



Peabody Community Foundation

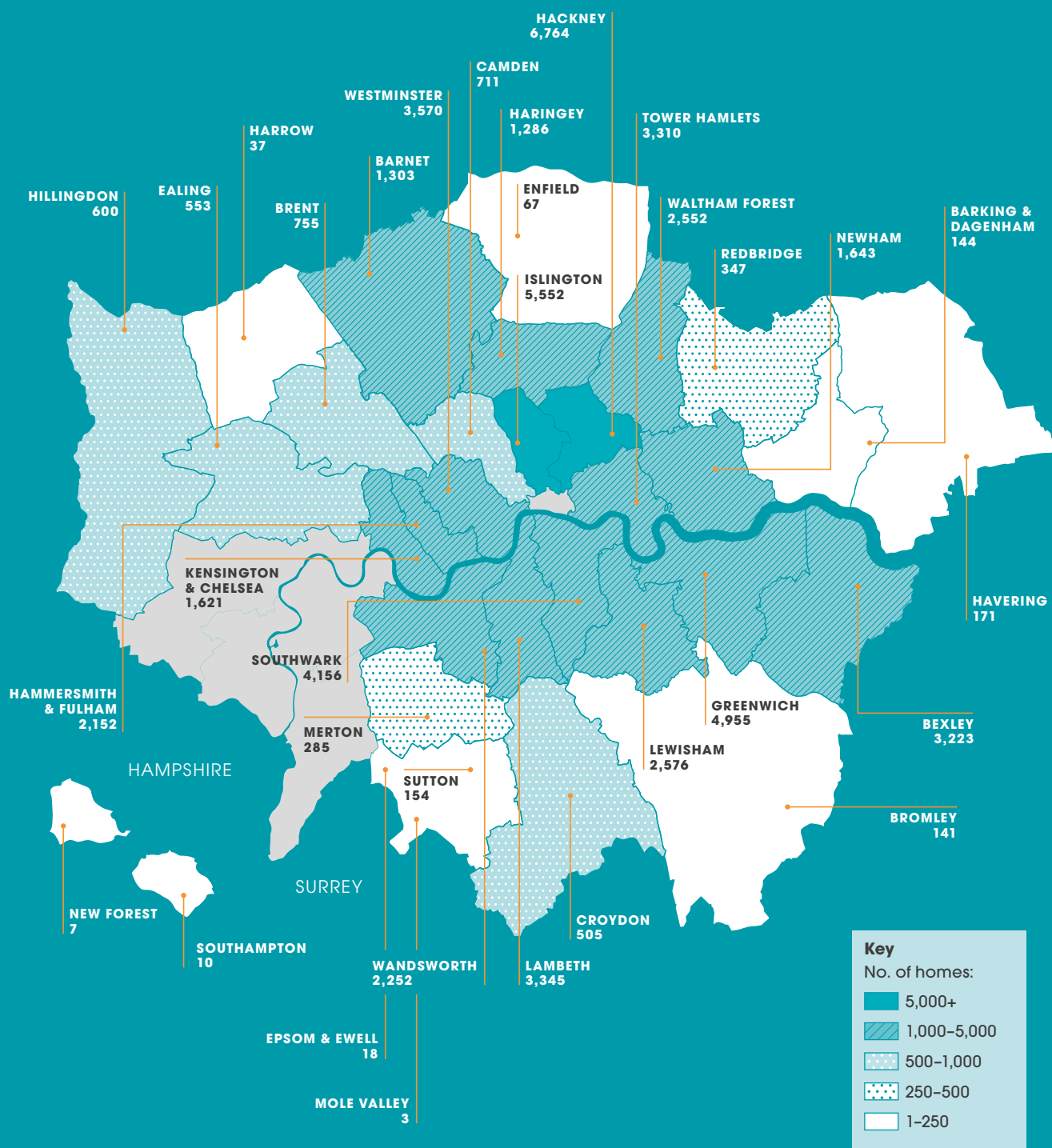
ANNUAL REPORT AND ACCOUNTS 2019



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Playing an important role in solving the housing crisis in London and the South East



We have over 60 community centres across the capital, with 10 key hubs from which our Employment and Training service and other core community programmes are delivered.

Our 10 key community hubs

Hackney
– Pembury Centre

Islington
– Hugh Cubitt Centre

Lewisham
– Parkside Centre

Southwark
– Darwin Court

Thamesmead
– The Link
– Joyce Dawson Way

Waltham Forest
– Paradox Centre
– DLC
– Leyton

Westminster
– Bruce House

Our homes

Including recent additions, the Peabody Group owns and manages over 66,000 homes across London and the South East. Most of our 133,000 residents live in London, predominantly in the inner boroughs – such as Islington, Southwark and Hackney – with diverse and growing populations. But our portfolio is spread across 29 of the capital's boroughs.

Outside of London, we have a significant number of homes in Essex, including many sheltered and supported properties, which sit within our subsidiary, Peabody South East. In May 2019 we welcomed Town & Country Housing into our Group as a subsidiary. The move will enable them to develop 800 homes a year in the South East, while Peabody continues to focus on its heartland in London.

Peabody has ambitious plans to build 3,300 new homes a year, focusing on creating mixed and integrated communities. The homes built for sale and market rent generate income that helps support the Charity's mission to create communities that are healthier, wealthier and happier.

Chair's letter



Deirdre Moss,
Chair

The work of the Peabody Community Foundation has never been more important. Our residents and communities continue to face barriers to employment and lower standards of health and wellbeing. Against a backdrop of political and economic uncertainty, many are experiencing a squeeze on benefits, lack of wage growth and the withdrawal of other support services.

We want to create positive change by speaking up on issues affecting the most vulnerable people. Our Peabody Index, research and resident feedback provides the evidence that continues to shape our services and allows us to engage with policy makers to ensure our residents' voice is heard.

Our mission in Peabody remains to help people make the most of their lives and through the work of the Foundation we aim to build communities that are healthier, wealthier and happier. This year we invested £7 million in supporting residents through the Foundation. We helped 1,231 people into work, and delivered 77,500 hours of free-to-access community activities through our community spaces. 2,373 young people took part in our youth services programmes and our community fund, which was doubled to £300,000, supported 42 grassroots community groups across London. In the coming year this will be increased again to £700,000 enabling more people to help themselves.

Over the next three years we will be adapting the way we offer our services by moving to a more local approach, focused on issues facing those communities, delivered in a sustainable way that builds resilience and independence. To increase our impact, this will mean delivering more services through partnerships with key stakeholders. The way we currently work in Thamesmead and the Pembury Children's Community in Hackney are great examples of how a long term partnership can deliver greater social impact. By working together with local authorities, voluntary sector organisations, funders, think tanks, corporate bodies and housing associations we will have a greater, more lasting impact on more lives.

We want our residents and communities to have access to the opportunities that London and the surrounding areas can offer. We will support people to get the skills and capabilities to access employment, earn more money and build careers. We support the most vulnerable to be healthy and live comfortable lives, increasing confidence and independence and reducing social isolation. Our investment in our community spaces will continue so that people can deliver local services that they need to lead more fulfilling lives. Working collaboratively and creatively with residents to co-produce services is a key part of our community strategy.

We have had great success in improving the lives of our residents and building thriving communities but we want to have more impact, to make our people and money go further. We believe that by working in partnership with residents and organisations wanting to drive positive social change, we will make a lasting difference.

A handwritten signature in black ink, appearing to read 'DMoss'.

Deirdre Moss

Chair

11 September 2019

Trustees and advisors

TRUSTEES AND ADVISORS

The Trustees are also the Directors of the Company

Trustees/Directors

Deirdre Moss (Chair)
Helen Edwards (Vice Chair)
Peter Baffoe (appointed on 26 September 2018)
Keith Clancy
Michael Cleaver
Catherine O'Kelly
Janice Tucker

Executive Director: Care & Communities

Stephen Burns

Director of Community Programmes

Veronica Kirwan

Secretary

Sarah Cameron

Company Number

01267728
(Registered in England and Wales)

Charity Number

271731

Registered Office

45 Westminster Bridge Road
London
SE1 7JB

Bankers

National Westminster Bank plc.
Woolwich Branch
1-7 Powis Street
London
SE18 6LE

Auditor

KPMG LLP
15 Canada Square
Canary Wharf
London E14 5GL

Solicitor

Trowers & Hamlins
3 Bunhill Row
London EC1Y 8YZ

Trustees and advisors

1. Deirdre Moss, Chair

Deirdre joined the Family Mosaic Board in September 2014 and the Peabody Board following the merger in 2017. Deirdre has worked in the insurance industry for over 25 years with FTSE 100 companies. Specialising in HR, she has led major changes involving large, diverse workforces. She has her own HR consultancy company, and also sits on the advisory group of a London-based training company. She has championed diversity issues throughout her career and continues to work in a voluntary capacity in this area.

2. Helen Edwards, Vice Chair

A Peabody Board member since July 2016, Helen served as Deputy Permanent Secretary and Director General at DCLG. Previous roles included Director General of Justice Policy at the Ministry of Justice, and Chief Executive positions at the National Offender Management Service and Nacro, the national crime reduction charity. Helen chairs Recovery Focus and is on the Social Finance Board.

3. Peter Baffoe

Peter joined the Peabody Board as a resident Board member in May 2018 and he joined the Peabody Community Foundation in September 2018. He has been a community development worker for eight years and is a Faith and Community Development Officer for the South London Mission. He is also a member of the British Transport Police Advisory Group and a School Governor, acting as the Link Governor for disadvantaged pupils.

4. Keith Clancy

Clancy is a tenant of Peabody and became a Board member of Family Mosaic and Family Mosaic Community Foundation in September 2010. He joined the Peabody Community Foundation Board in November 2017. He is a founding member of the Earl's Court Community Trust. He sits on the Boards of Charlton Triangle Homes and Great Women Speak Out. Between 2015 and 2018 he was an advisor to a United Nations Development Programme project for empowering women in Myanmar.

5. Michael Cleaver

Michael has over twenty years' experience working within the housing sector. He served as the Chair of Trust Thamesmead before it joined the Peabody Group, having joined the Board in February 2012, and was subsequently Chair of Peabody Community Foundation until 2016. He has held various senior management positions in property over the past 18 years.

6. Catherine O'Kelly

Catherine became a Family Mosaic Community Foundation Board member in February 2016 and she joined the Peabody Community Foundation Board in November 2017. She is the Managing Director of Bord Gáis Energy and has held senior positions at Centrica since 2011. Catherine's previous role was Director of Industry Development at British Gas. Her background is in energy strategy, initially as a management consultant with Booz & Company advising companies in Europe, Asia and Africa. She has also worked on energy policy design at the UK's Carbon Trust.

7. Jan Tucker

Jan joined the Peabody Board as a resident member in July 2011 and served until the point of merger in June 2017. She joined the Peabody Community Foundation Board in November 2017. Jan is Chair of the Palmer Estate Tenants' Association. She is an executive member of Islington Safer Neighbourhood and formerly chaired the Islington Community Safety Board. She is a bookkeeper for a local independent printers and stationery shop and is Chair of Archway Town Centre Group, a local business group which works alongside the local authority to improve the high street and help local businesses and residents.



Who we are, what we do, why we do it

The Trustees of Peabody Community Foundation (the “Charity”) present their strategic report for the year ended 31 March 2019. The financial position and results for the year are set out on pages 27 to 43 of these statements.

Principal Activities

The Charity is a subsidiary of the Peabody Group (the “Group”), that brings together the community development activities across Peabody. This includes employment, training, volunteering, community engagement, youth programmes, sports programmes, financial advice, healthy living advice, and family support services.

Who we are

Peabody now owns and manages more than 66,000 homes across London and the south east, supporting over 133,000 residents and 18,000 care and support customers. Our communities are at the heart of our mission to help people make the most of their lives. Over the past two decades, we have established a successful community programme that has continued to expand in line with Peabody’s growth as an organisation. The Charity directs and oversees multiple work-streams of community activity across the Group.

Our role

Our vision is to help to build communities that are healthier, wealthier and happier. We want to help people, households and communities to be more resilient, so that they are better able to handle life’s challenges, and live independent and happy lives. The work of the Charity directly supports Peabody’s mission and objectives, in particular our priority of working with local communities and building long-term partnerships.

Our increased scale gives us a more influential voice and the capacity to deliver more. This year we invested £7 million in supporting people through the Charity. In the next 10 years, the Charity will invest more than £90 million in our communities, making it one of the largest investments of its kind in London.



Our business model and strategy

The way we currently deliver services reflects the different phases of our development and changes in the funding environment. We provide a range of services and programmes through a combination of direct delivery and with partners:

- Employment & Training
- Active citizenship, volunteering and involvement
- Health and wellbeing programmes
- Providing intensive support to young people
- Extensive community use of our community buildings
- Small grants via the Community Fund
- Socio economic programme in Thamesmead
- Enterprise opportunities and support

By working closely with local communities, we are making a positive impact, especially in areas where we have a significant number of homes and community assets. Now four years old, the 10-year Pembury Children's Community in Hackney is a good model of working with the local authority and other strategic partners to achieve change in an area. Residents are at the heart of the programme, working in partnership with Peabody, Hackney Council, schools, health services and local charities to improve the lives of the 1,000 children and young people living on the Pembury estate.

We have expanded this model to Waltham Forest and Thamesmead. In Waltham Forest we are working to meet the needs of our residents around early years, tackling poverty and improving wellbeing. We're also continuing to create opportunities for Thamesmead residents by helping to create a thriving local economy. We're delivering programmes for children, families and young people to create an active and well community, as well as providing exceptional services for all, including the most vulnerable.

A local approach

Over the next three years we'll be adapting the way we offer our services. By taking a local approach in key boroughs, we will be able to understand the issues faced by our communities, measure the impact of work and deliver our services in partnership with key stakeholders. It will also allow us to invest jointly with local authorities and other strategic partners. We will also continue to support other areas across London through the Peabody Community Fund.

Our model for delivering services in the community



Healthier

Our research tells us that along with rising living costs and a lack of wage growth, our residents continue to face lower standards of health and wellbeing. We work with a wide range of partners including local authorities, community partners and specialist delivery organisations to help people to maximise their incomes and improve their mental and physical wellbeing.

Supporting active communities

We're working to make Thamesmead an active and healthy community, by providing opportunities for people to be active and engage in sporting activity. We're continuing the legacy of the 'Now's the Time' sports programme. Through the resident run sports groups we offer running, netball, swimming and cycling. We're also working with public health teams to promote community health and wellbeing.

This year we worked with schools and local partners to deliver a range of sport and fitness activities in Thamesmead during the summer. We teamed up with Porchlight and Charlton Athletic Community Trust over the summer holidays to run a series of sports sessions over five weeks, and around 100 young people took part. We also worked with Charlton Athletic Community Trust (CACT) and the London Borough of Bexley to offer a week of football and sport activities to local people at Lesnes Abbey.

Working in partnership with Greenwich Cooperative Development Agency, we delivered a family fun day promoting health lifestyles, where over 120 children took part in arts and crafts and sporting activities such as indoor rock climbing.

Improving health and wellbeing

Across London we deliver around 6,000 hours a month of activity in our community buildings to support mental wellbeing.

In Kensington and Chelsea, we continue to support the Community Champions programme, and secured an additional £250k tender to improve the health and wellbeing of residents of estates in the Dalgarno area of North Kensington. Over the next five years, a team of 20 volunteers will be encouraging local residents to engage with our health and wellbeing programmes.

Positive Steps

Positive Steps is a volunteer-led programme in Thamesmead, which offers support to residents facing a wide range of difficulties, by referring them to a range of voluntary sector organisations who can help with issues such as debt, housing and money advice. 2,536 local people have benefited from the programme in the last three years, with over 4,193 referrals made. It is estimated that the project could save the GP practice £76,680 per year through its intervention.

Anton

Anton was homeless and sleeping rough when he came to the Foundation. We helped him to apply for Universal Credit and to access housing and employment support. With our support, he was able to find full-time work as a Garden Estate Assistant, and was placed in a hostel before eventually securing permanent accommodation in the private rented sector.



Healthier

Angie

Angie became familiar with our sports programme by attending bike club sessions with her children at Sporting Club Thamesmead. After working closely with our community sport activator, she has achieved qualifications in coaching, cycling, safeguarding and first aid. She has also completed a Level 1 qualification in youth work and is now studying for Level 2. She is now working as a bike instructor with Greenwich and Bexley borough cycling teams teaching in primary and secondary schools in Thamesmead.



Sharon

The Maternity Champions programme started at our Old Oak Community Centre in Hammersmith & Fulham in 2014. It's now running in 16 community hubs across Westminster, Kensington and Chelsea, and Hammersmith & Fulham. In 2018/19, we trained 25 volunteers to support 125 new parents and their babies living in and around our Old Oak estate.

Sharon became a mum at 16 and was living in a mother and baby unit in Hammersmith. Since becoming a Maternity Champion, she has blossomed from a shy insecure teenager, into a confident young woman. 5 years on, she provides support for new mums in the community, and uses her own experience to help young families who don't have enough family support or mums who are experiencing post-natal depression.

As well as volunteering, she supports new Maternity Champions and helps out at other hubs across the borough. This has increased her job prospects and she has now found a full time job as an Early Years Teaching Assistant at a local nursery.

4,493

Number of people engaged in sport in Thamesmead

497

Number of people using Positive Steps



1

- 1 Pembury Children's Community
- 2 Old Oak Community Centre



2

Wealthier

We support people to boost their incomes through high quality employment, enterprise and education, including apprenticeships.

The Peabody Index

The Peabody Index is our biannual tracker of the financial experiences of around 1,000 low-income Londoners. Published in February 2019, the second edition of the survey found that despite some improvement to income over the last year, the combination of a decade of weak income growth, rising living costs and cuts to the benefits entitlement of working-age households has meant that many low-income Londoners are still living close to the breadline. Going forward, we will continue to use our research to influence policy and shape our services for the benefit of our residents and communities.

Improving social mobility

This year we supported 1,231 people into jobs and apprenticeships, to help people become more financially independent. Our annual jobs and apprenticeships fair has gone from strength to strength, and was attended by over 1,100 people this year. We have joined the Give Us A Chance (GUAC) network, a consortium of housing providers committed to supporting people into work.

We are working to improve and accelerate social mobility, by providing opportunities for people to develop new skills and raise their aspirations. This year, 2,373 young people took part in our youth services programmes which include:

- Young Leaders and Young Ambassadors
- Careers Academy
- Enterprise and business support

Supporting parents and families

As well as providing flexible, high-quality childcare, we offer free training and childcare qualifications to enable people to become registered childminders. This year, our childcare programme created 77 jobs, including 61 qualified childminders. Many have gone on to develop 'mobile crèches', offering affordable crèche services within Peabody community centres, which in turn helps more parents to access training. We also helped 162 people to gain qualifications and work-related accreditations linked to childcare.

We're also working with the New Economics Foundation (NEF) and Coram Family and Childcare Trust to develop a nursery co-operative on the Vanguard Estate in Lewisham. This helps parents to access good quality, affordable childcare. Our support has enabled NEF to access a GLA grant of £85k to help set up the nursery and the partnership has already attracted attention as an example of innovation in response to growing child poverty.

Community Enterprise

Our Enterprise Programme supports entrepreneurs to develop their own community focused businesses. This year 416 people received enterprise support from us directly, or through our partners. We provide free space for enterprises to ensure that they get the best possible chance of success. Through our partnership with the South East London Chamber of Commerce, we're providing 15 free Chamber memberships to some of the businesses already actively engaged in our Enterprise Programme in Thamesmead.

Back-a-Yard Grill

We provide Enterprise & Business Development opportunities for young people with training, resources and workspace for them to develop and launch their own businesses. Back-a-Yard Grill is a local Thamesmead business founded by Peabody residents. It has a discounted hirer rate at Birchmere Hub, one of our community spaces in Thamesmead. This allows it to concentrate on building the business and avoid high rents. Back-a-Yard Grill founder Adrianna Baker was awarded the Young Entrepreneur Award at the 2019 Best of Greenwich Business Awards.



Wealthier

Make My Mark

Delivered in partnership with the Centre For Innovation In Voluntary Action (CIVA), 'Make My Mark' is an opportunity fund which gives bursaries and mentoring and other support to young people who have an idea for their future which they want to pursue, but need practical and personal support to move forward. This year, 5 out of 12 grants worth a total of £13,500, were awarded to our young people to pursue a range of activities.

Tosin

Tosin first engaged in our services through the Young Leaders programme and later progressed onto Young Ambassadors. These experiences have helped him produce an excellent personal statement and access £3,000 funding from the Make My Mark programme, enabling him to secure a place at University.

Peter

Peter had not worked since 2006 and was in receipt of Employment Support Allowance (ESA). He was recovering from an alcohol dependency and was desperate to get back into work and rebuild his life. Peter felt that a good work routine would help his recovery and wanted a chance to prove himself. As he had previously worked in construction, we approached contractor Durkan through our supply chain and after meeting with a site manager, Peter was offered a job.

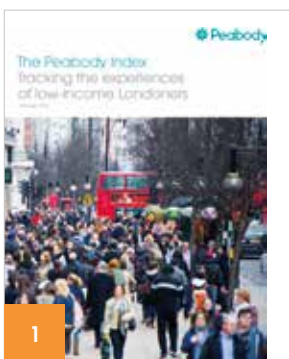
Shineka

Shineka is a Peabody resident living in Hackney. After experiencing a family tragedy, she was formally diagnosed with post-traumatic stress disorder, was struggling to find work and had amassed debts and rent arrears. Shineka knew she wanted to work with children, and found out about our childcare programmes on the Pembury estate in Hackney. Last year, she successfully completed a childminding course and qualified to become a self-employed registered childminder. Shineka has since taken on a management role in the mobile crèche team, and now provides a childcare service to Peabody residents and other organisations across London. She is doing a job she loves and has used the income to pay off her debts and rent arrears.

“

I'm overwhelmed and appreciative of the support I received from Peabody and am back to being me, a vibrant, happy person with a positive future. The childcare programmes lifted me out of sadness and isolation, and I've met so many lovely people on the courses, in the crèche teams and parents with their children.

”



1

- 1 The Peabody Index
- 2 Pembury Children's Community

£1.6m

Over £1.6million secured in external funding bringing added value to our community programmes

1,231

people helped into work

2,373

young people supported into education, training, employment or enterprise

£1: £5.71

Social ROI figure £1 : £5.71

162

people gained childcare qualification



2

Happier

Through our extensive network of community centres across London, we continue to work with residents and partners to host a wide range of services which bring the community together.

Waltham Forest

In Waltham Forest we are working to meet the needs of our residents around early years, tackling poverty and improving wellbeing. Our dedicated team works across our four estates in the borough, and supported 600 children, young people and adults in 2018/19.

The Paradox Centre on the Chingford Hall estate has been transformed into a vibrant community hub, hosting weekly activities including stay and play sessions delivered by the local Children's Centre, a Dad's Club, adult training courses and a youth club.

As part of our work to tackle poverty, this year we ran a pilot offering support to Waltham Forest residents on Universal Credit who are in rent arrears. We engaged with 98 residents, 40 of whom received specialist benefits and money advice, including 11 who we helped to access £35,589 in backdated benefits, as well as help with reducing debts.

Pembury Children's Community

The 10 year Pembury Children's Community programme in Hackney is now four years old. Residents are at the heart of the programme, working in partnership with Peabody, Hackney Council, schools, health services and local charities to improve the lives of the 1,000 families living on the Pembury estate.

In 2018/19 we engaged with over 250 children and young people and 169 parents. 90% of parents and children said that the Children's Community has had a positive impact on them. Sheffield Hallam University are evaluating the Children's Community and reported that Pembury is making strong progress in improving local systems for children and young people.

The 'Ready for School' project is a joint initiative between Linden Children's Centre, Mossbourne Parkside school, Peabody and local nurseries that began in 2017. Evidence from our evaluation indicated that a higher proportion of the 28 Pembury children participating achieved the early learning goals compared to their peers.

More young people are achieving their ambitions

Our youth work is underpinned by strong partnership working across local schools, youth service, family support and social care. This year, we delivered a programme of popular activities on the estate during term time and the school holidays. 141 young people attended youth clubs regularly, with 46 achieving accreditations. Young people successfully applied for £6,000 of funding to organise youth-led trips and residential over the school holidays.

More Pembury residents are leading their own programmes

Residents have played a key role in establishing and driving the Children's Community forward. People living on the Pembury Estate run a range of peer support and resident focused groups. Some have also set up their own community organisations and volunteered their time to help others. In 2018/19 we awarded 5 micro grants to residents who organised events, workshops and activities on the estate. 160 people are actively involved in projects aimed at involving Dads, bringing families together through literacy programmes like 'Reading from the Start', organising large community events, and running successful pop-up social enterprises.

Community Development

Across London our Community Development team supports residents and community partners to deliver services such as employment and training programmes, children's activities, sporting activities, health and wellbeing sessions and clubs for young people. This year, we delivered 77,500 hours of free community activities in our community spaces.

Volunteering

Our volunteering programme continues to provide opportunities for Peabody residents, as well as non-residents to make the most of their lives, whilst supporting others in their community. This year, 1,625 volunteers have given their time towards making a difference in our communities.

Happier

This year we trained nine new volunteers to support our Positive Steps social prescribing project in Thamesmead, and are working in partnership with The Skills Network to offer volunteers a range of fully-funded distance learning Level 2+ vocational courses.

Tackling Homelessness

This year we supported 124 young people through our Transitions programme, which provides 1-2-1 support and guidance to young people who are homeless. We do this by creating a network of support from family and partner organisations, helping them to access sustainable housing, and to address the causes of homelessness such as mental health and drug/alcohol dependency.

Amma

Amma is a parent from the Pembury Estate who has worked tirelessly for the benefit of the community since 2015. She is an active member of the Pembury Community Steering Group, and with our Community Development Worker has developed a formally constituted group - 'Connecting Communities'. With volunteers, she organises events, provides advocacy and interpreting services for local parents, and runs an Arabic homework club for children who don't speak English as a first language at home.

Mina

Mina was referred to the Transitions programme through a friend who had also benefited from our support. After being released from prison, Mina experienced domestic abuse. She was extremely anxious, depressed and felt hopeless about her situation. We started working intensively with her, creating an action plan to improve her mental health and wellbeing.

With our support, she was eventually accepted into a long-term supported accommodation centre in London and has since been offered a Peabody home. We have continued to work with her to address issues relating to historic debts, so that she doesn't fall back into arrears and becomes at risk of homelessness again. Mina is now working part-time and has been accepted onto a course to become a dental nurse.

Jacob

Jacob had worked for the same company for 40 years as a tyre fitter. He took redundancy when the company relocated. Jacob was referred to us by Steps into Work, an employment service run by Waltham Forest council. He was initially sceptical about his prospects and if we could support him due to his age, lack of IT skills and health. We revamped his CV and helped him to apply for local jobs. He eventually secured an interview and a job with a local firm as a tyre fitter.

'I'm incredibly grateful for the support I received and am especially thankful for your perseverance in helping me to overcome the barriers and negativity which had built up over the past year.'

Mary

Mary, a Chingford resident, worked with one of our specialist money advisers who identified that she hadn't received her full benefit entitlements over a number of years. We helped her to complete the required forms and to submit supporting medical evidence, Mary received a back payment of £11,000.

“

Getting this money has totally turned mine and my family's life around.

”

77,500

hours of community activities took place in our community spaces

1,625

volunteers have given their time towards making a difference in our communities

£1.3m

Value of volunteering hours

1 & 2 Pembury Children's Community



Grants

We believe that communities hold the answers to the challenges they face, and a key part of our strategy is to give them the tools and resources to help themselves. This is why we distribute grants to grass roots community groups across London.

Launched in 2014, the Peabody Community Fund (the “Fund”) exists to support local projects and activities which align with our ‘healthier, wealthier, happier’ vision. It is managed by the London Community Foundation on our behalf, and in 2018/19 provided grants up to £10,000 to directly support activities that respond to community need, bring people together and promote wellbeing.

We have awarded £755,614 in grants to 132 projects since its launch. Projects range from a weekly Toy Library on the Strawberry Vale Estate in Barnet, a programme of home cooking skills for young people in Thamesmead to a weekly club for isolated elderly residents in Hackney.

In 2018/19 we distributed over £300,000 to 42 small community groups across London. From next year, the funding pot will increase to £700,000, with grants up to £30,000 becoming available.

To complement the Fund, in 2018 we launched the Thamesmead 50th Fund to celebrate the area’s 50th anniversary. Using money generated from filming in Thamesmead, more than £50,000 was given to 31 grassroots cultural, enterprise and community projects.

In December 2018 we launched The Community Impact Partnership (CIP), a social investment fund with housing associations Orbit, Clarion Group and L&Q. Over the next three years CIP will distribute £3 million of loans and grants to small enterprises, and support their development through mentoring, business advice and access to our supply chain.

C&C Events

Local enterprise C&C Events received a £2,000 grant from the Thamesmead 50th Fund and have benefitted by attending our business training sessions and monthly business forums. They have also had the opportunity to promote their business through Peabody events, including the Thamesmead Festival and monthly pop-up markets.

SAGE

The Senior Age Social Fund (SAGE) is a small community organisation that supports older people in Bethnal Green. It provides social activities and outings for older people many of whom are lonely and isolated and who benefit from the opportunity to socialise and to meet new friends in a supportive environment.

The SAGE choir was originally set up with support from the Fund, and received a fresh grant in 2019 so that it can continue to offer free singing classes. The choir has brought huge benefits to local older people in the form of improved health outcomes, social interaction and access to external singing events. It also provides access to information on Linkage Plus which is a service for older people in Tower Hamlets based at our Sundial Community Centre.



Grants

Pimlico Toy Library

The Pimlico Toy Library received a two-year grant from the Fund to support 264 children. It offers play opportunities for parents or carers and children aged up to five years, for 47 weeks each year. It also has 1,900 toys available for home loans. Qualified toy librarians provide support with what toys to choose, ideas for play and to address concerns about children's eating and sleeping habits.

"This award will make a difference to the lives of these children by ensuring that each child has support to help reach their potential. In the longer-term, it will give them the skills to help to get them out of the poverty trap. Receiving a two-year grant is a huge bonus. It provides security and credibility to our organisation as well as cutting down the number of hours needed to fundraise, which in reality gives hours back to the staff to enable more hands-on work with the families." Maggie Harper, Coordinator, Pimlico Toy Library



Chocolate Films

Chocolate Films engages with over 3,000 disadvantaged young people and vulnerable adults annually through its workshop programme. The grant from the Fund will enable Chocolate Films to train young people in Westminster and Clapham.



132

Total no. of groups funded to date

£755,614

Amount of money awarded to date

“

Empowering young people to express themselves through digital media is at the heart of our vision at Chocolate films, this funding enables us to reach out to young people that would otherwise not have had this opportunity.

”

Rachel Wang, Founder, Chocolate Films

Future plans

Our work in areas such as Waltham Forest, Thamesmead and the Pembury Children's Community in Hackney, are prime examples of how we are making a positive impact locally by working closely with communities, especially in places where we have a significant number of homes and community assets.

A place and people led approach

Going forward, we want to focus our efforts in key boroughs, and will develop local area plans for the places where we have the most homes and community assets. We'll also offer support to the wider community through structured programmes and services delivered by our partners.

This will be delivered through the expanded Peabody Community Fund, but also through volunteering opportunities, our community buildings and community development support for residents and community groups. This approach will help us to better understand the issues faced by our communities, measure the impact of our work and deliver our services in partnership with key stakeholders.

Leading the way

Over the years, we have developed a number of innovative projects and approaches to delivering services. As we move to a more localised delivery model, we will help facilitate the sharing of lessons learned and best practice between areas, encouraging innovation.

Building on our 'Health at Home' research, we will explore the potential for a community health and wellbeing pilot project, building on the experience of our Care & Support work. We will work in partnership with London Community Foundation and others through the Save London Lives project to develop a public health-based approach to tackling youth violence, particularly knife crime.

By working in partnership we are able to make our resources go further, utilise the resources of other organisations and work with those that are embedded in our communities and understand their needs as well as we do. We are working closely with the Housing Associations Charitable Trust (HACT), Centre for Excellence in Community Investment and others to promote the impact of community investment within the sector and beyond. We are developing a programme with New Economics Foundation to create a model of affordable cooperative childcare facilities.

Over the next three years, we will be changing the way we offer our services. We will continue to support a range of initiatives to achieve our aims, working collaboratively and creatively with residents and strategic and community partners to co-produce services.



Supporting the most vulnerable

Our Peabody Index and other research has highlighted the issues faced by low paid workers across London, and we are speaking up for our residents to try and get the government to make changes to Universal Credit. We will continue to use our research to influence policy and shape our services for the benefit of our residents and communities. Our focus remains on putting the most vulnerable first, and we will be aligning our work with Peabody's Care & Support services.

Keeping residents at the heart

Our residents and communities are of course key to our approach; we believe people have the power to create positive changes in their lives, their communities and their society. We can help bring resources and new ideas to an area, working with community groups and stakeholders like the local authority and health partners.

Our partners

The work of the Charity would not be possible without the collaboration with a wide range of partners including local authorities, local community partners, companies, stakeholders and specialist delivery organisations.



We would like to thank the following partners for their support in 2018/19:

Charlton Athletic Community Foundation (CACT)
 City of Westminster
 Clarion Housing Group
 Clifford Chance
 Department of Work and Pensions
 East London Business Alliance (ELBA)
 Employment Related Services Association (ERSA)
 Greater London Authority
 Give us a Chance (GUAC)
 Hatch Enterprise
 L&Q
 Lankelly Chase
 Lloyd Park Children's Charity
 London Borough of Bexley
 London Borough of Hackney
 London Borough of Hammersmith & Fulham
 London Borough of Islington
 London Borough of Lambeth
 London Borough of Lewisham
 London Borough of Southwark
 London Borough of Tower Hamlets
 London Borough of Waltham Forest
 London Borough of Wandsworth
 London Funders
 London South East Colleges
 New Economics Foundation
 Orbit
 Ravensbourne University
 Royal Borough of Greenwich
 Royal Borough of Kensington and Chelsea
 Save the Children
 Smart Works
 The South East London Chamber of Commerce
 Winckworth Sherwood
 Youthbuild Ventures UK

We would also like to thank the following for their significant financial support in 2018/19:

Ardmore
 City Bridge Trust
 Durkan Limited
 European Social Fund
 Garfield Weston Foundation
 Hackney Community Transport Group
 Lift and Engineering Services
 Purdy Contracts
 Sport England
 T Brown Group
 The Drapers' Charitable Fund
 The National Lottery Community Fund
 VINCI Facilities
 Wates Family Enterprise Trust

Financial review

Financial performance

The Charity has reported an overall deficit of £473k for the year ending 31 March 2019 (2018: £375k deficit). This is compared to the budgeted deficit of £1.1m. The main driver of the improvement from the budget was a restructure which reduced staff and related costs. The Charity planned for a deficit due to the funding arrangement from the deferred consideration (see notes 12 and 16).

The Charity adapts its operations to ensure that outcomes can be maintained, within a balanced budget. At 31 March 2019, the Charity had reserves of £28.8m (2018: £29.3m).

Principal risks and uncertainties

The risks specific to the Charity are monitored regularly by the Board and take into account the environment in which the Charity operates as well the Peabody Group's risk appetite. They are not unexpected and are typical of the sector:

- Failure to maintain an effective health and safety environment to protect people, process and buildings we operate in. Non-compliance with regulations for protecting information and people
- Not safeguarding vulnerable people using our services
- Failure to maintain a financially stable organisation. Not properly managing contracts and controlling expenditure
- Expansion of the Community Fund is not effective at delivering intended impacts
- Not effectively delivering strategic change to local area plans. This could result in financial challenges and poor service delivery

Management continually undertakes actions to mitigate risks. Key actions this year include:

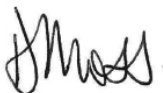
- Staff training on procedures of the Group and specific training for services. Training includes Health & Safety, Data Protection and Safeguarding. Internal Health and Safety spot checks are conducted regularly
- Reporting of incidents of non-compliance to Health & Safety committee for corrective action
- A new framework is in place to ensure the Community Fund expansion is effective and supports fair distribution of grants, due diligence on grantees and value for money is delivered
- Implementing local area plans as part of new strategy will enable services to be catered to local needs and support local partnerships. Service user feedback and robust planning will help ensure a successful implementation. The financial impact will be monitored regularly

The Charity benefits from the Group's frameworks and processes for overall risk and safety of facilities.

Governance

The Trustees' Report (pages 20 to 23) and the Group Annual Report for the year ended 31 March 2019 provide details on compliance with regulations and the NHF Code of Governance Code (2015) and cover the regulatory framework, internal controls and risk management.

By Order of the Board



Deirdre Moss

Chair

11 September 2019

Trustees' Annual Report

The Directors of Peabody Community Foundation (the "Charity") are also the Trustees of the Charity (the "Trustees"). The Trustees present their report, together with the audited financial statements for the year ended 31 March 2019.

The financial statements have been prepared in accordance with FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (September 2015) ("FRS 102"), the Charities SORP (FRS 102): Accounting and Reporting by Charities Statement of Recommended Practice ("the SORP"), the Companies Act 2006 and the Charities Act 2011.

Objectives and principal activities

The Charity is a community development organisation located in London. Focus on sector-leading community programmes which make a real difference to Peabody's residents and their communities is set to continue with the Charity's area of operation expanding across Greater London. Peabody is committed to continued investment in community programmes and plans are included within the Group Strategy 2019-2022 which will potentially benefit an

increasing number of Londoners. The Strategic Report pages 7 to 19, which forms part of the Annual Report, outlines the Charity's objectives, activities and also cover performance for the year ended 31 March 2019. In setting our objectives, planning our activities and monitoring our services, the Board of Trustees (the "Board") has given careful consideration to the Charity Commission's general guidance on public benefit and the Trustees can confirm that the Charity has met this criterion.

Trustees

Particulars of the Trustees who served on the Board during the year and subsequently are set out on page 6.

The Trustees are covered by the Peabody Group's directors' and officers' indemnity insurance policy.



Corporate Governance

Regulatory Framework

The Charity is a wholly owned subsidiary of Peabody Trust ("Peabody"). Peabody and its principal subsidiaries have adopted the principles and provisions of the National Housing Federation ("NHF") Code of Governance - Promoting board excellence for housing associations (2015 edition) and comply with its provisions. Peabody has also committed to meet the principles of the NHF Code of Conduct (2012 edition) through adherence to the Peabody Code of Conduct.

During the year, the Peabody Board on behalf of the Group has been kept updated on, and provided oversight and challenge in relation to, the Group's compliance with the Regulator of Social Housing ("RSH") Regulatory Framework (the "Regulatory Framework"), including the Governance and Financial Viability Standard. The Board has been briefed on requirements and guidance from the Charity Commission and relevant charity law. The Peabody Board and the Board of Directors of Peabody Community Foundation (the "Board") take their responsibilities under regulation and relevant good practice guidance very seriously and have taken appropriate steps to ensure compliance.

Roles of the Trustee Board and Committees

The Peabody Board has overall responsibility for Group strategy and management. During the financial year ended 31 March 2019, there were six Group committees: Audit and Risk Committee; Nominations and Remuneration Committee; Development Committee; Thamesmead Committee; Finance and Treasury Committee; and Communities Committee. These Committees have supported the Board following merger and were accountable to and reported to the Peabody Board. Descriptions of the work of these Committees can be found in the Group Annual Report and Financial Statements for the year ended 31 March 2019.

The Communities Committee has the same membership as the Board and meets alongside it. Further information in relation to governance framework for the Group is set out in the Group's Annual Report and Financial Statements for the year ended 31 March 2019. The Communities Committee exercises delegated authority in relation to the following:

- Provision of strategic oversight of community investment and community development activities across the Group whilst supporting Peabody's strategic objective of encouraging thriving communities.
- The monitoring of the performance of the Group's community investment and community development activities, including direct impact on beneficiaries and on wider communities.
- Consideration of major proposals prior to recommendation to the Peabody Board.
- The monitoring of the effectiveness of internal controls, risk management and matters with significant implications for the beneficiaries of the Group's community work.

Board Recruitment, Induction & Training

Following the recruitment of Peter Baffoe as a member of the Peabody Board in 2018, the Peabody Board agreed a recommendation from the Nominations and Remuneration Committee to appoint him as a member of the Communities Committee and a Trustee of the Charity. In the event that a vacancy arises during the coming year the Peabody Group Board Recruitment and Succession Policy will be followed.

New Board members benefit from an induction programme which ensures that they have the necessary knowledge and understanding of the Group's key policies and the Charity's community investment and community development activities. The Trustees who joined the Board following Family Mosaic joining the Group in 2017, have completed their programmes and have taken the opportunity to request further training and development as part of the Board effectiveness review completed in June 2019.

Board Effectiveness - Self Assessment

The Board undertakes regular formal evaluation of its own performance. In June 2019, an internal self-assessment of Board and Communities Committee effectiveness was conducted via evaluation questionnaires. The following areas of focus will be considered by trustees at future meetings in 2019:

- Future Board and Committee structures – further consideration of beneficiary representation
- Developing metrics – How to embed the Charity's strategic vision in its operational performance measures
- Reporting to the Peabody Board – improving visibility of the Charity's performance

Trustees'/Directors' Interests

None of the Trustees held any beneficial interest in the Charity, its parent undertaking or any of its fellow subsidiaries during the year.

Remuneration of non-executive Communities Committee Members

During the last financial year, non-executive members of the Communities Committee received remuneration for the first time. This change followed the adoption of the Peabody Board and Committee Member pay policy which came in effect on 1 April 2018. Full disclosure for the financial year 2018/19 is provided in the table below:

	Peabody Board level of pay	Committee level of pay
Peter Baffoe**	£12,000 p/a	
Keith Clancy		£7,000 p/a
Michael Cleaver		£7,000 p/a
Helen Edwards***	£12,000 p/a	
Deirdre Moss****	£15,000 p/a	
Jan Tucker		£7,000 p/a

* Committee members who perform multiple roles receive remuneration for the highest paid role only.

** Peter Baffoe was appointed as a member of the Peabody Board in May 2018 and received remuneration for a period of 11 months during the year.

*** Helen Edwards also serves as a member of the Peabody Board and Communities Committee. The remuneration shown in the table represents the higher position.

**** Deirdre Moss is a Peabody Board member and also serves on the Group Nominations and Remuneration Committee and Thamesmead Committee. The remuneration shown in the table above relates to her role as Chair of the Communities Committee.

Not all Communities Committee members decided to accept pay and non-executives mentioned in the table above were all paid by Peabody Trust and receive no remuneration from the Charity for serving as trustees. Catherine O'Kelly elected not to receive pay as a Communities Committee member.

The levels of payment per annum for the committee members named above who are legally entitled under the Rules of Peabody Trust, are as follows:

For Committee Chair	£15,000 p/a
For a Peabody Board Member	£12,000 p/a
For a Committee Member	£7,000 p/a

Stakeholders, sustainability and transparency

Peabody Group continues to exercise a strategic approach to influencing by building relationships with a range of stakeholders and policymakers. These include representatives of local, regional and national government; Peabody's funders and regulators; and delivery partners from a number of sectors. This engagement also feeds into the work of representative bodies such as the G15 Group, the National Housing Federation and the Chartered Institute of Housing, to influence policy decisions in the sector. This approach has helped Peabody to deliver on its strategic goals and achieve the social purpose expressed through our mission statement. This is evident in Thamesmead, where the strength of Peabody's relationships with stakeholders and its partnerships with the London Borough of Bexley, the Royal Borough of Greenwich, the Greater London Authority ("GLA") and Transport for London ("TfL") among others will underpin the success of the Thamesmead regeneration programme over the years to come.

Peabody is committed to being open and transparent in the way we conduct our business and interact with the Charity's beneficiaries. Peabody believes in being accountable for its actions, spending and performance, by demonstrating how it delivers value for money. The Group publishes information about its priorities, strategic goals and performance and how it utilises resources on its website. Specific information about the Charity's work is available on request, unless there are good reasons not to, for example, for legal reasons or on the grounds of data protection, personal confidentiality, commercial confidentiality or practicality.

Statement of going concern

After making all reasonable and proper enquiries, the Board has a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason the Board continues to adopt the going concern basis in preparing the Charity's financial statements.

Reserves policy

The reserves policy is adopted by the Board and sets out designated reserves including Deferred Consideration and Fixed Assets together with the Operating Reserve. The Charity's Reserves Policy is to maintain sufficient level of reserves to enable normal operating activities to continue over a period of up to 2 months (the equivalent of approximately £1.3 million) should a shortfall in income occur and to take account of potential risks and contingencies that may arise from time to time. The Charity's free operating reserves, which are defined as those reserves which are not committed, restricted or designated, totalled £2.3 million at the year end, slightly higher than the minimum level set by Trustees.

Internal control and risk management

Statement on internal controls and risk management

The Board is responsible for the system of risk management and the internal control framework and for reviewing their effectiveness. The system of risk management and internal control is designed to monitor, manage and mitigate, rather than eliminate, the risk of failing to achieve business objectives. It can only provide reasonable, not absolute assurance against material misstatement or loss.

The system of risk management and internal control also exists to give reasonable assurance about the reliability of financial and operational information and the safeguarding of the Group's assets and interests. The Group's arrangements in respect of the system of risk management and internal control cover the Charity.

The Group Audit and Risk Committee (the "Committee") provides oversight of Group's system of risk management and internal control and regularly reviews its effectiveness. Further information in relation to risk, internal audit, monitoring and controls is set out in the Group Annual Report and Financial Statements for the year ended 31 March 2019.

Statement on Internal Controls Assurance

As stated above, the Group's arrangements in respect of the system of risk management and internal control cover the Charity and are set out in detail in the Group Annual Report and Financial Statements for the year ended 31 March 2019.

The Peabody Board has delegated to the Committee the regular review of the effectiveness of the Group (including Peabody Community Foundation) system of internal control, whilst maintaining ultimate responsibility for the system of internal control. The Committee reviewed the effectiveness of the system of internal control in existence in the Group (including the Charity) for the period commencing 1 April 2018 up to the date of approval of the Financial Statements and the Annual Report. The internal auditor reported to the Boards of Peabody and Peabody Community Foundation that it found no significant weaknesses in the system of internal control.

External Auditor

KPMG LLP will pursuant to section 487 of the Companies Act 2006, be deemed to be reappointed and will therefore, continue in office.

Disclosure of Information to Auditor

The Trustees who held office at the date of approval of this annual report confirm that, in so far as each of the Trustees is aware:

- there is no relevant audit information of which the Charity's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

By Order of the Board



Deirdre Moss

Chair

11 September 2019

Statement of trustees' responsibilities in respect of the annual report and financial statements

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law and charity law requires the trustees to prepare financial statements for each financial year. Under that law they have are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the excess of expenditure over income for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

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

By Order of the Board



Deirdre Moss

Chair

11 September 2019

Independent auditor's report to the trustees of Peabody Community Foundation

Opinion

We have audited the financial statements of Peabody Community Foundation ("the charitable company") for the year ended 31 March 2019 which comprise the Statement of Financial Activities, Statement of Financial Position and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 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 UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the trustees' conclusions, we considered the inherent risks to the charitable company's business model, including the impact of Brexit, and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the charitable company will continue in operation.

Strategic report and Trustees' Annual Report

The trustees are responsible for the strategic report and the Trustees' Annual Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the Trustees' Annual Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the Trustees' Annual Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- the charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF PEABODY COMMUNITY FOUNDATION CONTINUED

Trustees' responsibilities

As explained more fully in their statement set out on page 24, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company'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 they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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



Victoria Sewell (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

16 September 2019

Statement of financial activities

Statement of financial activities (including income and expenditure account) For the year ended 31 March 2019

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
Incoming resources					
Donations and legacies	3a	4,647	93	4,740	4,151
Incoming resources from charitable activities	3b	793	389	1,182	1,265
Total incoming resources		5,440	482	5,922	5,416
Resources expended					
Cost of charitable activities		(6,956)	(461)	(7,417)	(6,865)
Total resources expended	7a	(6,956)	(461)	(7,417)	(6,865)
Investment income	4	929	-	929	989
Interest payable	5	(8)	-	(8)	(6)
Net (expenditure)/income for the year before gains & losses		(595)	21	(574)	(466)
Actuarial gain on defined benefit schemes		101	-	101	91
Net (expenditure)/income for the year		(494)	21	(473)	(375)
Net movements in funds		(494)	21	(473)	(375)
Fund balances brought forward	14	28,945	368	29,313	29,688
Fund balances carried forward		28,451	389	28,840	29,313

The accompanying notes form part of these Financial Statements.

All amounts relate to continuing activities.

There were no recognised gains or losses other than those stated above.

No corporation tax was payable by the Charity for the year ended 31 March 2019 (2018: £nil).

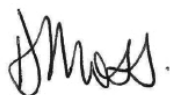
Statement of financial position

Statement of financial position As at 31 March 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Intangible assets	10	-	1
Tangible assets	11	9,295	9,225
		9,295	9,226
Current assets			
Stock		12	6
Pension scheme assets	18	99	-
Debtors (including £16,871k (2018: £18,024k) due after more than one year)	12	17,596	18,720
Cash at bank and in hand		5,380	4,114
		23,087	22,840
Creditors: amounts falling due within one year	13	(3,087)	(2,263)
Net current assets		20,000	20,577
Defined benefit pension scheme liability	18	(455)	(490)
Net assets		28,840	29,313
Restricted funds	14	389	368
Unrestricted funds	14	28,451	28,945
Total funds		28,840	29,313

The accompanying notes form part of these Financial Statements.

The financial statements were approved by the Board of Trustees and authorised for issue on 11 September 2019, and signed on its behalf by:



Deirdre Moss
Chair

Notes to the financial statements

1. Accounting policies

The Charity is a company limited by guarantee. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

1.1. Basis of Preparation

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice, comprising Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS 102') and the Statement of Recommended Practice 'Accounting and Reporting by Charities' FRS 102 as revised in 2016 ('the SORP'), together with the reporting requirements of the Companies Act 2006, the Charities Act 2011. It also requires Group management to exercise judgement in applying the Group's accounting policies.

The Charity is a public benefit entity.

1.2. Going Concern

After reviewing the Charity's forecasts and projections the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. The Charity therefore continues to adopt the going concern basis in preparing its financial statements.

1.3. Cash Flow Statement

The Charity is exempt from the requirements of FRS 102, to prepare a cash flow statement as its results are included in the consolidated financial statements of the Peabody Group which includes a cash flow statement.

1.4. Intangible Assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Software development costs

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

Software development costs	5 years
----------------------------	---------

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

1.5. Tangible and Other Fixed Assets and Depreciation

Freehold land and buildings represent properties acquired from Thamesmead Town on its demerger in April 2000, which were professionally valued by Chartered Surveyors on an existing use open market value basis at this date. The assets were subsequently transferred to Trust Thamesmead from its subsidiary during 2009 at their net book value. The Trustees have adopted the policy of holding freehold buildings at cost less accumulated depreciation and any accumulated impairment losses under FRS 102.

Tangible and other fixed assets are stated at cost less accumulated depreciation.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

IT equipment	3 years
Office equipment	5-10 years
Freehold land and buildings	50 years
Leasehold land and buildings	over the length of the lease

Depreciation is charged on the above assets from the month of purchase until the month of disposal.

1.6. Stock

Stock is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

1.7. Basic financial instruments

a) Trade and other debtors

Trade and other debtors are measured at transaction price, less any impairment. A provision for bad debt arises when the debtor balance is 90 days or greater. The initial provision is a charge against the statement of financial activities but is then carried forward to a subsequent period. The debtors figure in the statement of financial position is adjusted to be presented 'net of the provision'. Any increase or decrease in the provision in a subsequent period is debited or credited to the statement of financial activities. The write off of a specific bad debt is made in accordance with the Group Financial Regulations.

b) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits.

c) Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

1.8. Incoming Resources

All incoming resources are accounted for in the Statement of Financial Activities (SOFA) when the Charity is legally entitled to the income and the amount can be quantified with reasonable certainty. Income from charitable activities is accounted for on a receivable basis.

In accordance with the Charities SORP 2015, grants received in advance and specified by the donor as relating to specific accounting periods or alternatively which are subject to conditions which are still to be met, and which are outside the control of the Charity or where it is uncertain whether the conditions can or will be met, are deferred on an accruals basis to the period to which they relate. Such deferrals are shown in the notes to the accounts and the sums involved are shown as creditors in the accounts.

1.9. Revenue Grant

Grants receivable income, where related to performance and specific deliverables, is accounted for as the Charity earns the right to consideration by its performance. Where income is received in advance of performance, its recognition is deferred and included in creditors. Where entitlement occurs before income is received, the income is accrued.

1.10 Resources Expended

Expenditure is accounted for on an accruals basis, and classified under headings in the accounts that aggregate all costs related to the category. Irrecoverable VAT is included in the expense item to which it relates.

Charitable activities - some resources expended, including staff costs, are apportioned across different categories of expenses, where appropriate, on the basis of time incurred on the projects.

Grants payable are charged in the year when the offer is conveyed to the recipient, except in cases where the offer is conditional, such grants being recognised as expenditure when the conditions are fulfilled.

Provisions are only provided for on contractual liabilities which exist at the balance sheet date.

1.11 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Charity. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the SOFA on a straight-line basis over the lease term.

1.12 Fund Accounting

Unrestricted funds - these are accumulated surpluses and deficits on general funds which can be used in furtherance of the general objectives of the Charity at the discretion of the trustees.

Designated funds - these are unrestricted funds which have been set aside by trustees for specific future purposes or projects.

Restricted funds - these are funds that have restrictions imposed by donors and can only be applied for the particular purposes specified by donors. The construction and purchase of fixed assets with restricted funds are deemed to be satisfied once the construction or purchase has taken place and therefore these restricted fund balances are released to unrestricted general funds once the construction or purchase is complete unless the restriction is deemed to be on a permanent basis.

1.13 Employee Benefits

a) Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

b) Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Charity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income in the periods during which services are rendered by employees.

c) Defined Benefit Pension Scheme

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Charity's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted.

Regular valuations are prepared by independent professionally qualified actuaries. These determine the level of contributions required to fund the benefits set out in the rules of the fund and allow for the periodic increase of pensions in payment. The current service cost of providing retirement benefits to employees during the year, together with the cost of any benefits relating to past service, cost of curtailments and settlements are charged against the operating surplus in the year. Actuarial gains and losses are recognised in the SOFA.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in the SOFA.

d) Termination Benefits

Termination benefits are recognised as an expense when the entity is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Charity has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

1.14 Related Party Transactions

Related party transactions include the Charity's transactions with the Parent entity, with fellow subsidiaries, associates, joint ventures and compensation paid to key management personnel. Key management personnel are senior management team, board members and their close family. Compensation includes all employee benefits in exchange for services and consideration paid on behalf of Peabody in respect of goods or services provided to the entity.

1.15 Value Added Tax

Value Added Tax is accounted for on an accruals basis. For business supplies chargeable to tax, or where special dispensations have been agreed, input tax directly relating to goods and services that have enabled the supply, and relating to a fair proportion of the cost of central services in support of these, are recovered from HM Revenue & Customs.

1.16 Taxation

As a registered charity, the Charity is exempt from income and corporation tax to the extent that its income and gains are applicable for charitable purposes only.

2. Winding up or dissolution of the charity

If upon winding up or dissolution of the charity there remain any assets, after satisfaction of all debts and liabilities, the assets represented by the accumulated fund shall be transferred to some other charitable body or bodies having similar objects to the charity.

3. Incoming resources

(a) Donations and Legacies

	2019 £'000	2018 £'000
Intra group donations – Peabody	4,515	3,310
Other donations	225	841
	4,740	4,151

3. Incoming resources continued

(b) Charitable activities

	Unrestricted £'000	Restricted £'000	Total £'000	2018 £'000
BBO – Create our future	-	-	-	24
City Bridge Trust	-	30	30	30
Enterprise Hub Grant	-	-	-	35
GLA 2Work (Ref: P1.2/TL2W)	-	(49)	(49)	73
Community Fund (iWill)	-	24	24	-
High Street Challenge	-	-	-	38
Love London Working	-	254	254	185
Other grant income	-	130	130	217
Trading income	793	-	793	663
	793	389	1,182	1,265

4. Investment income

	2019 £'000	2018 £'000
Interest from parent undertaking	929	989

5. Interest payable

	2019 £'000	2018 £'000
Interest cost on pension scheme	8	6

6. Net incoming resources for the year are after charging:

	2019 £'000	2018 £'000
Net incoming resources for the year are after charging:		
Auditor's remuneration: current year audit fee	9	9
Pension costs	220	416
Depreciation of owned fixed assets	264	267

7. Analysis of total resources expended

(a) Resources expended

	Direct costs £'000	Support costs £'000	Total £'000	2018 £'000
Charitable activities				
Building capacity of group and individuals	1,559	279	1,838	2,008
Children, young people & families	1,912	243	2,155	1,776
Employment and employability	1,258	226	1,484	1,341
Improving sports	524	94	618	747
Community cohesion	846	152	998	676
Other charitable activities	248	44	292	281
	6,347	1,038	7,385	6,829
Governance				
Staff costs	-	8	8	8
External audit and legal fees	-	24	24	28
	-	32	32	36
Total resources expended	6,347	1,070	7,417	6,865
Total resources expended - 2018	5,384	1,481	6,865	

(b) Support costs

	2019 £'000	2018 £'000
Administration costs	419	739
Staff costs	651	742
	1,070	1,481

Costs directly attributable to charitable activities are allocated to direct costs. Those costs not directly attributable are included in support costs. Support costs are then apportioned based on the staff time incurred on each charitable activity.

8. Staff costs and emoluments

	2019 £'000	2018 £'000
Wages and salaries	3,597	3,432
Social security costs	385	319
Pension contributions	220	205
CARE Pension re-measurement (note 18)	-	211
Other staff costs	32	51
	4,234	4,218
	2019 No.	2018 No.
The average number of employees during the year was as follows:		
Charitable activities	103	87
Management, administration and support services	3	5
	106	92

8. Staff costs and emoluments continued

The Charity's staff are employed under Peabody Group contracts and the salary costs are recharged under an intra group service level agreement.

The numbers of employees who received remuneration (excluding pension contributions) in excess of £60,000 per annum are stated below in bandings of £10,000:

	2019 £'000	2018 £'000
Emoluments of higher paid staff within the following scales were:		
£60,001 - £70,000	4	2
£70,001 - £80,000	1	1
£80,001 - £90,000	-	-
£90,001 - £100,000	1	1
£100,001 - £110,000	-	1
£120,001 - £130,000	1	-
	7	5

The earnings for the Charity's key management personnel (including the Executive Director) for the year were £251k (2018: £260k), with pension contributions of £30k (2018: £34k), and benefits in kind totalling £nil (2018: £6k).

9. Trustees remuneration and expenses

During the last financial year, non-executive members of the Communities Committee received remuneration for the first time. This change followed the adoption of the Peabody Board and Committee Member pay policy which came in effect on 1 April 2018. Full disclosure for the financial year 2018/19 is provided in the Corporate Governance section of the Trustees' Annual Report (Remuneration of non-executive Communities Committee Members).

During the year Trustees claimed expenses £nil for travel, subsistence and incidentals (2018: £55).

During the year the Charity paid £40 (2018: £40) for Trustees' indemnity insurance via a Group Insurance policy.

10. Intangible fixed assets

	Computer Software £'000
Cost or Market Value	
At 1 April 2018	46
Disposals	(46)
At 31 March 2019	-
Amortisation	
At 1 April 2018	45
Disposals for the year	(45)
At 31 March 2019	-
Net Book Value	
At 31 March 2019	-
At 31 March 2018	1

11. Tangible fixed assets

	Freehold land and buildings £'000	IT and office equipment £'000	Total £'000
Cost or Market Value	-	-	
At 1 April 2018	11,061	298	11,359
Additions	121	213	334
At 31 March 2019	11,182	511	11,693
Depreciation			
At 1 April 2018	1,935	199	2,134
Charge for the year	223	41	264
At 31 March 2019	2,158	240	2,398
Net Book Value			
At 31 March 2019	9,024	271	9,295
At 31 March 2018	9,126	99	9,225

All assets are held for charitable purposes.

There is a charge held with the Big Lottery Fund for £5 million over Harrow Manor Way, and a second charge with The Football Foundation for £1 million over the land at Thamesmead Football Club.

12. Debtors

	2019 £'000	2018 £'000
Amounts due within one year		
Trade debtors	479	284
Other debtors	216	356
Prepayments	30	56
	725	696
Amounts falling due after one year		
Deferred consideration	16,871	18,024
Total debtors	17,596	18,720

The deferred consideration has arisen on the sale of the Fixed Asset investment in Tilfen Land Limited, which was sold to the Charity's parent company, Peabody Trust on 1 April 2014. The deferred consideration is payable in quarterly instalments over 30 years.

13. Creditors

	2019 £'000	2018 £'000
Trade creditors	583	236
Amounts owed to parent undertaking	1,125	975
Amounts owed to related parties	-	273
Other creditors	23	153
Accruals and deferred income	1,356	626
	3,087	2,263

The movements in deferred income are as follows:

	2019 £'000	2018 £'000
Deferred income at 1 April	21	78
Amounts released from previous years	(21)	(73)
Incoming resources deferred in the year	84	16
Deferred income at 31 March	84	21

14. Movement on reserves

	1 April 2018 £'000	Incoming Resources £'000	Outgoing Resources £'000	Gains & (Losses) £'000	Fund Transfers £'000	31 March 2019 £'000
Funds:						
Restricted funds	368	482	(461)	-	-	389
Unrestricted funds	28,945	6,369	(6,964)	101	-	28,451
	29,313	6,851	(7,425)	101	-	28,840

Included within unrestricted funds are designated funds of:

Designated Funds:						
Pitch resurfacing	31	-	-	-	204	235
Fixed asset	9,194	334	(264)	-	(204)	9,060
Deferred consideration	18,024	929	(2,082)	-	-	16,871
Total Designated	27,249	1,263	(2,346)	-	-	26,166

	1 April 2017 £'000	Incoming Resources £'000	Outgoing Resources £'000	Gains & (Losses) £'000	Fund Transfers £'000	31 March 2018 £'000
Unrestricted						
Restricted fund	-	1,302	(934)	-	-	368
Unrestricted general	29,688	5,103	(5,937)	91	-	28,945
	29,688	6,405	(6,871)	91	-	29,313

Included within unrestricted funds are designated funds of:

Designated Funds:						
Pitch resurfacing	31	-	-	-	-	31
Fixed asset	9,291	172	(269)	-	-	9,194
Deferred consideration	19,184	-	(1,160)	-	-	18,024
Total Designated	28,506	172	(1,429)	-	-	27,249

14. Movement on reserves continued

Restricted Funds

Restricted funds represent grants where the expenditure is yet to be incurred, and will therefore be spent in future periods. A more detailed breakdown of these grants can be seen in Note 3 (b).

Designated Funds

The Fixed Asset Reserve represents funds tied up in fixed assets. During 2017 the Trustees agreed to set up a separate designated fund to cover the potential cost of resurfacing the pitches at the Sporting Club.

The Deferred Consideration Reserve represents funds tied up in the long term Deferred Consideration Debtor. The Deferred Consideration Asset arose on the sale of the Charity's Fixed Asset investment in Tilfen Land Limited, which was sold to the Charity's parent company, Peabody Trust on 1 April 2014.

15. Analysis of net assets between funds at 31 March 2019

	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	2019 Funds £'000	2018 Funds £'000
Fixed assets	-	9,295	-	9,295	9,226
Current assets	5,750	16,871	466	23,087	22,840
Current liabilities	(3,010)	-	(77)	(3,087)	(2,262)
Provisions	(455)	-	-	(455)	(490)
	2,285	26,166	389	28,840	29,314

16. Related party transactions

During the year the following transactions took place between the Charity and its Parent entity, Peabody Trust:

- Peabody Trust provided support services, finance, governance, IT, HR totalling £339k (2018: £339k), plus recharged £4,234k (2018: £4,167k) of salary costs relating to Peabody staff working directly for the Charity. At the year-end £1,125k was outstanding (note 13) (2018: £975k).
- Peabody Trust paid the Charity £2,082k (2018: £2,149k) as the year 5 payment in respect of the sale of Tilfen Land Limited. £1,153k (£1,160k) was charged against the deferred consideration debtor (note 12) with £929k (2018: £989k) being recognised as interest (note 4).

17. Operating lease commitments

	Land and Buildings	
Operating leases which expire:	2019 £'000	2018 £'000
Within one year	32	32
In the second to fifth years inclusive	91	123
	123	155

18. Pension commitments

The pensions of employees of the Charity are administered through four schemes, one which provides defined benefits relating to pay and service (LPFA) and one scheme which provides a defined contribution scheme (Friends Life). A further defined benefit scheme (Career Average Revalued Earnings) was closed to new entrants on 30 June 2015. A defined contribution scheme (Career Average Revalued Earnings) was opened to entrants on 1 July 2015 and closed to new entrants 31 October 2015.

In October 2018 the High Court published its judgement on the case of Lloyds Banking Group and the equalisation of Guaranteed Minimum Pensions ('GMP') between genders. This has consequently been assessed against the Group's defined benefit schemes. The impact of GMP Equalisation in respect of the LPFA, SHPS and CARE schemes has been recognised in the year.

The Group has reviewed the impact of GMP Equalisation in respect of its three Local Government Pension Schemes and identified that a range of approaches has been adopted by the scheme actuaries for those schemes. These approaches range from a detailed assessment of the impact of the requirements in 2019 through to limited recognition of the impact as the scheme actuaries wait for guidance from the Government on the methodology to be applied in calculating the full liability.

No further adjustments have been made to the present value of obligations (£10m) as the effect is not considered material. In 2018/19 the Court of Appeal ruled that 'transitional arrangements' protection in respect of benefit changes to the Judicial and Fire Fighter Pension scheme amounted to unlawful discrimination ('McCloud case'). The impact is not deemed material to the Group's pension schemes.

	2019 £'000	2018 £'000
LPFA - Pension scheme (asset)/liability	(99)	8
CARE - Pension scheme liability	455	482

The London Pension Fund Authority

Some employees of the Charity who are former employees of Thamesmead Town may participate in the London Pensions Fund Authority (LPFA) Pension Fund, part of the Local Government Pension Scheme, which is a defined benefit statutory scheme. The fund is administered by London Pensions Authority in accordance with the Local Government Pensions Scheme Regulations 1997 as amended.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 31 March 2016.

These figures are prepared in accordance with our understanding of Financial Reporting Standard 102 (FRS102). The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2019 is estimated to be 11%. The actual return on Fund assets over the year may be different.

The estimated asset allocation for the Scheme as at 31 March is as follows:

	2019 £'000	2018 £'000
Equities	863	908
Target return Portfolio	423	333
Infrastructure	96	65
Property	149	107
Cash	56	72
	1,587	1,485

18. Pension commitments continued

The demographic assumptions are consistent with those used for the formal funding valuation as at 31 March 2016.

The post retirement mortality tables adopted were based on the Club Vita mortality analysis.

The assumed life expectations are	2019 £'000	2018 £'000
Retiring today – male	86.4	87.4
Retiring today – female	88.3	89.4
Retiring in 20 years – male	88.1	89.7
Retiring in 20 years – female	90.0	91.7

The major assumptions used by the actuary to value the liabilities of the scheme at 31 March 2019 under FRS 102 are:

	2019 % per annum	2018 % per annum
RPI increases	3.4%	3.3%
CPI increases	2.4%	2.3%
Salary increases	3.9%	3.8%
Pension increases	2.4%	2.3%
Discount rate	2.4%	2.6%

Statement of Financial Position as at 31 March:	2019 £'000	2018 £'000
Net pension asset as at		
Present value of the defined benefit obligation	1,488	1,493
Fair value of Fund assets (bid value)	(1,587)	(1,485)
Net defined benefit (asset)/liability	(99)	8

The amounts recognised in the Statement of Financial Activities	2019 £'000	2018 £'000
Service cost	-	-
Net interest on the defined liability	-	2
Administration expenses	2	2
Total loss	2	4

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	2019 £'000	2018 £'000
Opening defined benefit obligation	1,493	1,596
Current Service cost	-	-
Interest on obligation	38	42
Change in financial assumptions	56	(58)
Change in demographic assumption	(47)	-
Experience gain on defined benefit obligation	-	-
Estimated benefits paid net of transfers in	(52)	(87)
Contribution by Scheme participants and other employers	-	-
Closing defined benefit obligation	1,488	1,493

18. Pension commitments continued

	2019 £'000	2018 £'000
Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Opening fair value of Scheme assets	1,485	1,513
Interest on assets	38	40
Return on assets less interest	118	21
Other actuarial losses	-	-
Administration expenses	(2)	(2)
Contribution by employer including unfunded	-	-
Contribution by fund participants	-	-
Estimated benefits paid including unfunded benefits	(52)	(87)
Closing fair value of Fund assets	1,587	1,485
Actual return on plan assets	156	61
Reconciliation of opening and closing balances of the present value of the defined benefit obligation	2019 £'000	2018 £'000
Return on Fund assets in excess of interest	118	21
Change in financial assumptions	(56)	58
Change in demographic assumptions	47	-
Experience gain on defined benefit obligation	-	-
Re-measurement of the net defined liability	109	79
Projected pension expense for the year to 31 March:		2020 £'000
Service cost		-
Net interest on the defined liability/(asset)		(2)
Administration expenses		2
Total loss/(profit)		-
Employer's contributions		-

18. Pension commitments *continued*

Career Average Revalued Earnings Pension Scheme

The Charity participated in The Career Average Revalued Earnings (CARE) Pension Scheme (the 'Scheme'), which is a funded multi-employer defined benefit scheme. This scheme was closed on 31 March 2016. All Charity staff were transferred to the Peabody Group Personal Pension scheme.

The main benefits provided by the Scheme are:

- A pension of one-eightieth of the member's CARE for each year (and months proportionately) of pensionable service if contracted-out of the state scheme; or
- A pension of one-hundredth of the member's CARE for each year (and months proportionately) of pensionable service if contracted-in to the state scheme.

Contributions from 1 July 2015

For members in the one-eightieth structure of the Scheme, employers pay contributions at the rate of 22.8% per annum of member's earnings less member contributions.

For members in the one-hundredth structure of the Scheme, employers pay contributions at the rate of 18.9% per annum of member's earnings less member contributions.

In addition, employers may choose to pay any Future Service Contribution Rate (FSCR) combination that is shared between members and employers, as long as the maximum member contribution rates are $(\text{age} / 10) + 3.5\%$ (one-eightieth structure) and $(\text{age} / 10) + 2.5\%$ (one-hundredth structure). For reference, the total FSCRs from 1 July 2015 are 22.8% (one-eightieth structure) and 18.9% (one-hundredth structure).

Employers that have closed the one-eightieth structure of the Scheme to new entrants are required to pay an additional employer contribution loading of 1.3% to reflect the higher costs of a closed arrangement.

Employers that have closed the one-hundredth structure of the Scheme to new entrants are required to pay an additional employer contribution loading of 0.8% to reflect the higher costs of a closed arrangement.

A defined contribution (DC) structure of the Scheme has been available since 1 April 2011. From 1 April 2013, employers have had the freedom to set both the employer and member contribution rates for their organisation in the DC structure.

As at the Statement of Financial Position date there were no active members of the defined benefit scheme of the Scheme employed by the Charity. The annual pensionable payroll in respect of these members was £nil (2018: £nil). There were also no active members of the defined contribution scheme of the Scheme employed by the Charity. The annual pensionable payroll in respect of these members was £nil (2018: £nil). All the Charity staff transferred to Peabody Group contracts in April 2016.

Actuarial valuation

The Trustee commissions an actuarial valuation of the Scheme every three years. The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Scheme is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of total scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS102 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2013 by a professionally qualified actuary using the 'projected unit' method. The market value of the Scheme's assets at the valuation date was £35.6 million. The valuation revealed a deficit of assets compared to liabilities of £16.4 million, equivalent to a past service funding level of 68%.

The financial assumptions underlying the valuation as at 30 September 2013 were as follows:

	% per annum
Rate of return pre-retirement (non-orphans)	4.7
Rate of return post retirement (non-orphans)	3.7
Rate of return pre-retirement (orphans)	3.4
Rate of return post retirement (orphans)	3.4
Rate of pension increases pre 5 April 2005	2.5
Rate of pension increases post 5 April 2005	2.0
Rate of price inflation (RPI)	3.2
Rate of price inflation (CPI)	2.5

18. Pension commitments continued

If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a Recovery Plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the actuarial valuation, it was agreed that the shortfall of £16.4 million would be dealt with by the payment of deficit contributions. The existing Recovery Plan, put into place following the 2010 valuation, has been replaced by a new Recovery Plan, effective from 1 July 2015.

1 April 2012 – 30 June 2015

An amount of £208,000 per annum, increasing each year by 3% is required. The Charity's share of these deficit contributions is £4,137.48 per annum, payable in monthly instalments of £344.79. These deficit contributions are in addition to the contribution rates set out above.

1 July 2015 – 30 April 2027

An amount of £1,152,000 per annum, increasing on 1 July each year by 3% is required. The Charity's share of these deficit contributions is £27,290 per annum, payable in monthly instalments of £2,274.17. These deficit contributions are in addition to the contribution rates set out above.

In addition to the above, an amount of £176,586 per annum, increasing on 1 July each year by 3% is required for Scheme expenses. The Charity's share of these Scheme expenses is £4,183 per annum, payable in monthly instalments of £348.58.

Employer Debt on Withdrawal

As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the trustee of the scheme. The debt is due in the event of the employer ceasing to participate in the scheme or the scheme winding up.

The debt for the scheme as a whole is calculated by comparing the liabilities for the scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the scheme's liability attributable to employment with the leaving employer compared to the total amount of the scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore, includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt depends on many factors including total scheme liabilities, scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can be volatile over time.

Potential employer debt is treated as a contingent liability

The Charity has been notified by The Pensions Trust of the estimated employer debt on withdrawal from The CARE Scheme, based on the financial position of the scheme as at 30 September 2014. At this date the estimated employer debt for The Charity was £1,600,000.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

	2019 £'000	2018 £'000
Present value of provision	455	482

Reconciliation of opening and closing provisions

	2019 £'000	2018 £'000
Provision at start of period	482	308
Unwinding of the discount factor (interest expense)	8	4
Deficit contribution paid	(43)	(29)
Remeasurement - impact of any changes in assumptions	8	(12)
Remeasurement - amendments to the contribution schedule	-	211
	455	482

18. Pension commitments continued

Income and expenditure impact

	2019 £'000	2018 £'000
Interest expense	8	4
Remeasurement – impact of any change in assumptions	8	(12)
Remeasurement – amendments to the contribution schedule	-	211

Assumptions

	2019 % per annum	2018 % per annum
Rate of discount	1.58	1.93

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

19. Ultimate Parent Company

Peabody Community Foundation is a wholly owned subsidiary of Peabody Trust (“Peabody”), which is the ultimate parent and ultimate controlling entity. Peabody is the only entity in the Group that produces Consolidated Financial Statements. Peabody is a charitable Community Benefit Society formed under the Co-operative and Community Benefit Societies Act 2014. Consolidated financial statements of Peabody can be obtained from the Company Secretary at 45 Westminster Bridge Road, London, SE1 7JB.



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Peabody is a charitable Community Benefit Society registered under the Cooperative and Community Benefit Societies Act 2014 and Registered with the Financial Conduct Authority's Mutuals Public Register (registration number 7741)

