Ended 31 December 2018

	Income and expenditure account	Income and expenditure account
	Year ended 31 December 2018 £	Year ended 31 December 2017 £
At 1 January 2018	16,772,592	15,828,950
Surplus for the period	409,956	943,642
At 31 December 2018 / 31 December 2017	<u>17,182,548</u>	<u>16,772,592</u>

Worcester Municipal Charities (CIO)**Statement of Cash Flows****Year Ended 31 December 2018**

	Note	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Cash flow from operating activities	14	(64,906)	817,039
Interest paid		-	-
Rent received from investing income		652,007	636,384
Net cash flow from operating activities		<u>587,101</u>	<u>1,453,423</u>
Cash flow from investing activities			
Payments to acquire tangible fixed assets		(778,324)	(710,079)
Payments to acquire investment properties		(22,100)	(260,237)
Receipts from sales of investment properties		15,822	5,219
Interest received	4	12,922	15,634
Net cash flow from investing activities		<u>(771,680)</u>	<u>(949,464)</u>
Net increase in cash and cash equivalents		(184,579)	503,959
Cash and cash equivalents at 1 January 2018		1,667,456	1,163,497
Cash and cash equivalents at 31 December 2018		<u>1,482,877</u>	<u>1,667,456</u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		858,996	1,033,347
Short term deposits		623,881	634,109
Cash and cash equivalents at 31 December 2018		<u>1,482,877</u>	<u>1,667,456</u>

Worcester Municipal Charities (CIO)

Notes to the Financial Statements

Year Ended 31 December 2018

1 Summary of significant accounting policies

(a) General information and basis of preparation

Worcester Municipal Charities is a Charitable Incorporated Organisation and private registered provider of social housing in the United Kingdom. The address of the registered office is given on page 1 of these financial statements. The nature of the charity's operations and principal activities are: helping Worcester City people in financial need by providing grants of essential items or services not provided for by the state. Assisting organisations who help Worcester City people in need. Provision of affordable social housing in Worcester City. The promotion of education to those in need from The City of Worcester, The parishes of Powick, Bransford, Rushwick and The Ancient Parish of Leigh..

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

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* (FRS 102), the Statement of Recommended Practice for Social Housing Providers 2014, and with the Accounting Direction for private registered providers of social housing in England 2015. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Companies Act 2006 / Cooperative and Community Benefit Societies Act 2014. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling, which is the functional currency of the charity, and rounded to the nearest £.

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

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

(b) Income recognition

Income is included in the Statement of Comprehensive Income when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

(c) Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is included on an accruals basis, inclusive of any VAT which cannot be recovered, and has been classified under headings that aggregate all costs related to that category.

Worcester Municipal Charities (CIO)

Notes to the Financial Statements

Year Ended 31 December 2018

Grants payable are payments made to third parties in the furtherance of the charitable objects of the charity. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to the performance then the grant is only accrued when any unfulfilled conditions are outside of the control of the charity.

(d) Tangible fixed assets

Housing properties

Social housing properties are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended such as the cost of acquiring land and buildings, developments costs, interest charges on loans during the development period and expenditure on improvements. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life of the property.

Land and other assets donated by local authorities and other government sources related to a specific development is added to cost at the fair value of the land at the time of the donation.

Freehold land is not depreciated. Housing properties under construction are not depreciated until they are in use and the useful economic lives of all tangible fixed assets are reviewed annually.

Other tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Fixtures and fittings	10% reducing balance
Office equipment	25% reducing balance

(e) Investment properties

Investment properties are held primarily to generate rental income and/or their capital appreciation. Social Investment properties are held specifically to further the charity's charitable purpose by letting at nominal or subsidised rents to other charities with similar objects.

It is the charity's policy to revalue the properties every five years, with revaluation gains and losses recognised in the Statement of Comprehensive Income in accordance with the SORP. The basis of valuation is for a continuing existing use or the open market value for investment purposes or disposal of sale whichever is appropriate.

Worcester Municipal Charities (CIO)

Notes to the Financial Statements

Year Ended 31 December 2018

(f) Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other administrative expenses.

Rights of social landlords to have improvement works carried out to properties by a third party are recognised as prepayments where payment has occurred in advance of the works being carried out and receipts in advance from the same third party recognised as liabilities. Assets and liabilities or income and expenditure are not offset.

(g) Current asset investments

Current asset investments are short term highly liquid investments and are held at fair value. These include investments and social investment properties which the charity expects to realise within 12 months of the reporting date, together with cash on deposit and cash equivalents with a maturity of less than one year.

(h) Government grants

Government grants are recognised under the performance model. Under the performance model grant income is recognised in the income and expenditure account when any performance conditions have been met. Therefore, where properties are held at valuation the grant received will be credited to the income and expenditure account increasing reserves on receipt if there are no future performance-related conditions.

(i) Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The charity operates a defined contribution pension plan for the benefit of its employees. Contributions are expensed as they become payable.

Worcester Municipal Charities (CIO)

Notes to the Financial Statements

Year Ended 31 December 2018

2 Turnover, cost of sales, administrative expenditure and operating surplus

	Year ended 31 December 2018			
	Income	Cost of Sales	Administrative Expenditure	Operating surplus before other operating income
	£	£	£	£
Donations received	182	-	-	182
Rental income	652,008	-	-	652,008
Social housing lettings	133,023	-	(89,819)	43,204
Grants received and paid	138,414	-	(423,897)	(285,483)
Sheltered housing	225,524	-	(186,842)	38,682
Social investment properties	34,285	-	(75,293)	(41,008)
Investment management	-	-	(33,080)	(33,080)
Governance costs	-	-	(12,152)	(12,152)
Total	1,183,436	-	(821,084)	362,352

	Year ended 31 December 2017			
	Income	Cost of Sales	Administrative Expenditure	Operating surplus before other operating income
	£	£	£	£
Donations received	223	-	-	223
Rental income	636,384	-	-	636,384
Social housing lettings	78,918	-	(30,962)	47,956
Grants received and paid	563,732	-	(496,124)	67,608
Sheltered housing	207,715	-	(271,949)	(64,234)
Social investment properties	28,202	-	(103,163)	(74,961)
Investment management	-	-	(34,298)	(34,298)
Governance costs	-	-	-	-
Total	1,515,174	-	(936,496)	578,678

Worcester Municipal Charities (CIO)

Notes to the Financial Statements

Year Ended 31 December 2018

3 Accommodation owned, managed and in development

	Number of units at 1 January 2018	Number of units at 31 December 2018
<i>Social housing</i>		
General needs housing:		
Let at social rent	-	-
Affordable Rent	27	37
Supported housing	32	32
Total owned	<u>59</u>	<u>69</u>
 Total owned and managed	<u>59</u>	<u>69</u>
 Accommodation in development	<u>10</u>	<u>-</u>

4 Interest and other finance income and expenses

a) Interest receivable and similar income

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Bank interest receivable	5,679	3,863
Unlisted investment interest receivable	7,243	11,771
	<u>12,922</u>	<u>15,634</u>

Worcester Municipal Charities (CIO)

Notes to the Financial Statements

Year Ended 31 December 2018

5 Board and key management personnel remuneration

The total remuneration for key management personnel amounted to £46,837 (2017 - £59,016).

No remuneration was received by non-executive board members.

6 Staff costs

The average number of employees, including members of the executive team, calculated on a full time equivalent was 5 employees (2017 - 5).

There are no employees who received more than £60,000 as their employee package.

Worcester Municipal Charities (CIO)**Notes to the Financial Statements****Year Ended 31 December 2018****7 Tangible fixed assets – housing properties**

	Freehold property	Sheltered accommodation	Fixtures & fittings	Office equipment	Total
	£	£	£	£	£
Cost:					
At 1 January 2018	3,031,577	2,638,776	4,097	4,051	5,678,501
Additions	8,139	767,577	435	2,172	778,323
Disposals					
Revaluation					
Reclassified as Sheltered accommodation					
At 31 December 2018	3,039,716	3,406,353	4,532	6,223	6,456,824
Depreciation:					
At 1 January 2018	-	-	779	1,751	2,530
Charge for year			441	1,118	1,559
Impairment					
Eliminated on disposals					
At 31 December 2018	-	-	1,220	2,879	4,089
Net book value:					
At 31 December 2018	3,039,716	3,406,353	3,312	3,344	6,452,735
At 31 December 2017	3,031,577	2,638,776	3,318	2,300	5,675,972

Included within the net book value of sheltered accommodation above is £324,831 of long leasehold property.

Worcester Municipal Charities (CIO)

Notes to the Financial Statements

Year Ended 31 December 2018

8 Fixed asset investments

	Commercial properties	Social investment properties	Other investments	Total £
Cost or valuation				
At 1 January 2018	7,746,154	1,185,000	349,799	9,280,954
Additions	17,031	-	5,069	22,100
Disposals	-	-	(15,822)	(15,822)
Revaluation	-	-	(10,291)	(10,291)
Reclassified as sheltered accomodation	-	-	-	-
At 31 December 2018	7,763,185	1,185,000	328,755	9,276,941
Impairment				
At 1 January 2018	-	-	-	-
Written off	-	-	-	-
Written back	-	-	-	-
Eliminated on disposals	-	-	-	-
At 31 December 2018	-	-	-	-
Carrying amount:				
At 31 December 2018	7,763,185	1,185,000	332,970	9,276,941
At 31 December 2017	7,746,154	1,185,000	349,799	9,280,954

Other investments are measured at cost less impairment.

Social investment properties

	2018 £	2017 £
Freehold	850,000	850,000
Leasehold	335,000	335,000
	<u>1,185,000</u>	<u>1,185,000</u>

Worcester Municipal Charities (CIO)**Notes to the Financial Statements****Year Ended 31 December 2018****9 Debtors**

	2018 £	2017 £
Trade debtors (gross social housing rent arrears)	89,146	47,637
Trade debtors (others)	23,615	95,441
Other tax and social security	-	-
Prepayments and accrued income	18,987	19,429
	<u>146,134</u>	<u>162,507</u>

Debtors includes £Nil (2017 - £Nil) falling due after one year.

10 Current asset investments

	2018 £	2017 £
Investment properties	-	120,000
	<u>-</u>	<u>120,000</u>

11 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	47,692	63,259
Other tax and social security	2,257	6,914
Other creditors	34,490	1,426
Accruals and deferred income	20,014	18,697
Deferred income	57,300	44,000
	<u>161,753</u>	<u>134,296</u>

Worcester Municipal Charities (CIO)

Notes to the Financial Statements

Year Ended 31 December 2018

12 Transactions with related parties

The Charity provided rent-free offices with an estimated rental value of £37,360 to CAB/WHABAC and was also charged by them 15% of licence payments in respect of management fees for managing the Charity's social housing. The charity also provided grants of £164,705 to CAB/WHABAC towards its running costs. Paul Griffith and Graham Hughes, are trustees of this charity and of CAB/WHABAC. Martyn Saunders and Geraint Thomas are trustees of this Charity and employees of CAB/WHABAC

The Charity provided rent-free offices, a day centre and "free clothes" store with estimated rental values of £39,850.00 and also made a grant of £28,162.00 to Maggs Day Centre. Sue Osborne is a trustee of this charity and of Maggs Day Centre. Mel Kirk is a trustee of this Charity and an employee of Maggs Day Centre

The Charity provided a subsidised warehouse and offices to Armchair for which a reduced premium of £55,000 was paid to the WCMC predecessor charity for a 50 year lease in 1996. Margaret Jones, Mel Kirk, Sue Osborne, Martyn Saunders and Richard Boorn are trustees of this Charity and of Armchair.

The Charity provided a rent-free Heritage Museum (Tudor House) with an estimated rental value of £7,000 and also made a grant over two years of £41,935 to the Worcester Heritage and Amenity Trust. Margaret Panter is a trustee of this Charity and of the Worcester Heritage and Amenity Trust.

The Charity received a payment of £8,401 from Laslett's Charities for the provision of administrative support and an office and facilities for the Clerk. Margaret Jones is a trustee of this Charity and of Laslett's Charities.

13 Reserves

a) Income and expenditure reserve

The income and expenditure reserve represents cumulative surplus and deficits net of other adjustments.

Worcester Municipal Charities (CIO)

Notes to the Financial Statements

Year Ended 31 December 2018

14 Reconciliation of operating surplus to cash flow from operating activities

	Year ended 31 December 2018 £	6 months ended 31 December 2017 £
Surplus for the year	409,956	943,642
Rents received from investment properties	(652,007)	(636,384)
Interest received	(12,922)	(15,634)
Depreciation and impairment of tangible fixed assets	1,559	1,136
Changes in fair value of investment property	10,291	(31,943)
(Increase) / decrease in current asset investments	120,000	650,000
(Increase) / decrease in trade and other debtors	30,760	8,965
Increase / (decrease) in trade and other creditors	14,157	(99,431)
Increase / (decrease) in deferred income	13,300	(3,312)
Net cash flow from operating activities	<u>(64,906)</u>	<u>817,039</u>



Nash's and Wyatt's Almshouses - The original almshouses of John Nash (New Street 1661) and Michael Wyatt (Friar Street 1775) were both condemned as part of the infamous "slum clearances" of the 1960s and rebuilt together on the New Street site in 1964



The Old Glove Factory - Grade II listed building - built 1691

Now occupied commercially by Expertan and Barber, Sorin Pop with the Charity providing the rest of the property to Worcester CAB/WHABAC rent free.



Maggs Day Centre for the Homeless

St Alban's Chapel

Grade 2 Listed Building & Ancient Monument
provided rent free by the Charity

Tudor House Museum

Grade 2* Listed Building

Let to Worcester Heritage &
Amenity Trust Ltd on a
Peppercorn rent

