



**The Salvation Army United Kingdom and Ireland Territory  
The Salvation Army Social Work Trust  
Report and Financial Statements for the United  
Kingdom in the year ended 31 March 2023**

Charity Registration No: 215174 Scottish Charity Registration No: SC037691

Principal Office

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## INTRODUCTION FROM THE TERRITORIAL COMMANDER



### Commissioner Anthony Cotterill

Our Vision is bold and audacious: 'Fullness of life for all with Jesus'. Some might think it is unrealistic. However, as you read this Annual Report you will see multiple examples of people experiencing a fuller life because of the work of The Salvation Army.

This has been another challenging 12 months. Before people and communities across the UK, Ireland, Channel Islands and the Isle of Man had time to recover from the COVID pandemic, the cost-of-living crisis has threatened to overwhelm us. I am pleased this report shows The Salvation Army in the UK stepping up to address multiple challenges with resilience and compassion. Most importantly, you will see evidence that the people we serve have been enabled to experience a fuller life in seemingly endless ways.

This is the uniqueness of The Salvation Army. We are not 'single-issue' like many in the UK charity sector. Throughout our 155+ year history we have sought to meet the needs of people just where they are. We focus on people on the margins of society who are struggling with complex problems. We know the solutions are complex and consequently we are a complex organisation.

Essentially, we are a Christian church working in the UK through several charitable trusts. To fully appreciate our work in the UK, this Report needs to be read alongside The Salvation Army Trust (Charity Registration number 214779) Report. Operationally we do not function as two distinct charities since the objects of the two trusts are different but complementary. In everything we do, we seek to support people without discrimination and with respect and compassion. We long for everyone to experience fullness of life with Jesus.

I express my sincere thanks to everyone who has financially supported The Salvation Army during the year under review. Despite the challenging economic situation, hundreds of thousands of people across the UK generously gave so that we can help others. We also thank the many branches of Government, trusts, foundations and corporations who partner with The Salvation Army to enable people and communities to flourish.

This is my final Annual Report and Accounts as my wife, Gillian, and I will be entering retirement on 31 December 2023 after almost 40 years of service as Salvation Army officers. I commend our successor, the current Chief Secretary, Colonel Paul Main, and Colonel Jenine Main to you. God has been faithful throughout our lives and we have had the greatest privilege serving as Salvation Army officers. 'Fullness of life for all with Jesus' has been our experience and it can be yours too.

Thank you again for your help and support. May God bless you.

A handwritten signature in black ink that reads "Anthony Cotterill".

**Commissioner Anthony Cotterill**  
**Territorial Commander of The Salvation Army in the United Kingdom and Ireland**

## OUR VISION, MISSION AND VALUES

Our Vision, Our Values and a set of five Mission Priorities inspire and guide all the work we do as a church and as a charity and are underpinned by the work of The Salvation Army Social Work Trust (this Report) and The Salvation Army Trust (our sister trust), both trusts together representing the work of The Salvation Army across the UK.

We simplified and refreshed our Vision, Mission and Values statements in 2021 to reaffirm our sense of purpose and direction for The Salvation Army in the United Kingdom, Ireland, the Channel Islands and the Isle of Man. Since their creation and adoption and across the year under review, the new statements have been deployed extensively across the territory. Their simplicity and boldness mean that all areas of the diverse work of The Salvation Army can be both anchored and inspired by them.

### Vision statement:

Our Vision:  
**Fullness of life**  
for *all* with Jesus

This is ‘Our Vision’ for every part of The Salvation Army. It is inspired by the words of Jesus: *‘I have come that they may have life and have it to the full’* (John 10:10 NIV).

No words can adequately capture the vision of boundless salvation that God intends for the world and everything in it. However, ‘Fullness of life for all with Jesus’ includes every aspect of Salvation Army life. We believe everyone can enjoy fullness of life with Jesus. It is aspirational – we are not there yet – but this is what we strive towards.

### Mission Statement:

Our Mission:  
To *share* the good news  
To *serve* others without discrimination  
To *nurture* disciples of Jesus  
To *care* for creation  
To *seek* justice and reconciliation

Our Mission is built on five priorities which are the drivers for all we do, how we do it and why we do it, across the entire organisation.

These short phrases communicate immense challenge, ambition and direction. When these priorities are present, The Salvation Army is working towards Our Vision of ‘Fullness of life for all with Jesus’.

Each of the five priorities of Our Mission is rich in meaning and helps us explain to 21st-century society why the Christian message and the work of The Salvation Army is relevant and desperately needed in our communities and nations.

They are not arranged hierarchically but overlap and mutually support each other.

### **SHARE THE GOOD NEWS**

At the heart of The Salvation Army's mission is a passion to proclaim the good news of Jesus Christ far and wide. This is not an optional extra. The Salvation Army only does what it does because our inspiration and vision come from peoples' ongoing relationship with Jesus. We know the difference our relationship with God makes in our lives and we don't want anyone to miss out.

### **SERVE OTHERS WITHOUT DISCRIMINATION**

The Salvation Army responds to people without discrimination. God calls us to be with the people we serve. In 'being with' people – as against 'doing for' people – together we find solutions and make progress because we are all made in the image of God. We are called to share love in a too often loveless world. 'Love God, Love Others' inspires every aspect of our work.

### **NURTURE DISCIPLES OF JESUS**

The future of The Salvation Army depends on nurturing current and future generations of Christian disciples who, filled with the Holy Spirit, share the good news of Jesus, resulting in more disciples. Like athletes, Christian disciples need to practise staying fit for God's demanding mission. Habits such as prayer, Bible reading, corporate worship, music, tithing and helping others are vital. The Salvation Army believes being a disciple of Jesus and experiencing the blessing of holiness is the way to experience fullness of life.

### **CARE FOR CREATION**

The Salvation Army is committed to helping change attitudes, resulting in a more responsible use of our planet. We seek to provide practical care and advocacy for people affected by damage to the environment. People will not experience fullness of life unless God's creation is protected and cared for.

## SEEK JUSTICE AND RECONCILIATION

People can experience a fuller life on Earth. God longs for justice for all people. Therefore The Salvation Army has always spoken out against injustice. We fight not simply the effects of injustice but also the systems and structures that enable injustice. Seeking reconciliation is also an essential part of The Salvation Army's vision of the good life. Peace and fullness of life is possible when justice and reconciliation are priorities in the lives of individuals, communities and nations. The Salvation Army is committed to work in partnership for these ends.

### Our Values:

Our values are for everyone involved in The Salvation Army and should be reflected in our behaviour and result in good relationships and increased wellbeing, and help us integrate what we do with how we do it.

The basic standard of Christian behaviour, derived from our understanding of the character and action of God, is love; so we need continually to be drawn back to understand how God is asking us to live and work together to help us be faithful to our calling to be God's people.

**Boldness** – We will courageously and confidently share the good news, seek justice and reconciliation, nurture disciples of Jesus, serve others without discrimination, and care for creation.

**Compassion** – We will serve with the unconditional love and grace of God as the pattern for our behaviour.

**Passion** – We will bring our best selves, our God-given energies and convictions, to our work, service and learning, whether as officers, members, employees or volunteers.

**Respect** – We will receive each person with the dignity of those created in the image of God, while seeking the transformation God provides.

**Integrity** – We will be honest and transparent in all our dealings with each other and those we serve, being open about our motives and agendas.

**Mutual accountability** – We will willingly and freely give full account for our actions to those we interact with and expect the same in return.

### Statement of commitment:

We have one simple statement to explain why we are here, which frames all we are and all we do as a church and charity. Four words achieve this:



Love God  
Love Others

This is based on Jesus' greatest commandment in Matthew 22:37-39 to 'Love the Lord your God' and to 'love your neighbour as yourself'. 'Love God, Love Others' underpins, inspires and motivates everything we do, in every part of The Salvation Army.

Throughout 2022 and 2023 this statement has been widely used across The Salvation Army in communications, on corporate publications, on our websites and on email footers as a powerfully simple 'explainer' of what we are here to do and how we strive to deliver our vision.

## THE OBJECTIVES OF THE SALVATION ARMY SOCIAL WORK TRUST

Promoting the charitable work of The Salvation Army in such one or more of the following ways as The Salvation Army Trustee Company shall think fit, namely:

- the relief of poverty, sickness, suffering, distress, incapacity or old age
- the advancement of education
- training in Christian and moral principles
- the assistance of those in need of protection

## OUR ORGANISATION

The Salvation Army was founded in 1865 by William and Catherine Booth and currently operates in more than 130 countries. The world leadership of The Salvation Army is provided by The General of The Salvation Army.

The General is assisted by officers and staff based at International Headquarters in London. The current General is Lyndon Buckingham who was elected into office in August 2023.

The United Kingdom and Ireland Territory is under the command of a Territorial Commander, appointed by The General and responsible to him/her for the day-to-day administration of Salvation Army work throughout the British Isles, including the Channel Islands, the Isle of Man and the Republic of Ireland. Commissioners Anthony and Gillian Cotterill are the leaders of The Salvation Army in the UK and Republic of Ireland.

The Salvation Army in the UK is an integrated, yet diverse, organisation that contributes to the betterment of society in the service of God and people. Legally we are structured under two main trusts. These are:

- The Salvation Army Trust (Charity Registration No. 214779 in England and Wales, and SC009359 in Scotland)
- The Salvation Army Social Work Trust (Charity Registration No. 215174 in England and Wales, and SC037691 in Scotland)

Therefore, we publish two separate reports and accounts. This document is the Annual Report and Accounts for The Salvation Army Social Work Trust. Together both Trusts reflect the life and work of The Salvation Army as a whole and exist to enable effective management and accountability for the two main ways in which we work.

Further information on our legal structures and our governance is included later in this Report.

## EXPLAINING OUR STRATEGY, STRUCTURE AND OPERATION

The Salvation Army Social Work Trust is the charity registration through which we operate our centrally co-ordinated (ie not church or community centre-based) programmes of support for people experiencing homelessness, older people in our care homes, our addictions services and our delivery of support for the victims of modern slavery and human trafficking, and other specialised forms of support.

The Salvation Army Trust's Report and Accounts form a 'sister' publication to this, which outlines the church life of The Salvation Army and the community-based programmes of engagement and support that are delivered through our corps (churches) and community centres.

### Summary of what The Salvation Army Social Work Trust does

- We provide single people and families who are experiencing homelessness and people suffering from addictions with high-quality residential accommodation, care and support, encouraging their ability to live independent and positive lives.
- We provide vulnerable older people, particularly those with limited resources, with residential care which recognises individuality and the spiritual dimension to life.
- We provide unemployed people, including those in our residential homelessness centres, with back-to-work schemes through Employment Plus.
- We provide survivors and potential victims of modern slavery specialist support which includes transport, a safe place to stay and outreach support, as well as community integration as they continue their journey of recovery and rebuilding their lives.
- We reunite families who have lost contact and help to bring about happy reunions.
- We support the emergency services at major incidents, providing refreshments for staff and help to victims.
- We work in partnership with local authorities and other agencies where relevant to provide the best outcomes for our service users.
- We speak with national and local government to influence policy on issues affecting our service users.
- We strive to achieve our vision of 'fullness of life for all with Jesus' in everything we do through five Mission Priorities: share the good news, serve others without discrimination, nurture disciples of Jesus, care for creation, seek justice and reconciliation. Operationally we are prioritising transformation, integration and streamlining to increase our effectiveness and impact.

## **The scale of the work of The Salvation Army Social Work Trust in the UK (Statistics from the 2022 Salvation Army Yearbook)**

### **12 Care Homes for Older People**

Belfast:	The Sir Samuel Kelly Memorial Home (accommodation 56)
Buxton:	The Hawthorns (acc 34)
Coventry:	Youell Court (acc 40)
Edinburgh:	Davidson House (acc 40), Eagle Lodge (acc 33)
Hassocks:	Villa Adastra (acc 40)
London:	Glebe Court, Lewisham (acc 40)
North Walsham:	Furze Hill House (acc 40)
Prestwich:	Holt House (acc 31)
Sandridge:	Lyndon (acc 32)
Southend-On-Sea:	Bradbury Home (acc 34)
Weston-super-Mare:	Dewdown House (acc 40)

### **8 Centres for Families (Residential)**

Belfast:	Glen Alva (acc family units 20, max 77 residents)
Belfast:	Grosvenor House (acc family units 19, max 76 residents)
Belfast:	Thorndale Parenting Assessment (7 family units)
Belfast:	Thorndale Family Centre (acc family units 34, single bedsits 4, max 125 residents)
Fleetwood:	George Williams House (acc family units 9, max 36 residents)
Portsmouth:	Catherine Booth House (acc family units 21, max 40 residents)
Portsmouth:	St Paul's House (acc family units 14, max 56 residents)
Portsmouth:	St Monica's House (acc family units 10, max 40 residents)

### **2 Centres for People with Learning Disabilities**

Kilbirnie:	George Steven Centre
Liverpool:	Strawberry Field

### **Centre for Employment and Training**

Hadleigh:	Hadleigh Farm Estate
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### **4 Centres for Single Homeless Young People**

Accrington:	Crossroads (acc 11)
Cardiff:	Northlands (acc 26)
Fleetwood:	George Williams House (acc 6)
London:	Springfield Lodge (acc 40)

### **4 Homelessness Day Care/Drop-In**

Bradford:	Day Centre
Edinburgh:	Niddry Street
London:	No 10 Project
Norwich:	Pottergate Arc

#### **4 Housing First Programmes**

Cardiff  
Glasgow  
Hamilton  
Merthyr Tydfil

#### **8 Non-Residential Homelessness Services**

Aberdeenshire Floating Support  
Cardiff Floating Support and outreach services  
Early Intervention Project – York  
Inverness Floating Support  
Greenock Floating Support  
Southwark Floating Support  
North West Refugee Floating Support  
Denbighshire Temporary Emergency Accommodation Support

#### **47 Centres for Single Homeless (Adults)**

Belfast: Centenary House (acc 89) and Calder Fountain (acc 12)  
Birmingham: William Booth Centre (acc 74)  
Blackburn: Bramwell House (acc 55)  
Bradford: The Orchard (acc 42)  
Braintree: New Direction Centre (acc 14)  
Bristol: Logos House (acc 93)  
Cardiff: Tŷ Gobaith (acc 70)  
Coventry: Harnall (acc 85), Axholme House (acc 32)  
Dundee: Strathmore Lodge (acc 25), Burnside Mill (acc 20)  
Edinburgh: The Pleasance (acc 38)  
Glasgow: Eva Burrows 1st Stop Project (acc 32), Hamilton Housing First, Huntershill Court (acc 14), Wallace of Campsie House (acc 52), William Hunter House (acc 37)  
Grimsby: The Booth Lifehouse (acc 35)  
Huntingdon: Kings Ripton Court (acc 36)  
Ipswich: Lyndon House (acc 38)  
Liverpool: Ann Fowler House (acc 38), Darbyshire House (acc 45)  
London: Cambria House (acc 48), Founders House (acc 123), Riverside Complex (acc 81)  
Manchester: Discovery House (acc 10), Endeavour House (acc 15), Independence House (acc 15)  
Perth: Skinnergate (acc 30)  
Plymouth: Devonport House and Zion House (acc 72)  
Reading: Shepton House (acc 20), Willow House (acc 43)  
Ryde: Fellowship House (acc 26), Melville Street (acc 7), Carisbrooke Priory (acc 14)  
St Helens: Salisbury House (acc 64)  
Salford: Abbot Lodge (acc 20) (delivered by Saha)  
Sheffield: Charter Row (acc 55), Lincoln Court (acc 11 self-contained units)  
Skegness: Witham Lodge (acc 30), Rookery Nook (acc 11)  
Southampton: The Booth Centre (acc 46)  
Sunderland: Swan Lodge (acc 65)  
Swindon: Booth House (acc 50)  
Warrington: James Lee House (acc 54)

## ***2 Family Services***

Birmingham Shepherds Green House (20 families Domestic Abuse Service)  
Portsmouth Family Services

## ***Veterans Services***

Tŷ Dewr – 12

## ***6 Drug and Alcohol Services (Scotland)***

Aberdeen  
Falkirk  
Glasgow  
Greenock  
Inverness  
Stirling

## ***4 Child Contact Centres***

Worthing  
Winton  
Birmingham

## ***6 Early Years Education Centres***

Gillingham  
Droitwich  
Staines  
Cardiff Ely  
Portsmouth  
Leigh-on-Sea  
Copper Beech, Leeds

In addition, our Employment Plus programmes engaged with over 7,500 people, supporting them, coaching them and helping them into work across the UK.

## ***How We Work***

While The Salvation Army is not unique as a provider of centrally co-ordinated residential and support services, it is certainly distinctive in terms of its structure, and this distinctiveness gives us a real opportunity to go about our work in impactful ways.

The Salvation Army is a church and charity that doesn't just help people by providing immediate, practical support to overcome issues such as addiction, experiencing homelessness, social isolation or poverty and recovery from slavery; it also strives to address the reasons that cause these situations, with a view to effecting sustainable change in individuals and society at large.

What sets The Salvation Army apart from other organisations is that we have the combined strength of our centrally co-ordinated services and our locally co-ordinated churches and community centres which are all playing their part to bring about positive change. When this really comes together, as it does in many places across the UK, it models what we call ‘integrated mission’.

Our Social Work Trust, for which this is the Annual Report and Accounts, is the charitable registration through which we allocate and manage funds for our (principally) residential centres and centrally co-ordinated operations. Much of the funding for this work is received through government and local authority contracts and grants, with the cost of the additional support, wellbeing and training services being met from a grant from our sister charity, The Salvation Army Trust. To see the full picture of our work, you will need to read both sets of Reports and Accounts.

Our strategy in the Social Work Trust has been to ensure that the work of these mainly residential centres is effective and efficient, compliant, and as transformative and as supportive as possible, and that all we do starts with the needs of people we serve. That is why in addition to statutory funding we are committed to deploying Salvation Army funds to provide the best possible additional support services we can, in order to achieve the best outcomes for the people in our care.

While we have ongoing contractual commitments which it is our mission to meet, we are always looking to ensure that opportunities to make additional differences are identified, assessed, and when possible seized. Our strategy therefore is one of controlled and best possible ongoing delivery, and at the same time a disciplined ambition to do as much as we can in ways that are as meaningful and innovative as we can, in as much of the UK as we can. As we look forward, for as long as we can afford to, we will commit to identifying additional opportunities to deliver services.

The Salvation Army Trust provides centrally co-ordinated facilities – such as HR, finance, property, IT, PR and media support. This approach enables us to be efficient and effective in the use of resources.

Many of the programmes funded by The Social Work Trust support people facing complex challenges. Therefore, a more centralised organisational approach is appropriate for people experiencing homelessness or a survivor of modern slavery or a person recovering from addiction. This contrasts to the approach used in many of the programmes funded by our sister Salvation Army Trust which tend to be less centralised and more ‘organism’ than ‘organisation’. The Salvation Army accommodates these differences through different management structures to ensure support and oversight is appropriate in differing contexts.

# REALIGNING RESOURCE TO ENABLE A 'FLOURISHING' AND EFFECTIVE SALVATION ARMY

## Continuing the delivery of the Structure Co-ordination and Design Project 2022/2023

The Salvation Army has never been a static organisation, and over its 158 years of life and work has been constantly evolving to match efficiency and effectiveness with changing times and changing needs.

Ensuring appropriate oversight and support and operational freedoms to more than 600 diverse and locally responsive Salvation Army churches and community centres is challenging. Add to that over 100 residential and non-residential social work centres, and the challenge of ensuring the most effective allocation of resources is a critical task.

This significant task, termed *The Structure Co-ordination and Design Project*, has been focused on three desired outcomes:

- **Transformation:** Increase the capacity of locally-based Salvation Army work to contribute to the five Mission Priorities (share the good news; serve others without discrimination; nurture disciples of Jesus; care for creation; seek justice and reconciliation).
- **Integration:** Build strong and effective collaboration between all aspects of Salvation Army work in a geographical area.
- **Streamlining:** Design appropriate, effective, efficient and sustainable structures and processes that enable local mission to flourish.

Starting in 2021 and over a two-year period coming to fruition in the year covered by this Annual Report, the Structure Co-ordination and Design Project conducted probably one of the most extensive pieces of internal research we have ever executed in order to answer the simple question:

### 'What (change) is needed to enable our local mission to flourish?'

The process was deliberately designed to be 'bottom-up'. Consultations were carried out within all the then 20 divisions, and at all headquarters, both territorial and divisional.

The principal premise we worked to is this: A combination of effective **oversight** of the right things, combined with the allocation of adequate resources and **support**, and the effective **release** of our local mission delivery expressions from unnecessary control, should result in communities and people flourishing.

The strength of this simple model is that it dovetails into the way The Salvation Army has always worked. We respond locally and meaningfully to local need in local ways. Organisational structures, and administrative and decision-making processes can become burdensome and inefficient. At its best, The Salvation Army is often more local organism than top-down organisation. Therefore, rooting and starting our thinking and planning for change in 'local' was the most sensible and potentially the most powerful way forward.

The outcome can be outlined as a series of significant changes to the way we work:

**Release:** We engaged and continue to engage in extensive rethink of how resources need to be marshalled and how the local delivery points can be released to be as free as possible to decide on and deliver what they perceive is needed in terms of service and services. One outcome is, and will continue to be, a review of effectiveness, and how investment can be directed more freely to where increased investment will deliver significant change for people and communities.

**Oversight:** Effective oversight is vital for compliance and governance. Oversight ensures we are doing the right things in the right ways. However, the design process also looked at where supervision and some forms of oversight are unnecessary or could be released to be done locally, not centrally. We have a strong spirit of accountability in The Salvation Army and the releasing of some aspects of oversight will mean more local ownership.

**Support:** We need to continue to ensure that the support that is needed to enable local mission delivery to flourish is available, but in the right ways. This means adequate funding streams, support for raising awareness locally, support for training and innovation and local growth. We are developing more practitioner-based and peer-to-peer support. This is helping to reduce the cost of support and improve the quality by encouraging people to learn from fellow practitioners.

**Streamlining** was also one of the three goals of this process, and a significant branch of this project looked at our divisional structure and how best can our 600+ corps and community centres be clustered and supported divisionally (regionally). Following extensive consultation, it was decided to systematically reduce the number of divisions from 22 to 14. This entailed a reshaping of the role of the divisional leadership team to ensure the effective application of the principle of support and oversight and release. Critical to this thinking was also to ensure divisional headquarters and staff work with territorial headquarters and staff to form one integrated system of support and oversight. During 2022 and 2023 these changes gradually came into effect and The Salvation Army in the UK settled into working with its new divisional boundaries.

The changes that this project introduced started to be felt in 2022/2023. In the period covered by this review:

- The number of divisions (dioceses) in the UK reduced to the target number of 14. The number of corps (churches) in divisions now varies significantly from 17 in North Scotland Division to 67 in the East of England Division.
- New divisional roles were created to support the divisional leaders in overseeing and supporting the mission delivery at local settings.
- A culture was adopted that offered flexibility in structures within divisions to allow greater freedom – previously all divisions were expected to have the same hierarchical structure and staffing.
- A review of safeguarding roles, responsibilities and procedures started.
- Our Personnel Service implemented a new recruitment system to reduce administration.
- The Property Department continued to implement changes to better serve local corps and improve property maintenance.
- The importance of impact measurement and data management was reflected in the implementation of a pilot scheme to look at how we collect, share and interpret data across the territory, in order to drive continual improvement.

An important priority for this project is integration and increasing local collaboration between all aspects of Salvation Army work in a particular geographical location. Irrespective of the governance and funding arrangements that apply to different Salvation Army expressions (The Salvation Army Trust or The Salvation Army Social Work Trust), there is nothing preventing teams jointly collaborating to achieve our shared vision (fullness of life for all with Jesus) and the five Mission Priorities. Initiatives such as ‘communities of practice’ and ‘mission focus groups’ are increasingly connecting Salvation Army people, resulting in greater integration, streamlining and efficiencies.

A further cultural intention with this project has been to move away from seeing change as something that is effected once, to a culture of continual improvement. All aspects of The Salvation Army’s operations are therefore actively encouraged to submit proposals for how improvements, innovations and changes can be introduced to enhance local mission delivery.

The Structure Co-ordination and Design Project is scheduled to conclude its work by the end of 2023 with the ongoing focus on transformation, streamlining and integration being taken forward by headquarters staff as an essential aspect of ‘business as usual’.

## **ILLUSTRATING THE WORK AND ACHIEVEMENTS OF THE SALVATION ARMY SOCIAL WORK TRUST 2022/2023**

The Salvation Army Social Work Trust encompasses a very significant number of residential centres and non-residential programmes. The diversity of services and ways these services are delivered is immense. Therefore, this Report highlights some of the developments we have implemented in the last year as we work to deliver our Mission Priorities and strive to achieve our vision. We are blessed to have the resources to operate in this way and we believe – and know – that our approach helps transform the lives of thousands of people every day.

The work funded by The Social Work Trust is extensive, ranging from residential programmes for people experiencing homelessness to addictions services, to older people’s care homes, emergency services, employment services, debt advice and family centres. Much of the funding for this work derives from government and local authority contracts, and transfers from The Salvation Army Trust. As such it is far more centrally co-ordinated.

This year we will focus on two of our largest operations: modern slavery and homelessness.

## IN THE FRONTLINE AGAINST MODERN SLAVERY

Since The Salvation Army's early days we have fought against the exploitation and sale of people, as it is in opposition to the Christian belief that God created all people in his image.

In England and Wales, The Salvation Army continued to support survivors through the Government's Modern Slavery Victim Care Contract. We provided transport to safety, support and accommodation to survivors, and gave them a voice that can help impact policy decisions.

*'Without the support of The Salvation Army, I'd be dead, it's as dramatic as that.'*

– Leo, a victim of human traffickers

### Hard facts

The Army published the 11th and 12th annual reports on our work providing specialist support to adult victims of modern slavery in England and Wales – through the Modern Slavery Victim Care Contract.

With both reports overlapping the financial year being discussed within this document, statistics from both have been included in the following information. These reports show that from July 2022 to June 2023, 3,533 people (July 2021 to June 2022 3,068), from 107 different nationalities, were referred to The Salvation Army and its partners. Of these people:

- 58% (2021/22: 46%) experienced labour exploitation, such as being forced to work in factories, building sites or farms with little or no pay – a **100% rise** from 2020/21
- 19% (2021/22: 23%) experienced sexual exploitation – a **4% rise** from 2020/21
- 15% (2021/22: 19.5%) experienced criminal exploitation, like being forced to sell drugs – an **11% rise** from 2020/21.

Organised crime remains at the heart of modern slavery. Violent gangs think nothing of trafficking people to sell and force them into criminal activity. It wasn't just people who are trafficked from overseas; British people were the second most common nationality in our services with the number jumping by 10 per cent in a year.

### Maintaining high standards

- **At home**

The services we provide through the Modern Slavery Victim Care Contract are scrutinised by the Care Quality Commission (CQC) who published a report during the year.

We were encouraged by confirmation of good practice within our services, which met and often exceeded contractual standards. This also applied to the quality of services and commitment of staff, who went above and beyond to provide survivors with tailored support based on each individual's needs.

The areas identified for improvement and recommendations covered issues that had already been identified by The Salvation Army and our partners. We welcomed this scrutiny, and the report gave us an additional tool to help continuously improve outcomes for survivors of modern slavery.

- **And overseas**

This Report principally covers UK work funded through The Salvation Army Social Work Trust. However, as an international church, the work we do to address slavery in the UK is part of our international commitment; and it's important to see how working together, The Salvation Army can address issues of concern on a world-wide basis. The Salvation Army's International Social Justice Commission (ISJC) in New York City launched a landmark report – *Everyone Everywhere* – about the global response to modern slavery and human trafficking (MSHT).

The report highlighted four main global goals: strengthening systems, growing leaders, educating and equipping, and mobilising to respond holistically. Here are some key statistics from the report.

- The Salvation Army supported **9,795** survivors in 2021, a **70.7 per cent increase** since 2020.
- **94 per cent** of territories who reported to the ISJC were active in raising awareness and prevention efforts.
- **65 per cent** of territories who responded have completed an action plan and intend to implement it.
- **117** territorial or national contact persons around the world led and co-ordinated responses within their territory or country.

The report celebrated and acknowledged how many people around the world are making a difference, while addressing MSHT within their communities – for example:

- Corps officers in the Uganda Territory practised restorative justice by providing counselling sessions to offenders of MSHT.
- The Sweden and Latvia Territory assisted with Sweden's largest case of human exploitation in modern-day history.

***'While no one can end MSHT alone, everyone everywhere can do something. And together, we're getting closer every day.'***

Priscilla Santos, international MSHT response co-ordinator.

## **Survivors' stories**

- **Mo – someone you know**

In the summer of 2022, four-time Olympic gold medallist Sir Mo Farah revealed that he was a survivor of human trafficking. The revelation that he had been trafficked from Djibouti to London at the age of nine, and then forced into domestic servitude, was a shock to many.

Mo's story was a sad reminder that human trafficking and modern slavery are all too prevalent. Territorial Commander Commissioner Anthony Cotterill thanked Sir Mo Farah for his courage, and for helping to show that this can happen to anybody. It also showed that it can take many years before someone feels safe enough to speak out.

***'The detail that sticks out for me is that it took a PE teacher to notice a frightened and incredibly vulnerable child (Mo) in his class and spoke out on his behalf.'***

Territorial Commander Commissioner Anthony Cotterill

- **'W' – someone you don't know**

'W' came from Romania to Wales and was brought into a family business. The family helped him set up a bank account and said that he could live with them. They took money from him for using the fridge, for boiling the kettle, and he racked up uncontrollable debts. He was in that situation for a few years.

Eventually he was working in a factory, and other employees noticed he would come in wearing sliders for shoes and wasn't dressed appropriately. Alarm bells rang and he was rescued. The perpetrators were sentenced and convicted. With support from The Salvation Army, 'W' has now relocated and rebuilt his life.

### **Tackling growing complexity**

The Salvation Army continued to be there to support survivors of modern slavery at every stage, helping people access services and advocating for them.

During the year, we saw their needs growing more complex. At the same time, and because of the complexity, the Home Office was taking longer to gather details about each person's experience of exploitation (to determine 'conclusive grounds' that someone is a victim of modern slavery). Longer waits led to other issues, such as an impact on mental health.

- Of the young people who came to us, we noted more had been involved in criminal activities such as drug trafficking across county lines. Vulnerable young people were being targeted and coerced into gangs because they wanted to belong.
- More women came to us who had relationships with gang members and were being targeted and made to carry drugs.
- We saw more displaced people being particularly vulnerable to exploitation while fleeing for safety – notably from Ukraine – and even once they have arrived in another country.

Some of the positive steps we took to tackle this:

- We continued to provide people with an outlet to process their experiences and rebuild their confidence – for example, through a new music programme at our London outreach centre.
- We recruited a survivor inclusion and engagement adviser, to build relationships with survivors and to develop a forum and framework that can help strengthen their voices.

- We set up an initiative – an advocate scheme – to engage young people, offer them a way to volunteer, raise awareness and support our campaign #WeAreNotforSale.
- The Salvation Army worked on an international scale to help alert people to the risks and signs of exploitation with specific UK messaging during our Modern Slavery Awareness Campaign in October 2022.

## Educating the new ‘front line’

We launched a student advocate scheme which raised awareness of modern slavery and human trafficking.

- **About student advocates**

Student advocates are volunteers who discussed modern slavery and human trafficking in schools, colleges, youth groups and Christian unions at universities.

They attended training and used knowledge and resources provided by our Anti-Trafficking and Modern Slavery Department (ATMS). This included *True Story* packs which recounted real experiences of human trafficking and modern slavery to different age groups.

- **Their important role**

There are still many people who do not understand how widespread modern slavery and human trafficking is. Our advocates highlighted the Army’s work supporting people who have been exploited.

Advocates are members of a forum in which we continuously shared information regarding best practice and resources related to the Army’s anti-trafficking campaigns.

- **Why the focus on young people?**

Everyone can help spread our message. But young people helped us reach a wider audience. They used their social media channels – Instagram, Facebook and TikTok – to reach across generations.

Advocates received training in teaching others how to spot the signs of exploitation within their communities and identify individuals involved in trafficking.

***‘The student advocate programme capitalised on young people’s deep sense of justice. It turned their frustration, anger and sadness at the current state of the world into a positive action.’***

Jo Taylor, Youth Specialist (Discipleship)

## Working together against slavery

Princess Eugenie of York and Julia de Boinville, co-founders of The Anti-Slavery Collective, joined survivors of modern slavery supported by The Salvation Army at a music therapy session.

After taking part in a warm-up, the guests enjoyed an informal performance of songs by the group of men and women who have been sharing together through music weekly, under the leadership of specialist support worker Nigel Long.

Princess Eugenie and Julia chatted to survivors and support workers and heard about the positive impact the sessions were having. Two of the singers introduced their favourite song, Abba's 'I Have a Dream', and explained why it was so important to them.

The sessions were about so much more than music and singing skills. They were about building confidence and giving survivors space to have fun and share with each other, at the same time as getting support from our team.

## Speaking truth to power

As an organisation which operates very much 'on the front line', we see problems at first hand. As a church and charity we have a responsibility to tackle problems we see, and that often involves challenging legislation and working with Government and local authorities to improve provision and identify ways people can be better supported.

- **Concern about new measures**

The Salvation Army raised concerns about new government measures which expect people to provide objective evidence that they have been exploited. We stated that the new measures would make it harder for people to prove they are entitled to support and protection from abusers.

We agreed it was important to speed up decision making around modern slavery cases, but sought reassurances that vital support processes remained in place and are protected from any future legislative or policy changes.

- **New Bill falls short**

The Salvation Army was deeply disappointed to witness the passing of the Nationality and Borders Bill *without* important amendments proposed by the House of Lords. The amendments were based on listening to survivors and experts in the modern slavery sector. They would have:

- minimised barriers that now exist for potential victims of modern slavery trying to access the support they need and are entitled to.
- ensured the removal of time limits on potential victims telling their story.
- helped to prevent people who have committed criminal acts from receiving support.
- guaranteed the right to live in the UK (leave to remain) for 12 months for confirmed survivors of modern slavery.
- ensured that children who have been exploited were protected from the impact of this legislation and treated separately from adult survivors.

Our spokesperson said:

***‘Despite this setback we are committed to continuing our work with survivors and other partners to ease access to the specialist support available to help survivors.’***

- **Small boats – big concerns**

We expressed our extreme concern that the UK Government’s Illegal Migration Bill will make it harder for genuine victims to access support.

At present, all victims are entitled to specialist support, regardless of their background. Under the Bill, support for many survivors would become dependent upon their co-operation with the criminal justice system.

It is important that the Government tackles the inhumane use of small boats by criminal gangs. But automatically detaining and then removing people as they arrive will deliver vulnerable people back into the hands of the criminal gangs.

The Salvation Army called for the Bill’s provisions relating to modern slavery to be removed and our concerns were reflected by a number of MPs in the debates in Parliament.

## GIVING HOMELESS PEOPLE HELP AND UNDERSTANDING

The Salvation Army continued in its role as one of the country's largest providers of homelessness services. We provided practical support through our Lifehouses (residential centres), severe weather night shelters, pop-up accommodation and more. And we helped tackle the root of homelessness – with specialist services, and by proposing solutions about policy and provision.

### Home truths

During the year, figures showed that levels of homelessness, rough sleeping and related issues reached crisis levels.

- The annual Rough Sleeping Snapshot in England estimated 3,069 people were sleeping rough on a single night in Autumn 2022 – a 26 per cent increase since 2021.
- Quarterly government figures for July to September 2022 showed almost 40,000 households in England were registered as homeless, including those in temporary or emergency accommodation – a 2.9 per cent increase compared to the same period in the previous year.
- 70 per cent of rough sleepers in London needed support for mental health, drug or alcohol problems, according to The Combined Homelessness and Information Network (CHAIN).
- 741 homeless people died on the street, compared with 688 people in 2020, according to the Office for National Statistics (ONS).

The Salvation Army called for urgent action. For instance, to help end rough sleeping by the end of parliament in 2024, we called for funding to rise in line with inflation, and a reversal of the freeze on the value of Local Housing Allowance rates.

We also warned that the Government can't end rough sleeping unless it tackles the causes. Mental health and addiction problems can be both the cause and the result of living on the streets. To give people the best chance to move on from rough sleeping, we called on government money that needs to be spent in the right places.

***'The government's plan to end rough sleeping by 2024 risks being derailed if it does not take action soon.'***

– Homelessness Services Department Director Nick Redmore

### Lifehouses – shelter and support

We continued to operate over 80 supported accommodation services across the UK and the Republic of Ireland. These Lifehouses offered support with housing issues, and also with other aspects of life – such as employment, debt problems, training, spirituality, loneliness, addiction or mental health. We provide all-round support, which is what makes our network of Lifehouses very special places.

- **Witham Lodge – Skegness**

As an example, during the year, Witham Lodge continued its vital work, with a staff team of 19 supporting people between 18 and 78 who fall into homelessness, often due to lack of employment opportunities.

*Witham Lodge*

For ages 18+ with high support needs to experience independent living before moving into their own accommodation.

- 30 beds
- 25 single en suite rooms
- 1 specially adapted accessible flat
- 4 independent flats each with 5 bedrooms, communal lounge and kitchen.

*Rookery Nook (near Witham Lodge)*

For 11 clients with low support needs.

Experience of living in a ‘family home’ with relaxed atmosphere

- 11 bedrooms
- Shared bathrooms
- Kitchen
- Lounge

**Paul’s story**

Paul ran his own bar in Spain for 10 years. But his relationship broke down and he came back to the UK. He had nothing and he became homeless when his father died. Staying at Witham Lodge, Paul joined our skills development Hope Project. He gained new skills through gardening projects and furniture up-cycling, which he added to his CV. It led him to working several days a week offering gardening, painting and decorating services. Paul set up a handyman business and moved into his own accommodation.

- **Booth House – Swindon**

The Booth House Lifehouse has been working in partnership with the Devon and Wiltshire Fire Service. A programme helped residents develop life and work skills using firefighting activities, and they were encouraged and supported by mentors from the fire service.

The course set out individualised learning plans to gain new skills, grow confidence and self-worth. Three residents completed and received their certificates during a passing out parade in May, completing two demonstrations:

- Rescued casualties from a road traffic collision, taking turns to use cutting equipment, before securing the casualties alongside paramedics.
- Rescued a mother and child from a smoke-filled building, with residents controlling the water supply, arranging equipment, climbing ladders and entering the building.

The individuals then had the opportunity to meet the adult community learning team to explore further training.

- **Bramwell House – Blackburn**

This Lifehouse hosted a health hub for people experiencing homelessness in the town. We encouraged key organisations to gather to offer support and information to residents and people experiencing homelessness.

- Mental health team
- Dentist
- Substance misuse team
- Healthcare professionals offering hepatitis C testing
- Debt counselling service
- The Salvation Army’s own Employment Plus service

Many vulnerable people don’t have the motivation or courage to go out and meet with organisations that can help them. The health hub was a great way to bring support to them, signposting them in the right direction and providing another arm of support.

The idea came from two social care students who are on a placement at Bramwell House. Gemma Kearns from Hyndburn and Natasha Tantwala from Blackburn proposed the idea as a way to advise residents on what is available to them in the area to improve their wellbeing.

Colin Mottershead, service manager at Bramwell House, said:

***‘We’re strong believers that a Lifehouse is more than a place to stay; we aim to give residents a reason to get up in the morning and see themselves as people of the community and not just see the label of homeless.’***

### **Pop-up pods**

Charter Row Lifehouse in Sheffield houses up to 57 single men. But bringing together rough sleepers with a history of violence or trauma can be risky. If they have former tenancy arrears, drug and alcohol addiction, poor mental health or problematic behaviour, finding them alternative accommodation can be difficult too.

Following a generous donation, Charter Row Lifehouse was able to buy a couple of sleeping pods for two men with complex needs. The shelters were self-contained spaces measuring 8ft by 6ft, each with a bed, phone-charging facilities and a chemical toilet.

As well as being a warm, safe refuge, Charter Row became the ‘care of’ address for the Sheffield pod residents. This sounds simple but it is really important; it meant social services could visit and support people in recovery. Both residents moved on to long-term accommodation, showing how these small pods can make a lasting impact.

What the residents told us:

***‘It’s stopped me from being cold. It’s basically kept me and help me find myself again.’***  
***‘They should have thousands more of these pods as they would help a lot of people.’***

## Taking a wider perspective

Our Homelessness Services Department met at their annual conference. The agenda showed that their work goes far beyond offering practical support; they looked to understand the person too, and the emotional and mental support they needed.

One of the key sessions was about appreciating and responding to the trauma that people feel when they experience homelessness. Dr Mandy Davis explained how trauma-informed care emphasises physical, psychological and emotional safety, and aims to empower individuals to re-establish control over their lives.

Dr Mandy also talked about toxic stress, which is the body's response to lasting and serious stress without enough support from a caregiver. Delegates were invited to think about their own toxic stresses, how they present them to others and what the signs might be.

The conference gave delegates time to not only think about what they do, but also why they do it. It left everyone feeling that they were part of something both powerful and inspiring.

## WIDER WORK IN OUR COMMUNITIES

### Employment plus hope

In London, rough sleepers were among the many people our eight Employment Plus development co-ordinators successfully supported into jobs. Some of those who benefited had been dealing with addiction and mental health problems. The project aimed to get 10 per cent of the clients into work and has already helped 20 per cent find a job.

Employment Plus Assistant Regional Manager Sarah-Joe Mohun Smith said:

*'We are seeing people whose anxiety has decreased, they are having aspirations again and their wellbeing has improved. The project is holistic, and we take the time to understand someone's complex barriers rather than simply reaching targets.'*

### Supporting families

- Stories of hope

Our Thorndale Family Centre in Belfast provided shelter, safety and support for families and single women in need of short-term accommodation, due to issues such as relationship breakdown, financial hardship or domestic violence.

One example of the support offered was to bring children and parents together through reading. The Covid-19 pandemic and resultant home-schooling had set many children back, and some parents didn't know how to read with their children.

Our team worked with BookTrust Northern Ireland, helping families to escape from their everyday struggles, promote feelings of wellbeing, inspire individuals and enhance language skills.

***‘We know the benefits children and families get from developing a love of books early in life,’*** said Chris Eisenstadt, director of BookTrust Northern Ireland.

- **Families reunited**

A guiding foundation of The Salvation Army is a belief in relationships. It’s therefore no surprise that seeking to reunite separated members of families is important to us. Even in today’s digital age, it can be hard to search for a missing family member. The data needed is often protected and not widely accessible, especially for older people without internet access. People continued to turn to our Family Tracing Service, which has nearly 140 years of experience.

Searching for a relative can feel emotional. Our service is professional, compassionate and non-judgemental, with support throughout.

***‘Estrangement can happen in any family and it’s usually the not knowing that is the hardest part for any searcher,’*** said Team Leader Karen Wallace.

Of the thousands of enquiries the service received, about one third became formal applications. Of those, eight out of ten resulted in ‘knowledge’ – a reunion or other news about a missing loved one. Trends over the year saw more enquiries related to young people in their late teens, and also from people who had fled conflict and were in search of their families in the UK.

## **Fullness of life for people with disabilities**

Young people with disabilities met at the Enabled Summer School at The National Star College in Cheltenham. After online-only events in 2020 and 2021, there was clear joy at being back together and, after a welcome meeting, they celebrated with a disco.

The week-long calendar of activities included crafts, art, swimming, mindfulness, exercise and photography. Fellowship groups included Bible studies, discussion groups, Godly Play and a sensory group, with members exploring Scripture with a focus on rejoicing and joy.

Event highlights included trips to Bristol Zoo and an ‘Enabled Commonwealth Games’ with members split into teams from England, Scotland, Wales and Ireland. The England team emerged victorious!

This year was about being together, working together and rising above life’s challenges together. This was put to the test when some people tested positive for Covid-19. The planned programme was cancelled, replaced by some spontaneous outdoor activities for those who stayed. Despite everything, members said it was a great success.

## Here for older people

We believe that it's important to develop spiritually, socially, culturally and emotionally but also to challenge the stereotypes and prejudices we have about the 'old'. We take our motivation from the words of Jesus who talked about 'life in all its fullness' (John 10:10).

- **Striking the right note**

There are almost 100 Singing by Heart groups across the territory. Sessions are designed to encourage communication, recollection of memories and fun for all taking part. Songs are introduced by a relevant Scripture verse and concluded with a prayer.

As well as in some of our residential centres, one example is the fortnightly group run in a local care home in Yeovil by Majors Cheryl and Neil Davies. Major Cheryl said: *'Seeing the joy on the residents' faces is priceless and their individual responses, whether it be clapping, tapping, dancing or something else, show that they are present in the moment and engaging on a level that may be hidden but not lost.'*

- **Light in the dark**

In the past 15 years, the number of prisoners in Britain over the age of 60 has tripled. They are especially vulnerable partly because of their frailty and also the isolation they face. It is why retired prison chaplains Majors Paul and Rita Conley established the prison Cameo Programme, which runs in three prisons – HMPs Wymott, Usk and Prescoed.

Along with access and mobility issues, many older prisoners are suffering from age-related illnesses and some even receive palliative care. The Cameo programme ran activities like bingo, the chance to read, play chess or cards, watch documentaries or listen to guest speakers. We provided an oasis in what can be the darkest of places.

## Helping hand for vulnerable people – moving on from debt

Our 25 (and expanding) advice centres continued to meet a growing need across the UK, providing free advice on debt and money management – and referring people to additional support, as needs be.

Debt can happen to anyone due to an unexpected turn in life, and the ongoing cost-of-living crisis contributed to the daily struggle for many people. Workers on zero-hours contracts, self-employed workers, seasonal workers and others sought help with debt problems. It was not just those who weren't working who were struggling. Our approach:

- Understand the level and type of debt.
- Review finances and find ways to raise income and reduce expenditure.
- Develop and agree a realistic debt solution.

- Negotiate with creditors – freeze interest payments, agree payment plan.
- Support people during the repayment process and renegotiate if needs be.
- Provide education about money – to change habits and minimise future debt.

Lorraine Cook who heads up the work of the Army’s debt advice services said:

***‘We can give people a debt solution, but we can’t solve poverty.’ In the past, government departments distanced themselves from church-based community services and provision. But now they are seeing the results that our services are achieving, they want to work with us.***

## **A people-centred approach to addiction**

We continued to embrace a ‘harm reduction approach’ which means we support someone to tackle not only the addiction itself, but also the roots and causes of their behaviour in the first place.

That is because we believe that addiction is a maladaptive way of coping: a normal response to an abnormal experience or situation, often based in our early years. We believe addiction is the result of a complex interaction between nature and nurture.

Our services are tailored to individuals to support their journey to a life of independence. When we build relationships with people, we ensure they are nurturing, strengths-based and unconditional.

### **• Core Recovery for addiction**

The Salvation Army has a 150-year history of journeying alongside people living with addiction. We continued this pledge of helping people in need through a ‘recovery church’, called Core Recovery.

It was a simple idea: if The Salvation Army truly believes that everyone deserves fullness of life through Jesus, Salvationists needed to seriously consider how to create spaces for healing and transformation for people living with addiction and trauma.

Our Core Recovery team helped to create healing and transformational spaces, with advice, expertise, resources and guidance. At its heart were key principles including belonging, no discrimination, encouragement and compassion:

***‘I work side by side with disadvantaged, lonely and isolated people to empower them, upskill them and see them flourish in newfound confidence.’***

Christina Davies, Skills and Employability Co-ordinator at The Haven, Neath

- **Concern and compassion in Scotland**

Figures from National Records of Scotland showed 1,051 people died of drug use in 2022, down from 1,330 in 2021.

We were encouraged that deaths from drug use were in decline in Scotland but did not celebrate these numbers. Behind these figures were people and families who needed specialist support and compassion, so that many of these deaths could have been avoided.

In response to these statistics, The Salvation Army continued to emphasise the need for a person-centred approach to supporting people with addiction. We have seen lives transformed with this person-centred approach, and government figures show that a harm reduction policy works.

The Scottish Drug Deaths Taskforce's recent report also called for a compassionate approach to tackling addiction, and we back the taskforce's call for a significant increase in funding for therapeutic addiction support services.

***'Investing in services that offer this approach to addiction is the most effective way of reversing levels of drug and alcohol deaths. Compassion and connection saves lives.'***  
Malcolm Page, Assistant Director of Homelessness Services (North)

- **Working with Stars**

In Bournemouth, we put in place ongoing education and training for the corps and community centre to break the stigma around addiction and increase knowledge on how to support those affected by destructive habits.

One example is working with Steps to Active Recovery (Star), a charity set up by Emma Heath who leads the recovery ministry in the Bournemouth area. Star believes in transformation, bringing hope, building community, boosting confidence, being broad and being inclusive, and so aligns with The Salvation Army's mission.

The local Salvation Army corps ran the Star Life Course. It provided a holistic approach to recovery that considers body, mind and spirit. Over 12 weeks they welcomed 22 guests. Star instilled the confidence to deliver recovery ministries safely, to equip and help churches in providing a recognised standard of support.

The course helped to support those with – and those affected by – destructive habits and behaviours and to offer a unified community approach that helps break down fear and stigma.

## Responding to emergencies

- **Action stations!**

Our incident response vehicles and volunteers were out in force, providing refreshments and emotional support to first responders and emergency services teams. Here are some examples.

- Stornoway – firefighters, the coastguard and other agencies were out for days fighting fires which engulfed the island in smoke. Salvation Army corps members provided much-needed drinks and food.
- Hastings – responding to floods, the corps provided workers with drinks, hot meals and a place to hold meetings and rest. Our team also provided food, flasks and blankets to an anxious resident who didn't want to leave her flat despite losing all power.
- Oldham – our emergency response vehicle was called to support emergency services dealing with the aftermath of a huge fire at a scrapyard.
- London – last July saw us provide an unprecedented level of support to the capital's firefighters. We now have three incident response vehicles strategically based at fire stations across London.

- **Proud to serve**

Co-ordinated by our centrally co-ordinated emergency services team, The Salvation Army supported the many volunteers and emergency services teams on duty as Queen Elizabeth II's coffin lay in state in Edinburgh and then in London. We also supported vulnerable members of the community, some of whom struggled with the long waiting time, especially through the night. In both locations, the Army provided practical help as well as pastoral care for mourners.

## LOOKING FORWARD AS A MOVEMENT

The Salvation Army Social Work Trust is the legal entity through which our centrally coordinated programmes are managed, and this Report has highlighted many examples of the delivery in 2022/2023 across many areas. Some of this work is funded through central government, devolved government and local authority contracts and some is funded with grants from The Salvation Army Trust. Either way, The Salvation Army Social Work Trust portfolio of services has once again supported people, of all ages, in all sorts of need. Continuous development and response to change are our hallmark and we fully intend to be as agile and responsive as we move forward as we have been for the last nearly 160 years.

We will continue to support victims of modern slavery through our network of safe houses and our volunteer drivers and through the immense value of the Survivor Support Fund which helps meet the needs of survivors and get them set up in a new life.

We will continue to respond to the growing numbers of people experiencing homelessness, and to work with Government and with local authorities to meet these needs flexibly and in changing ways as funding and funding criteria change.

We will continue to deliver services such as Employment Plus and debt advice which make such a difference to people as they seek to manage their financial situation, to reduce the often damaging stress that debt can cause and, if needed, help them back into meaningful work.

We will continue to support people with addictions and people recovering from addictions with specialist support and helping them and other vulnerable people experience fellowship and friendship through our Core Recovery programme.

We remain committed to family life and will continue to deliver services that support and help maintain and relationships.

We will continue to 'speak truth to power' to ensure we are the voice of people who often have no voice, that legislation is developed to meet the real problems that we see which need tackling and funding, and we remain committed to speaking out where legislation needs amending,

Above all, The Salvation Army Social Work Trust, working with its sister trust The Salvation Army Trust, remains committed to striving to achieve our vision of 'Fullness of life for all with Jesus' and to do so by following its Mission Priorities. Fullness of life has many meanings, but The Salvation Army Social Work Trust remains committed to deploying its funding to meet need in the many and often complex ways it presents itself. It's what we were called to do and it's what we remain steadfast in doing next year and the years ahead.

## RAISING FUNDS

The income streams for The Salvation Army Social Work Trust consist mainly of statutory funding and, to a lesser degree, income from the sale of assets and income from legacies and donations which have been specifically made to and received directly by this Trust.

Fundraising for the overall work of The Salvation Army, including the work carried out by The Salvation Army Social Work Trust, is largely managed through and executed under The Salvation Army Trust, a separate charity from The Salvation Army Social Work Trust.

One of the distinctive features in the delivery of services covered by The Social Work Trust is that we always seek to do the best we can to help people experience holistic change. Often this means providing additional support services, training and skills development. This comes at a cost, and therefore to meet this additional cost The Salvation Army Trust makes a grant to The Salvation Army Social Work Trust based on funding needs.

This grant is agreed in advance as part of the budgeting process, and the actual value of the grant made during the year appears in The Social Work Trust as 'Grants Receivable: The Salvation Army Trust'.

No active fundraising is carried out by The Salvation Army Social Work Trust.

Our fundraising and appeals programme features the work of both Trusts.

The Salvation Army Trust Report and Accounts form a sister publication to these reports and accounts.

## SUBSIDIARIES

The Salvation Army Social Work Trust works in harmony with its subsidiary, Salvation Army Housing Association.

### **Salvation Army Housing Association (Saha):**

The principal activities are the management and development of social housing, primarily for single people. This includes Lifehouses for homeless people, foyers offering support and training, housing with appropriate support services for vulnerable people, special housing for the elderly, as well as self-contained rented homes at rents affordable to those on low incomes.

Saha operates nationally in over 70 local authorities across England and has five main areas of operation:

1. Agency Managed Centres (1,497 bed spaces):

Saha works in partnership with a number of organisations nationally, including The Salvation Army, to provide a wide range of Agency Managed Supported Housing services. These include residential centres (called Lifehouses) for homeless single people and homeless families, centres for those recovering from addictions, accommodation for ex-offenders and individuals and families fleeing domestic violence. Within these partnerships we act as the landlord owning and maintaining the buildings, whilst our managing agents undertake the day-to-day management of the service.

2. General Needs (1,275 homes):

Saha own a range of accommodation that provides secure affordable housing for families and individuals. Generally, residents access this accommodation through local authority waiting lists as we have nomination arrangements in place with our local authority partners.

3. Accommodation for the over-55s (291 bed spaces):

Some of Saha's accommodation is specifically designed for those over the age of 55, including a scheme manager providing on-site support. In accommodation where there is no staff on site, there will be an alarm call system and other types of floating or community support available. Styles of accommodation vary from studio flats to bungalows. Many of Saha's schemes have communal facilities where residents can engage in a range of activities.

4. Directly Managed Supported Housing (507 bed spaces):

Saha directly manage a number of schemes throughout England, both managing the building and delivering the day-to-day management and support. As with the Agency Managed schemes, Saha provide a range of support services to the residents. All schemes, including our foyers which are tailored for those between the age of 18 and 25, have 24-hour staff support where residents engage in a range of activities to promote independence with the aim of resettlement into independent living.

5. Registered Care Homes (52 bed spaces):

Saha own a number of registered care homes, working with a partnering agency to provide support and care for clients in a residential environment.

Saha also manage 707 residential properties on behalf of The Salvation Army, providing a housing management service throughout the country.

## MODERN SLAVERY AND ANTI HUMAN TRAFFICKING STATEMENT

As The Salvation Army in the United Kingdom and Ireland Territory we hold a zero-tolerance stance on acts of modern slavery and human trafficking and on any breach of our Ethical Policy and will not condone any such action by our contractors, suppliers or consultants. We take this issue very seriously and are committed to preventing acts of modern slavery and human trafficking from occurring within our supply chain. Our Procurement Ethical Policy is integral to all supplier contracts and sets out the overall standards surrounding human rights, child labour, discrimination, corruption, bribery or other financial impropriety, legal compliance and ethical conduct with which our suppliers must comply.

A Supplier Ethical Declaration is referenced in the standard purchase terms and conditions of The Salvation Army and compliance is a contractual requirement for all suppliers operating under these standard terms and conditions. In addition, all suppliers and contractors submitting tender responses must confirm their agreement and acceptance of the terms and conditions and sign the ethical declaration and apply these standards to their own supply chains.

Our Procurement Unit continually reviews its supply base, examining suppliers in those areas that represent the highest risk of modern slavery, particularly in spend areas relating to temporary labour, cleaning, catering, linen, branded goods and building services. Where possible trade and industry best practice standards are used as the benchmark and The Salvation Army has adopted the use of Constructionline for tendering and selecting building suppliers.

Due to the importance of training and education in the fight against modern slavery, the Procurement Unit has partnered with Stronger Together to deliver training to members of its team on identifying potential victims of modern slavery. All members of the Procurement team complete the Chartered Institute of Purchasing and Supply ethical procurement assessment annually.

The Procurement team holds regular Helping The Salvation Army Buy Better training seminars for stakeholders where ethical supply chain issues are covered. The Procurement team has also hosted a supplier conference with a specific focus on providing education on combating supply chain labour abuses. The commitment to ensuring ethical supply chain standards is also embedded in the recently adopted Salvation Army Fiscal Stewardship Principles and the Procurement Unit will be asked to report against these standards regularly.

## REVIEWING FINANCES

### Income

	2023	2022
	£m	£m
Charitable activities:		
Centres' revenue income	79.8	73.5
Other social operations	90.6	71.7
Housing association turnover	25.9	24.6
	<b>196.3</b>	<b>169.8</b>
Legacies and donations	3.1	5.3
Grants from The Salvation Army Trust	22.4	23.5
Investment and rental income	1.9	1.4
Other income	29.1	1.4
<b>Total income</b>	<b>252.8</b>	<b>201.4</b>

### Centres' revenue income

The main elements are:

- charges for residents in our care homes for older people (£13.9 million)
- charges for residents in our Lifehouses (£31.6 million)
- income received under contracts with local authorities, principally Supporting People contracts (£28.0 million)

### Other social operations

The main elements are:

- Employment Plus (£4.0 million)
- Anti-Trafficking (£86.3 million)

Our Employment Plus team provides services to help unemployed people into work through several Work Programme contracts where The Salvation Army is a subcontractor. Income fluctuates as it is dependent on the number of referrals and also on clients securing and retaining employment.

We provided support to the victims of modern slavery under a contract with the Ministry of Justice. The demand for this service has increased year on year.

## Housing Association turnover

This represents the turnover of The Salvation Army Housing Association (Saha), a subsidiary of the Social Work Trust, adjusted to reflect the accounting policies and reporting requirements of the Social Work Trust.

## Legacies and donations

Legacies of £0.9m and donations of £2.3m were received in the current year.

## Grants from The Salvation Army Trust

The Salvation Army Trust provides financial support to the Social Work Trust. This includes the Big Collection Appeal which is an annual appeal undertaken by corps (church) members specifically for social work programmes.

## Expenditure

	2023 £m	2022 £m
Charitable activities:		
Centres' operations	100.3	88.5
Other social operations	91.4	73.6
Housing association operating costs	27.2	24.8
	<b>218.9</b>	<b>186.9</b>
Cost of raising funds	0.1	0.1
<b>Total expenditure</b>	<b>219.0</b>	<b>187.0</b>

## Centres' operations

This represents the operating costs of care homes for older people, Lifehouses, detox centres, daycare centres and other non-residential projects. Decreased costs reflects significantly decreased activity at certain centres due to the pandemic.

## Other social operations

The increased costs reflect the increase in the number of victims of trafficking being helped by our service as well as Employment Plus and Family Tracing.

## Net gains/(losses) on investments

There has been an unrealised gain on investments of £1.3 million (2021: gain of £10.4 million). This represents a £1.5m gain in value of the Salvation Army Housing Association's investment property at Waterloo, London, partly offset by aggregate unrealised losses on the Trust's investment portfolios of £0.2m.

## Funds

Excluding investment losses of £0.2 million, the Social Work Trust (excluding Saha results) has generated a surplus of £32.0 million compared to a surplus of £11 million in the previous year.

Total funds at the year end were as follows:

	<b>2023</b>	<b>2022</b>
	<b>£m</b>	<b>£m</b>
Endowment funds	16.8	16.8
Restricted funds:		
Social Work Fund	82.2	82.5
Social Work projects	38.7	37.9
saha operations	127.8	128.1
Total restricted funds	248.7	248.5
Unrestricted funds:		
Designated funds	53.2	23.5
Unrealised investment gains	71.2	71.2
General reserve	20.1	15.4
Total unrestricted funds	144.5	110.1
<b>Total funds</b>	<b>410.0</b>	<b>375.4</b>

## Endowment funds

All endowment funds are represented by investment in the Common Investment Funds and the movement is due to the increase in market value of the investments. The capital value of the funds is retained but the income is applied to fund our work.

## Restricted funds

Social Work Fund represents property assets including Lifehouses, care homes and other properties used for the operations of the parent charity. These funds are not therefore available to spend.

All income generated from defence services operations is restricted for this work. Funds restricted for social work projects represent legacies and donations given for specific purposes.

All Saha funds are treated as restricted in the group accounts.

## Unrestricted funds

### Designated reserves

The levels of designated funds are reviewed annually. These are funds set aside by the directors for new projects and to meet known future commitments such as maintenance of our properties. These will be used in the next three years to fund new developments and significant refurbishment projects as they are approved. There is a major components reserve utilised for larger building projects addressing the necessary investment in properties within the Social Work Trust.

### Unrealised gains

These are book profits subject to fluctuations in the stock market.

### General reserve

This represents funds which are freely available for the general purposes of the charity.

## RESERVES POLICY

Our reserves policy focuses on the level of general reserves.

We work with vulnerable and disadvantaged members of society, principally through our residential centres. We need reserves so that we can maintain continuity of our services in the event of a decrease in income or unexpected expenditure.

The directors have reviewed the main income streams, the risks associated with them, the main categories of expenditure and the extent to which these can be curtailed if required. A significant proportion of our income is received under contract from local authorities. As such this is subject to regular competitive tendering and to changes in central and local government policies. The Trust also receives a grant from its sister trust – The Salvation Army Trust – generated from its fundraising to support the work of the trust. There is a much smaller portion of income that is voluntary income which can be uncertain and fluctuate from year to year.

The total value of funds held as at 31 March 2023 was £282m (2022: £247m). There are restricted reserves of £120.9m (2022: £120.4m), unrestricted reserves of £144m (2022: £110m), and endowment reserves of £16m (2022: £16m).

## Unrestricted Funds

The unrestricted funds include both general reserves and designated funds. General reserves are utilised to fund the day-to-day needs of The Salvation Army. These were £20.1m as at 31 March 2023 (2022: £15.4m). The designated funds are unrestricted but set aside by the directors for specific purposes, £53.2m (2022: £23.5m).

General reserves at the year-end were £20.1m which is above the target range of £4m to £5m. Like other charitable organisations, we are facing increased costs from high inflation as well as a challenging fundraising environment as the cost-of-living crisis continues to bite. A deficit budget is anticipated for 2023/24 which will result in a significantly lower general reserve. The trustee intends to review the reserves policy in 2023/24 taking account of the increasing internal and external risk factors.

## INVESTING FOR THE FUTURE

The charity holds its investments in The Salvation Army Common Investment Funds. These funds were set up under Schedule 2 of The Salvation Army Act 1980 to act as common investment schemes for certain Salvation Army Trusts.

The Salvation Army Common Investment Fund (No 1) consists of permanent endowments which are restricted by the wishes of the donor. In most cases the income is to be used for restricted purposes. The Salvation Army Common Investment Fund (No 2) is operated for those Salvation Army Trusts without permanent endowments. Both funds are managed by The Salvation Army Trustee Company. Cazenove Capital Management manages CIF1 and 50 per cent of CIF2, whilst Sarasin & Partners LLP manage 50 per cent of CIF2.

The funds are subject to The Salvation Army Act 1980 and the following guidelines:

- the principal aim is to invest in a manner consistent with the promotion of the objects of The Salvation Army
- investments should be made on longer-term considerations rather than in the pursuit of short-term gains
- investments may be held in stocks, shares, debentures and other securities quoted on a recognised stock exchange, in government, municipal and public utility stocks and in bank deposit accounts
- investments may be made in collective investment schemes, including those holding real estate assets
- no direct investment may be made in unquoted securities in the UK or overseas

- there will be no investment in companies which derive a material amount of their revenues (% indicated) from the following activities:
  - the production of alcohol (5%)
  - the sale, together with any production, of alcohol (10%)
  - the production of tobacco (5%)
  - the sale, together with any production, of tobacco (10%)
  - the manufacture of whole weapons, weapon platforms and weapon systems (no minimum limit)
  - the manufacture or sale of strategic parts for weapons systems (10%)
  - the business of gambling or providing access to such businesses (5%)
  - the production of adult entertainment services or providing access to such services (1%)
  - the publication or wholesale of pornographic magazines or newspapers (1%)
- Investment managers are expected to exclude companies whose activities might reasonably be expected to increase poverty or act against the relief of poverty. The investment managers are required to monitor companies in the portfolios to ensure best practice in corporate governance, employment conditions and environmental sustainability.

The Funds' benchmark and ranges of distribution are as follows:

<b>Asset Class</b>	<b>Benchmark</b>	<b>Range</b>
	%	%
Equities:		
Global	100	+/-10
Bonds	0	+10
Cash	0	+10
	<hr style="width: 50%; margin: 0 auto;"/> 100 <hr style="width: 50%; margin: 0 auto;"/>	

The aims and objectives of the Common Investment Funds are as follows:

### **CIF1**

Fund strategy is:

- to preserve the value of the fund, adjusted for real inflation
- to maintain a steady annual income stream

The performance objective of the Fund is to achieve an annual total return which exceeds the composite benchmark below by at least 1.25 per cent per annum, gross of fees, measured over rolling three-year periods.

Asset Class	Performance Benchmark
UK Equities	FTSE All-Share
Europe (ex-UK) Equities	FTSE All World Developed Europe (ex-UK)
Emerging Markets Equities	FTSE All World Emerging Markets
Asia Pacific Equities	FTSE All World Developed Asia Pacific
United States Equities	S&P 500
Property	IPD UK Property

## CIF2

The Fund strategy is to aim for capital growth rather than income. The performance objective of the Fund, excluding cash and gilts under lien, is to achieve an annual total return which exceeds the composite benchmark below by at least 1.25 per cent per annum, gross of fees, measured over rolling three-year.

Asset Class	Performance Benchmark
UK Equities	FTSE All-Share
Europe (ex-UK) Equities	FTSE All World Developed Europe (ex-UK)
Emerging Markets Equities	FTSE All World Emerging Markets
Asia Pacific Equities	FTSE All World Developed Asia Pacific
United States Equities	S&P 500
Property	IPD UK Property
Cash and gilts under lien	FTSE Gilts under 5 years

Performance for the year compared to the benchmark was as follows:

	CIF1	CIF2
	%	%
Annual total return (gross of fees)	4.0	1.1
Benchmark return	-2.6	-2.6

For the year to 31 March 2023 CIF 1 and CIF 2 overperformed in challenging circumstances compared to global market benchmark. The performance is being monitored on a regular basis through discussions with the respective investment fund managers.

In absolute terms the performance of the Common Investment Funds for the year was as follows:

	CIF1	CIF1	CIF1	CIF2	CIF2	CIF2
	2023	2022	2021	2023	2022	2021
	%	%	%	%	%	%
(Decrease)/Increase in capital value of fund	2.9	6.8	22.3	-0.1	17.1	25.5
Average net income return	0.5	0.4	0.5	0.7	0.7	0.8

## STRUCTURE, GOVERNANCE AND MANAGEMENT

The United Kingdom and Ireland Territory is under the command of a Territorial Commander, appointed by The General and responsible to him/her for the day-to-day administration of Salvation Army work throughout the British Isles, including the Channel Islands, the Isle of Man and the Republic of Ireland.

The Salvation Army's assets in the United Kingdom Territory are held by The Salvation Army Trustee Company (SATCo), a company limited by guarantee, registered in England (No 00259322), with its registered office at 1 Champion Park, London, SE5 8FJ.

The two main trusts under which The Salvation Army in the United Kingdom operates are:

1. The Salvation Army Social Work Trust, whose accounts are contained in this Report.
2. The Salvation Army Trust, Charity Registration No 214779 in England and SCO09359 in Scotland.

The governing document of The Salvation Army Trust is The Salvation Army Act 1980, as amended. Under Section 12(1) (a) The Salvation Army Trustee Company is appointed as the sole ordinary trustee of the trusts listed in Schedule 5 to that Act.

The governing document of The Salvation Army Social Work Trust is the Deed Poll dated 30 January 1891 and a supplementary deed dated 26 March 1969.

The Salvation Army Social Work Trust acts as managing agent for a number of projects on behalf of several registered housing associations, including The Salvation Army Housing Association.

### Salvation Army Housing Association

The Salvation Army Social Work Trust has the power to exercise control over the Salvation Army Housing Association (Saha). Saha is registered with the Co-operative and Community Benefit Societies Act 2014 and is a registered social landlord regulated by The Regulator of Social Housing.

## RISK MANAGEMENT

The Salvation Army identifies, assesses and manages risks that could impact its activities so it can better achieve its objectives, comply with relevant laws and regulations and safeguard its funds and assets.

The Board (SATCo) has ultimate responsibility for overseeing risk management, in accordance with Charity Commission guidance (CC26). The Risk Management Committee (RMC) directs an enterprise-wide risk management programme to inform decision making and ensure effective procedures to identify and evaluate risks and implement effective controls.

The RMC considers the most recent developments in the most significant risks, while also prioritising broader developments to The Salvation Army's approach to risk management. Current plans include promoting a deepening appreciation of the complexities of risk management within a wide-ranging structure, the importance of metrics to inform risk management and the implications of macro and global risks that may have consequences for the organisation.

Risk management operates through a top-down review by the RMC and bottom-up review by individual functions, enabling the identification and prioritisation of key and emerging risks. This enables site and service-specific concerns to be identified and managed, whilst retaining high-level oversight and assurance of the most significant risks facing the organisation. The RMC reports to the Board at least twice yearly on key risks. Through this risk management process the trustees have considered the major risks facing the organisation and satisfied themselves that controls are established to manage them.

Unfortunately, the nature of our work means that despite the steps we take, serious incidents can still arise, and we continue to place the utmost importance on reporting these to our regulators.

## Principal risks

The Salvation Army's work is diverse, geographically spread across a broad range of settings and has a variety of beneficiaries. The risk landscape is therefore varied, and controls are deployed appropriately at different levels of the organisation. The following outline indicates the most significant risks in the reporting period, and some of the strategic level mitigations we have in place.

Principal Risks	Mitigation
<b>Business Continuity</b> – There is a risk that the occurrence of a significant incident where, during and after the incident, the Trust will not be able to continue to be viable and meet stakeholder expectations.	Business continuity policies and procedures, including the application of ISO27001 for some parts of the organisation, prepare us for management of interruptions.
<b>Cyber</b> – The risk is that we fail to protect our information systems and the information they hold.	We deploy multiple measures to protect our systems and the information they hold. We work within an information security international standard (ISO27001) and build on lessons from our internal and external audits in this area.
<b>Data Protection</b> – The risk is that we fail to protect sensitive and personal data.	As well as our data protection/GDPR policies and training we take steps to ensure that personal data is treated properly through appropriate security measures, staff training, the use of data protection impact assessments and contractual requirements with organisations we work with who process our personal data.
<b>Financial Sustainability</b> – The risk is that there is insufficient revenue income from donations and reserves to support our operating model resulting in the failure of the Trust to thrive in a rapidly changing environment.	We continue to monitor the funding situation and adjust our financial planning and commitments accordingly to ensure we are financially resilient.
<b>Safeguarding</b> – The risk is that we fail to provide a safe environment, free from abuse, for everyone, including vulnerable beneficiaries.	We continue to maintain clear policies and procedures in relation to safeguarding and ensure the appropriate screening, training and supervision of personnel. A subcommittee of RMC – the Territorial Safeguarding Committee – oversees management of the risk.
<b>Safe Mission</b> – The risk is that we are not able to ensure the health, safety and welfare of personnel, service users and members of the public who are affected by our activities.	Comprehensive policies, procedures and guidance are in place, alongside a supervisory control framework. Two RMC subcommittees – the Safe Mission Council and the Sudden Deaths Review Group – inform the management of this risk.

## RECRUITMENT AND APPOINTMENT OF DIRECTORS (TRUSTEES)

There are 13 directors, 8 by virtue of their appointments within The Salvation Army. One director is a divisional leader responsible for one of The Salvation Army's 14 divisions.

The other five directors are non-executive each bringing expertise in a relevant field, as approved by The General – including property, finance, investments or social services. The appointment of non-executive directors is made by SATCo on the recommendation of the Nominations Committee.

### Training and Induction of Directors

The Company Secretary briefs new directors on their legal responsibilities and familiarises them with the Company's governance folder (and previous Board minutes). This includes the articles of association of SATCo, the Charity Commission's essential trustee guidance, and other key documents and policies (including the Conflicts of Interest Policy). The Company Secretary regularly delivers a written governance update on relevant issues at each board meeting. Directors are also informed of and provided with the opportunity to attend several training sessions throughout the year.

### Organisational Structure and Decision Making

SATCo's board (the 'Board') is assisted by an Audit Committee, a Nominations Committee, an Investment Advisory Committee and a Risk Management Committee. The Audit Committee comprises a non-executive director chair and three independent members with a remit to review The Salvation Army's internal and external audit arrangements and consider reports issued by internal and external auditors including the annual financial statements. The role of the Nominations Committee is to recommend new non-executive Board members. The Investment Advisory Committee includes three external advisers in its membership and advises on appropriate investments. The Risk Management Committee is referred to below under Risk Management.

The Board met bi-monthly, with some additional meetings scheduled as required in this reporting year. In addition to its oversight and governance role, the following matters require consideration and approval by the Board:

- annual budget
- individual items of expenditure of £5 million and above
- investment policy, on the recommendation of the Investment Advisory Committee
- Risk Register
- Key policies
- Annual Financial Statements

The Board has delegated day-to-day operational matters to the Territorial Operations Board, under the leadership of the Chief Secretary.

During the 2019/20 financial year, the Internal Audit Department reviewed SATCo's performance against the Charity Governance Code for larger charities. The review identified a number of areas in which SATCo was performing well and other areas for development. Another assessment has been requested by the Chairman of SATCo that will take place in the 2023/24 financial year.

### **Directors' Responsibilities**

The directors of SATCo are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of The Salvation Army Social Work Trust, and of the income and expenditure for that period. In preparing the financial statements, the directors are required to:

- select and consistently apply suitable accounting policies.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable accounting standards have been followed.
- observe the principles of the Charity SORP.
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that The Salvation Army Social Work Trust will continue to operate.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of The Salvation Army Social Work Trust and are required to ensure the financial statements comply with The Salvation Army Act 1980, the Charities Act 2011 and The Charities and Trustees Investment (Scotland) Act 2005. They are also responsible for safeguarding the Trust's assets, taking reasonable steps to prevent and detect fraud and other irregularities.

The directors have regard to the Charity Commission's general guidance on public benefit that is relevant to The Salvation Army Social Work Trust.

### **Remuneration of Key Management**

Key management personnel of The Salvation Army comprise Salvation Army officers and employees. Salvation Army officers do not receive a salary; instead they receive an allowance based on length of service and seniority of position, and as ministers of religion are provided with furnished accommodation and a motor vehicle. The allowances received by officers in positions of key management range from £19,377.96 to £25,471.57 per annum.

No remuneration of key management personnel is charged directly to the Social Work Trust. Further information is disclosed in Note 9 and 10 to the Accounts.

For employees, we are committed to ensuring a proper balance between paying salaries which will enable us to attract and retain staff of the appropriate calibre and careful stewardship of charitable funds. All senior salaries are benchmarked against senior staff salaries of comparable organisations in the not-for-profit sector.

**On behalf of the Directors of The Salvation Army Trustee Company  
15 December 2023**

## DIRECTORS

The current directors of The Salvation Army Trustee Company and those who held office during the financial year are as follows:

Commissioner Anthony Cotterill .....	Chair
Colonel Paul Main .....	Deputy Chair
Colonel Jenine Main	
Lieut-Colonel Alan Read .....	Managing Director
Lieut-Colonel Andrew McCombe	
Lieut-Colonel Beverley McCombe	
Lieut-Colonel Dean Pallant	
Lieut-Colonel Judith Payne	
Major Mark Herbert .....	(appointed 10.02.23)
Major Noreen Batt.....	(until 18.11.22)
Major Judith Hilditch.....	(until 30.04.23)
Helen O'Brien	
Philip Edwards .....	(appointed 09.09.22)
Mark Puller .....	(until 12.05.23)
Peter Gale	
Andrew Stickland	

The Chief Secretary, Colonel Paul Main, is responsible for the day-to-day management of the charity.

### Committee Members (current)

#### *Territorial Operations Board*

Colonel Paul Main (Chair), Commissioner Gillian Cotterill, Major Jane Cowell, Tony Daniels, Major David Shakespeare, Miguel Fiallos, Peter Grant, Major Paul Kingscott, Major Mike Lloyd-Jones, Mitch Menagh, Alex O'Hara, Major Julian Watchorn, Major Richard Waters, Julius Wolff-Ingham, Nick Redmore

#### *Audit Committee*

Andrew Stickland (Chair), Stephen Bright, Hannah Greenfield, Mike Grills

#### *Investment Advisory Committee*

Peter Gale (Chair), Mark Colton, William Dalziel, Mary Haly, Lieut-Colonel Alan Read, Philip Rotherham

#### *Nominations Committee*

Commissioner Anthony Cotterill, Colonel Paul Main, Lieut-Colonel Alan Read, Elliot Thomas, Helen O'Brien

### *Risk Management Committee*

Helen O'Brien (Chair), Major Kerry Coke, Lieut-Colonel Andrew McCombe, Lieut-Colonel Beverley McCombe, Lieut-Colonel Dean Pallant, Lieut-Colonel Alan Read, Elliot Thomas, Daniel Wills, Major Julian Watchorn, Julius Wolff-Ingham, Major David Shakespeare, Lynette Sturgeon

### **Company Secretary**

Elliot Thomas is Company Secretary of The Salvation Army Trustee Company.

## **ADVISERS**

### **Bankers**

Reliance Bank Limited, Faith House, 23/24 Lovat Lane, London EC3R 8EB

### **Auditors**

Knox Cropper LLP, Chartered Accountants, 65 Leadenhall Street, London EC3A 2AD

### **Solicitors**

England and Wales: Slaughter and May, 1 Bunhill Row, London EC1Y 8YY

Scotland: Blackadders, 5 Rutland Square, Edinburgh EH1 2AX

### **Investment Advisers**

BWCI Consulting Limited, PO Box 68, Albert House, South Esplanade, St Peter Port, Guernsey GY1 3BY

### **Investment Managers**

Cazenove Capital Management, 12 Moorgate, London EC2R 6DA

Sarasin & Partners LLP, Juxon House, 100 St Paul's Churchyard, London EC4M 8BU

Legal & General Investment Ltd, One Coleman Street, London, EC2R 5AA

# Independent Auditors Report to the Salvation Army Trustee Company, the Managing Trustee

## Opinion

We have audited the consolidated financial statements of The Salvation Army Social Work Trust Group for the year ended 31 March 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Balance Sheets, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)’.

In our opinion the financial statements:

- (a) give a true and fair view of the state of The Salvation Army Social Work Trust group and parent charity’s affairs as at 31 March 2023 and of the group’s incoming resources and application of resources, for the year then ended;
- (b) have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’; and
- (c) have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustees Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

### **Other information**

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The trustee is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters where the Charities Act 2011 and the Charity Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

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

## Responsibilities of trustee

As explained more fully in the trustee's responsibilities statement, the trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustee is responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the charity or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144(1) of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- The Charity is required to comply with charity law and, based on our knowledge of its activities, we identified the legal requirements to comply with this legislation including the requirement to correctly account for restricted funds. The Charity is also required to comply with the Health and Social Care Act and the regulations issued thereunder and compliance with the standards issued by the Care Quality Commission is a key issue.
- We gained an understanding of how the Charity complied with its legal and regulatory framework, including the requirement to properly account for restricted funds and to comply with the care quality standards, through discussions with management and a review of the documented policies, procedures and controls.
- The audit team, which is experienced in the audit of charities, considered the Charity's susceptibility to material misstatement and how fraud may occur. Our considerations included the risk of management override.

- Our approach was to check that all restricted income was properly identified and separately accounted for and to ensure that only valid and appropriate expenditure was charged to restricted funds. This included reviewing journal adjustments and unusual transactions. We also reviewed reports and ratings published for the most recent Care Quality Commission inspections to ensure that there were no cases of non-compliance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>

This description forms part of our auditor's report.

### Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken, so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's trustees as a body, for our audit work, for this report or for the opinions we have formed.



65 Leadenhall Street  
London EC3A 2AD

15 December 2023

**Knox Cropper LLP**  
**Chartered Accountants**  
**Registered Auditors**

Knox Cropper LLP is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

# The Salvation Army Social Work Trust

## Financial Statements

### CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2023

	Note	Endowments £000	Restricted £000	Unrestricted £000	2023 Total £000	2022 Total £000
<b>INCOME AND ENDOWMENTS FROM:</b>						
Donations and Legacies						
Grants receivable: The Salvation Army Trust		-	-	22,373	22,373	23,547
Donations		-	1,329	939	2,268	3,834
Legacies		-	870	1	871	1,423
		-	2,199	23,313	25,512	28,804
Charitable Activities						
Centres' operations	2	-	473	79,302	79,775	73,469
Other social operations	3	-	581	90,016	90,597	71,683
Housing Association turnover	11	-	25,944	-	25,944	24,579
		-	26,998	169,318	196,316	169,731
Investments	4	-	193	1,657	1,850	1,390
Other						
Gains on disposal of fixed assets	5	-	29,068	-	29,068	1,437
<b>TOTAL INCOME</b>		-	<b>58,458</b>	<b>194,288</b>	<b>252,746</b>	<b>201,362</b>
<b>EXPENDITURE ON:</b>						
Raising Funds						
Investment management costs		-	-	50	50	50
		-	-	50	50	50
Charitable Activities						
Centres' operations	6	-	2,688	97,610	100,298	88,485
Other social operations	7	-	674	90,738	91,412	73,659
Housing Association operating costs	11	-	27,249	-	27,249	24,835
		-	30,611	188,348	218,959	186,979
<b>TOTAL EXPENDITURE</b>	8	-	<b>30,611</b>	<b>188,398</b>	<b>219,009</b>	<b>187,029</b>
Net Gains/(Losses) on Investments	15	31	1,494	(199)	1,326	10,446
<b>NET INCOME/(EXPENDITURE)</b>		<b>31</b>	<b>29,341</b>	<b>5,691</b>	<b>35,063</b>	<b>24,779</b>
Transfers between Funds *	20/21	-	(28,586)	28,586	-	-
Other Recognised Gains/(Losses)						
Actuarial Gains/(Losses) on Defined Benefit Pension Schemes	11	-	(501)	-	(501)	944
<b>NET MOVEMENT IN FUNDS</b>		<b>31</b>	<b>254</b>	<b>34,277</b>	<b>34,562</b>	<b>25,723</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total Funds brought forward	19/20/21	16,794	248,460	110,133	375,387	349,664
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>16,825</b>	<b>248,714</b>	<b>144,410</b>	<b>409,949</b>	<b>375,387</b>

All income and expenditure has arisen from continuing activities. £34,839k of the net income of funds disclosed above arises in the parent charity (2022: net income of £21,425k). \*Transfers between funds arise from property transactions, because all funds expended on property assets are reflected as restricted funds, net of funding of homelessness and older people's services centres from legacy funds.

# BALANCE SHEET AS AT 31 MARCH 2023

	Note	Group		Parent	
		2023 £000	2022 £000	2023 £000	2022 £000
<b>FIXED ASSETS</b>					
Tangible Fixed Assets					
Properties	12	183,696	191,060	67,947	73,763
Property schemes in progress	13	7,712	5,600	7,635	5,523
Motor vehicles and equipment	14	968	406	164	199
Investments	15	164,737	163,411	131,237	131,411
<b>TOTAL FIXED ASSETS</b>		<b>357,113</b>	<b>360,477</b>	<b>206,983</b>	<b>210,896</b>
<b>CURRENT ASSETS</b>					
Stocks		208	174	208	174
Debtors and prepayments	16	28,676	28,975	26,504	27,350
Short-term deposits		44,077	10,730	44,077	10,730
Bank balances and cash		29,703	27,083	23,336	17,683
		102,664	66,962	94,125	55,937
CREDITORS: Amounts falling due within one year	17(a)	(28,302)	(28,213)	(18,950)	(19,513)
<b>NET CURRENT ASSETS</b>		<b>74,362</b>	<b>38,749</b>	<b>75,175</b>	<b>36,424</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>431,475</b>	<b>399,226</b>	<b>282,158</b>	<b>247,320</b>
Creditors: Amounts falling due outside one year	17(b)	(18,675)	(20,976)	-	-
Defined Benefit Pension Scheme Liability	10(c)	(2,851)	(2,863)	-	-
<b>TOTAL NET ASSETS</b>		<b>409,949</b>	<b>375,387</b>	<b>282,158</b>	<b>247,320</b>
<b>FUNDS</b>					
Endowment Funds	19	16,825	16,794	16,825	16,794
Restricted Funds	20				
Social Work Fund		82,230	82,543	82,230	82,543
Other Restricted Funds		166,484	165,917	38,693	37,850
		248,714	248,460	120,923	120,393
Unrestricted Funds	21	144,410	110,133	144,410	110,133
<b>TOTAL FUNDS</b>	22	<b>409,949</b>	<b>375,387</b>	<b>282,158</b>	<b>247,320</b>

Approved on behalf of The Salvation Army Trustee Company on 15 December 2023 by:



Lieut-Colonel Alan Read (Director)



Colonel Paul Main (Director)

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £000	2023 £000	2022 £000	2022 £000
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net Cash provided by/(used in) operating activities	23		9,820		(1,524)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment and rental income		1,850		1,390	
Additions to properties		(4,029)		(4,855)	
Additions to motor vehicles and equipment		(721)		(253)	
Additions to property schemes in progress		(2,191)		(1,833)	
Proceeds on disposal of motor vehicles and equipment		-		-	
Purchase of investments		-		-	
Proceeds on disposal of properties		33,874		4,107	
Management of short-term deposits		(33,347)		(3)	
Net Cash provided by investing activities			(4,564)		(1,447)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Interest payable		(473)		(865)	
(Decrease)/Increase in Bank Loans		(2,163)		(6,929)	
Net Cash provided by/(used in) financing activities			(2,636)		(7,794)
Change in Cash and Cash Equivalents in the year			2,620		(10,765)
Cash and Cash Equivalents at the beginning of the year			27,083		37,848
Cash and Cash Equivalents at the end of the year			<b>29,703</b>		<b>27,083</b>

### ANALYSIS OF CHANGES IN NET DEBT

	Balance 1 April 2022 £000	Cash- Flows £000	Net Loan Movements £000	Balance 31 March 2023 £000
Cash at Bank	27,083	2,620	-	29,703
Loans falling due within one year	(2,507)	-	(9)	(2,516)
Loans falling due after more than one year	(19,800)	-	2,172	(17,628)
	<b>4,776</b>	<b>2,620</b>	<b>2,163</b>	<b>9,559</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

## 1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements for the Social Work Trust, which have been consistently applied, are as follows:

### (a) Basis of Accounting

The financial statements have been prepared under the historical cost convention, subject to the inclusion of certain financial instruments and investment properties at fair value and donated properties at valuation on acquisition, and are in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition – October 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', The Salvation Army Act 1980, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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

#### Going Concern

In preparing these financial statements the trustee has considered whether the charity has adequate financial resources to settle its debts as they fall due and can manage business risks. In reaching its decision, the trustee has considered the planning processes including financial projections, and consideration of the prevailing economic climate and its potential impact on the various income streams and planned expenditure.

There has been a marked increase in operational expenditure driven by salary increases, utility costs and general inflation. These same pressures will continue going forward. A move to the Real Living Wage in 2023/24 will address recruitment and retention challenges particularly within Homelessness and Older Peoples Services.

The Social Work Trust continues to be supported through the annual grant from The Salvation Army Trust. This is necessary as The Salvation Army provides additional services over and above contract requirements, such as chaplaincy, in accordance with its mission and values. In addition contracted services are not always able to achieve 'full cost recovery' of indirect support costs.

With regards to the Modern Slavery Victim Care contract, the SWT carries a disproportionate risk of Home Office penalties for missed KPI's compared to its sub-contractors. This is mitigated through careful monitoring and active management of the sub-contractor performance.

The sale of Booth House, Whitechapel, has provided an opportunity to rework a number of properties in line with the new Homelessness Services Strategy that is being developed.

In 2024/25 the primary focus upon financial sustainability will take precedence as income continues to be under pressure whilst operational demands continue and the economic environment drive costs upwards.

On the basis of the above, the trustee has concluded that there is no material uncertainty about the Trust's ability to meet its debts as they fall due for at least 12 months following approval of the financial statements and therefore continues to adopt the going concern basis in preparing its financial statements.

### (b) Basis of Consolidation

The accounts of The Salvation Army Social Work Trust Group consolidate Saha's accounts using the acquisition method.

## **(c) Key judgements and estimates used in preparing these financial statements**

### **(i) Financial instrument classification**

The classification of financial instruments as 'basic' or 'other' requires judgement as to whether all applicable conditions as basic are met. This includes consideration of the form of the instrument and its return. It also includes the review of existing financial liabilities, such as loan agreements, to assess whether any modifications to the agreement will affect the classification of the instrument and its possible re-measurement. All financial instruments, including loans, are classified as 'basic'.

### **(ii) Capitalisation of property improvement and development costs**

Property improvement and development schemes are reviewed to ascertain whether expenditure should be capitalised or charged to the Statement of Financial Activities. Expenditure which enhances the social use of the property or improves its economic return is capitalised. Expenditure which repairs a property and brings it back to its original condition is written off.

### **(iii) Useful lives of property, motor vehicles and equipment**

The useful lives of properties and other fixed assets are reviewed at each reporting date and depreciation rates for asset categories adjusted accordingly if required.

### **(iv) Bad debt provision**

Gross debtor balances are regularly reviewed by management, and where they assess that there is sufficient doubt as to recoverability a provision is made. In particular, accommodation charges outstanding are reviewed on a line-by-line basis and the provision is based on a number of factors including the age of the debt, value and the socio-economic situation of the debtor under review.

### **(v) Defined Benefit Obligation**

Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions, such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 10(c)). The group net defined benefit pension obligation at 31 March 2023 was £2,851,000.

### **(vi) Identification and valuation of investment properties**

The Group's property portfolio is reviewed annually to identify investment properties, which are those properties held to earn income or for capital appreciation rather than to be used for its charitable purposes. Properties no longer used for charitable purposes but retained until market conditions allow their disposal are not treated as investment properties, provided disposal is intended within a two-year window.

After initial recognition, investment property is measured at its fair value based either on valuation by The Salvation Army Property Department or by an independent valuer. In either case the valuer will hold a recognised and relevant professional qualification. The property will be valued at each subsequent reporting date.

### **(vii) Contractual Income Obligations**

Contractual income streams both restricted and unrestricted are controlled, monitored and reported upon against the respective contracts. The probability of returning funds to the contract provider is minimal; but by the very nature of the contracts themselves, the outcomes are monitored and reported upon on a regular basis. Should funds be returned this would be reported at the relevant committee and/or board.

#### (d) Income

- (i) **Donations and Legacies:** Donations, including the gross equivalent of those made under Gift Aid, and legacies are brought into account in the year of receipt. Accrual is made for any material legacies outstanding at the year end provided their values can be measured reliably.
- (ii) **Grants receivable** are recognised on an accruals basis. Grants received in advance of entitlement conditions being met are deferred on the balance sheet. If amounts are receivable for specific purposes, the income is shown as restricted. Grants received for the acquisition or development of properties are credited to restricted funds when they are receivable providing that any conditions attached to the grants have been fulfilled. Where, at the balance sheet date, conditions remain unfulfilled, the grants are deferred pending satisfaction of these conditions. Depreciation on the properties is charged to restricted funds.
- (iii) **Investment Income:** Dividends and interest are brought into account gross in the year they are due.
- (iv) **Realised gains on disposal** of assets are reflected in the Statement of Financial Activities in the year of disposal. Profits on disposal of investments are calculated by reference to the asset's carrying value.
- (v) **Maintenance and Special Care Income** is recognised on an accruals basis when legal entitlement exists, receipt is probable and the amount can be quantified with reasonable accuracy.

#### (e) Expenditure

##### (i) Total expenditure includes:

Charitable Activities costs reflect all expenditure relating directly to the objects of the charity, attributable overheads and allocation of governance costs. Attributable overheads are allocated over the range of charitable activities on an actual basis where possible, otherwise on a basis which is consistent with the utilisation of resources.

Governance Costs reflects the costs incurred under the governance arrangements of the charity which consist of the costs of complying with legislation including audit, legal services and strategic planning. Support costs have been apportioned to each category of expenditure: number of Full-Time Equivalent, equipment per headcount, transactions and buildings per cost centre.

- (ii) **Expenditure is charged** on the accruals basis when a legal or constructive obligation arises, and when the amount can be recognised accurately.
- (iii) **Irrecoverable Value Added Tax** is charged to the related heads of expenditure.

##### (iv) Pension and Similar Costs

The Salvation Army Social Work Trust contributes to three pension or similar schemes in respect of its staff:

- The Salvation Army Retired Officers Allowance Fund relating to Salvation Army officers;
- The Salvation Army Employees Pension Fund for other staff; and
- A defined contribution scheme.

The Salvation Army Retired Officers Allowance Fund is a registered charity and operates on the same basis as a defined benefit scheme but the benefits are not guaranteed. A standard annual contribution per unit is made to the Retired Officers Allowance Fund, which is charged in the accounts in the year in which payment is made.

The Salvation Army Employees Pension Fund is a defined benefit pension scheme which was closed to new members on 31 December 2011. The scheme is a multi-employer scheme and the actuary has confirmed that it is not practical to allocate the assets and liabilities of the scheme between participating employers. Pension costs are therefore reflected in the accounts when payments to the pension scheme fall due. The charity also recognises any contractual liability to fund a past service deficit as agreed with the Pension Scheme Trustees. Any resulting expense will be reflected through the Statement of Financial Activities. When the contribution is not expected to be settled prior to 12 months after the year end, the full liability is recognised at the present value of the contributions payable using a discounted rate. No such contractual liability existed at the current year end.

Since 1 January 2012, employees can join a defined contribution scheme.

The Salvation Army Housing Association (Saha) participates in the following pension schemes:

- (i) Social Housing Pension Scheme, a multi-employer defined benefit scheme. Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses. The net defined benefit pension obligation at 31 March 2023 was £2,851,000.
- (ii) The auto-enrolment SHPS defined contribution pension scheme, the contributions on which are charged when payments to the pension scheme fall due.
- (iii) The Pension Trust Growth Plan, a multi-employer defined benefit scheme. The pension charge represents the amounts payable by the company to the scheme in respect of the year. In the past, this scheme included a defined benefit element as the pensions were index-linked, so where there is a contractual obligation to make payments under a deficit reduction plan in respect of the former defined benefit element of the scheme, this has been recognised as a liability in full in the financial statements.

#### (f) Fixed Assets

- (i) **Expenditure on the acquisition or improvement of property** is reflected as a fixed asset, whereas costs of repairs and renewals to property are charged to the Statement of Financial Activities. The non-capital element of property schemes is written off in the year in which costs are incurred. All properties are disclosed at cost less accumulated depreciation other than Saha properties at the dates of acquisition (19 January 2011 and 23 March 2017) which were brought into account at those dates at fair values (being an existing use social housing valuation (EUV - SH) prepared by independent chartered surveyors). These properties are subsequently depreciated at the rates indicated below.
- (ii) **Expenditure on the acquisition of vehicles** is capitalised and expenditure on computer equipment and other office equipment which exceeds £15,000 in value is capitalised and depreciated over its economic life. Any equipment acquired at centres is written off in the year of acquisition.
- (iii) In accordance with FRS 102 component accounting has been adopted for freehold and long-leasehold properties. A property comprises of major components with substantially different useful lives. Depreciation is charged on major components so as to write off the cost of the components to their residual values, over their estimated useful lives, using the straight-line method, as follows:

Freehold Land	Not depreciated
Building – Main Fabric (structure)	50 years
<u>Major Components</u>	
Roof structure and covering	50 years
Bathrooms and WCs	20-30 years
Lifts	25 years
Mechanical and Electrical Systems	25 years
Windows and External Doors	25 years
Kitchens	20 years

Short-leasehold properties are depreciated over the term of the lease.

- (iv) Depreciation is provided on other tangible fixed assets at the following rates:

Motor Vehicles	- 25-33% pa on cost
Office Equipment	- 10-33% pa on cost
- (v) The Social Work Trust has achieved partnership status with the Homes and Communities Agency which means that it can access capital funds from this source to assist with the costs of schemes. Saha has always been able to access this funding. Grants arising are credited to restricted income except where the income is subject to certain restrictions which remain unfulfilled at the accounting reference date, in which case the income is deferred. A proportion of the depreciation charge arising on the properties concerned is charged against these restricted funds.

**(g) Investments and Investment Properties**

To comply with the Charities SORP, investments are included at fair value (their market value bid price). Realised gains on investments are calculated as the difference between sales proceeds and the market value of those investments.

The Salvation Army Social Work Trust does not hold any investment properties. However, its subsidiary Saha owns properties held for market rent or commercial lettings, and these are included as investment properties and are recorded at fair value with changes in the market value reported annually in the statement of financial activities. The fair value of the investment property is determined by using a valuation undertaken by Savills, an independent professional valuer, or by members of staff with relevant experience and qualifications.

**(h) Stocks**

Stocks are valued at the lower of cost and net realisable value.

**(i) Funds**

**(i) Endowments consist of** permanent endowments and expendable endowments. The capital of permanent endowments must by law be retained. Expendable endowments are funds where the capital can be maintained or expended at the discretion of the Trustee. It is the Trustee's current intention that the capital will be maintained.

**(ii) Social Work Fund represents** monies already expended on the acquisition, construction and improvement of freehold and leasehold properties, schemes in progress and unspent funds.

**(iii) Restricted Funds are held for** restricted purposes, as specified by the donors. All Saha funds are reflected in the consolidated accounts as restricted funds.

**(iv) Unrestricted Funds include:**

- Designated Reserves held for particular purposes designated by The Salvation Army in the exercise of its discretionary powers;
- Unrealised Gains Reserve held to separate recognised gains still subject to market risk; and
- General Reserve representing the net assets not designated for specific purposes.

**(j) Foreign Currency Translation**

Exchange gains and losses arising from overseas operations are dealt with through the Statement of Financial Activities and are reflected under Charitable Expenditure. Transactions in foreign currencies are translated at the rates prevailing at the beginning of the month whereas monetary assets and liabilities at the year end are translated at the closing rates.

## 2. CHARITABLE ACTIVITIES: CENTRE OPERATIONS

	2023				2022	
	Maintenance & Special Care Allowance £000	Supporting People £000	Local Authority & Other Grants £000	Catering & Miscellaneous Income £000	Total £000	Total £000
Social Services Centres						
Older People	12,863	-	7	52	12,922	12,617
Single Homeless	9,407	9,610	600	291	19,908	18,594
Family and Children	1,498	2,416	480	456	4,850	4,747
Day Care	-	235	-	74	309	278
Addictions	574	736	-	162	1,472	1,208
Other Non-Residential Programmes	-	1,108	996	1,181	3,285	3,515
	<b>24,342</b>	<b>14,105</b>	<b>2,083</b>	<b>2,216</b>	<b>42,746</b>	<b>40,964</b>
Housing Association Centres						
Older People	1,074	-	7	3	1,084	1,096
Single Homeless	22,236	10,479	597	587	33,899	29,702
Family and Children	854	611	42	36	1,543	1,385
Addictions	-	-	-	-	-	-
	<b>24,164</b>	<b>11,090</b>	<b>646</b>	<b>626</b>	<b>36,526</b>	<b>32,183</b>
Social Enterprise	-	29	43	431	503	322
<b>Total 2023</b>	<b>48,506</b>	<b>25,224</b>	<b>2,772</b>	<b>3,273</b>	<b>79,775</b>	<b>73,469</b>
<b>Total 2022</b>	<b>42,647</b>	<b>24,481</b>	<b>4,159</b>	<b>2,182</b>		<b>73,469</b>

Prior-year comparatives have been adjusted in line with the updated account coding structure following an in-depth cross trust review. There has been no change to overall totals.

£228,000 (2022: £169,000) of Government Grants, £1,987,000 (2022: £2,746,000) of Local Authority Grants and £557,000 (2022: £1,244,000) of Other Grants were received as part of the centre's operations income.

	2022				Total £000
	Maintenance & Special Care Allowance £000	Supporting People £000	Local Authority & Other Grants £000	Catering & Miscellaneous Income £000	
Social Services Centres					
Older People	12,561	-	-	56	12,617
Single Homeless	8,010	9,564	706	314	18,594
Family and Children	1,394	2,392	545	416	4,747
Day Care	-	231	-	47	278
Addictions	483	728	-	2	1,208
Other Non-Residential Programmes	-	1,192	1,569	754	3,515
	<b>22,448</b>	<b>14,107</b>	<b>2,820</b>	<b>1,589</b>	<b>40,964</b>
Housing Association Centres					
Older People	1,093	-	-	3	1,096
Single Homeless	18,381	9,748	1,213	360	29,702
Family and Children	725	595	44	21	1,385
Addictions	-	-	-	-	-
	<b>20,199</b>	<b>10,343</b>	<b>1,257</b>	<b>384</b>	<b>32,183</b>
Social Enterprise	-	31	82	209	322
<b>Total 2022</b>	<b>42,647</b>	<b>24,481</b>	<b>4,159</b>	<b>2,182</b>	<b>73,469</b>

### 3. OTHER SOCIAL OPERATIONS

	2023				2022	
	Maintenance & Special Care Allowance £000	Home Office Contract £000	Local Authority & Other Grants £000	Catering & Miscellaneous Income £000	Total £000	Total £000
Employment Plus	-	-	3,976	49	4,025	4,877
Anti-Human Trafficking	-	78,315	12	8,000	86,327	66,592
Defence Services Operations	-	-	-	186	186	173
Family Tracing, Counselling etc	-	-	-	59	59	41
<b>Total 2023</b>	<b>-</b>	<b>78,315</b>	<b>3,988</b>	<b>8,294</b>	<b>90,597</b>	<b>71,683</b>
<b>Total 2022</b>	<b>-</b>	<b>62,108</b>	<b>4,902</b>	<b>4,673</b>		<b>71,683</b>

Local Authority and Other Grants include £2,407,000 (2022: £3,049,000) of Employment Services Contracts and £1,565,000 (2022: £1,570,000) of Government Grants.

	2022				Total £000
	Maintenance & Special Care Allowance £000	Home Office Contract £000	Local Authority & Other Grants £000	Catering & Miscellaneous Income £000	
Employment Plus	-	-	4,883	(6)	4,877
Anti-Human Trafficking	-	62,108	19	4,465	66,592
Defence Services Operations	-	-	-	173	173
Family Tracing, Counselling etc	-	-	-	41	41
<b>Total 2022</b>	<b>-</b>	<b>62,108</b>	<b>4,902</b>	<b>4,673</b>	<b>71,683</b>

### 4. INVESTMENTS

	Restricted	Unrestricted	2023	2022
	£000	£000	Total £000	Total £000
Dividends and Interest receivable	178	1,091	1,269	907
Rents receivable	15	566	581	483
	<b>193</b>	<b>1,657</b>	<b>1,850</b>	<b>1,390</b>

## 5. OTHER INCOME

	Endowments	Restricted	Unrestricted	2023 Total	2022 Total
	£000	£000	£000	£000	£000
Gain/(loss) on disposal of properties	-	29,068	-	29,068	1,437
	-	<b>29,068</b>	-	<b>29,068</b>	<b>1,437</b>

## 6. ANALYSIS OF CENTRES' OPERATIONS COSTS

	2023						2022
	Salaries & Other Staff Costs	Catering, Cleaning & Other Services	Other Operating Costs	Property & Furnishings	Support Costs	Governance Costs	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Social Services Centres</b>							
Older People	13,771	1,027	803	2,599	1,997	32	20,229
Single Homeless	12,459	504	4,708	2,589	1,653	34	21,947
Family and Children	3,598	23	373	720	823	9	5,546
Day Care Centres	406	28	4	50	93	6	587
Addictions	1,330	5	89	381	187	3	1,995
Other Non-Residential Programmes	4,462	482	1,024	1,064	950	14	7,996
	<b>36,026</b>	<b>2,069</b>	<b>7,001</b>	<b>7,403</b>	<b>5,703</b>	<b>98</b>	<b>58,300</b>
<b>Housing Association Centres</b>							
Older People	848	107	274	215	218	3	1,665
Single Homeless	17,890	2,163	8,299	5,844	3,083	63	37,342
Family and Children	1,034	2	297	324	282	3	1,942
Addictions	-	-	-	-	-	-	2
	<b>19,772</b>	<b>2,272</b>	<b>8,870</b>	<b>6,383</b>	<b>3,583</b>	<b>69</b>	<b>40,949</b>
Social Enterprise	418	219	68	232	112	-	1,049
<b>Total Costs 2023</b>	<b>56,216</b>	<b>4,560</b>	<b>15,939</b>	<b>14,018</b>	<b>9,398</b>	<b>167</b>	<b>100,298</b>
<b>Total Costs 2022</b>	<b>50,587</b>	<b>3,818</b>	<b>13,423</b>	<b>11,800</b>	<b>8,625</b>	<b>232</b>	<b>88,485</b>

Prior-year comparatives have been adjusted in line with the updated account coding structure following an in-depth cross trust review. There has been no change to overall totals.

Governance costs include external audit fees, exclusive of VAT, of £129,800 (2022: £112,200).

£2,688,000 (2022: £3,987,000) of centres' operations costs are funded from restricted funds.

Other Non-Residential Programmes expenditure in the above table includes expenditure of £1.83 million (2022: £1.37m) for Strawberry Field and £1.49 million (2022: £1.20m) for Hadleigh Farm.

	2022						
	Salaries & Other Staff Costs £000	Catering, Cleaning & Other Services £000	Other Operating Costs £000	Property & Furnishings £000	Support Costs £000	Governance Costs £000	Total £000
Social Services Centres							
Older People	11,958	845	687	2,048	1,212	44	16,794
Single Homeless	11,937	427	3,274	2,775	904	51	19,368
Family and Children	3,370	17	341	664	613	13	5,018
Day Care Centres	357	14	25	183	113	2	694
Addictions	1,261	3	212	250	265	5	1,996
Other Non-Residential Programmes	4,108	361	760	567	756	17	6,569
	<b>32,991</b>	<b>1,667</b>	<b>5,299</b>	<b>6,487</b>	<b>3,863</b>	<b>132</b>	<b>50,439</b>
Housing Association Centres							
Older People	859	92	202	106	176	4	1,439
Single Homeless	15,534	1,785	7,579	4,804	4,225	89	34,016
Family and Children	858	6	283	227	222	4	1,600
Addictions	-	-	2	-	-	-	2
	<b>17,251</b>	<b>1,883</b>	<b>8,066</b>	<b>5,137</b>	<b>4,623</b>	<b>97</b>	<b>37,057</b>
Social Enterprise	345	268	58	176	139	3	989
<b>Total Costs 2022</b>	<b>50,587</b>	<b>3,818</b>	<b>13,423</b>	<b>11,800</b>	<b>8,625</b>	<b>232</b>	<b>88,485</b>

## 7. OTHER SOCIAL OPERATIONS

	2023						2022
	Salaries & Other Staff Costs £000	Catering, Cleaning & Other Services £000	Other Operating Costs £000	Property & Furnishings £000	Support Costs £000	Governance Costs £000	Total £000
Social Services Centres							
Employment Plus	6,107	4	58	91	285	-	6,545
Anti-Human Trafficking	6,432	76	73,591	986	287	3	81,375
Defence Services Operations	175	95	33	3	27	-	333
Family Tracing, Counselling etc	1,954	7	1,001	18	179	-	3,159
<b>Total Costs 2023</b>	<b>14,668</b>	<b>182</b>	<b>74,683</b>	<b>1,098</b>	<b>778</b>	<b>3</b>	<b>91,412</b>
<b>Total Costs 2022</b>	<b>12,301</b>	<b>123</b>	<b>58,111</b>	<b>987</b>	<b>2,109</b>	<b>28</b>	<b>73,659</b>

Employment Plus includes a number of matched funding contracts. As part of these contracts The European Commission funds 50% of the total expenditure and the other 50% is matched by The Salvation Army and charged against the Social Work Trust's reserves.

	2022						
	Salaries & Other Staff Costs £000	Catering, Cleaning & Other Services £000	Other Operating Costs £000	Property & Furnishings £000	Support Costs £000	Governance Costs £000	Total £000
Employment Plus	5,752	2	(566)	125	221	-	5,534
Anti-Human Trafficking	4,513	44	57,699	844	2,425	28	65,553
Defence Services Operations	183	72	26	2	41	-	324
Family Tracing, Counselling etc	1,853	5	952	16	(578)	-	2,248
<b>Total Costs 2022</b>	<b>12,301</b>	<b>123</b>	<b>58,111</b>	<b>987</b>	<b>2,109</b>	<b>28</b>	<b>73,659</b>

## 7. ANALYSIS OF CENTRES' OPERATIONS COSTS AND OTHER SOCIAL OPERATIONS (Cont.)

Support Costs consist of:

	2023 £000	2022 £000
Governance	404	426
Communications	180	190
Personnel	3,216	3,391
Business Administration	6,156	6,492
Mission Service Management	220	232
<b>Total</b>	<b>10,176</b>	<b>10,731</b>

During financial year 22/23 an exercise to synchronise internal management reporting with external financial requirements was undertaken. This exercise was retrospectively applied to the financial year 21/22 figures to provide meaningful comparatives.

## 8. ANALYSIS OF TOTAL EXPENDITURE

	Staff Costs £000	Depreciation £000	Other Costs £000	2023 Total £000	2022 Total £000
Raising funds	-	-	50	50	50
Charitable activities	70,884	6,786	141,289	218,959	186,979
	<b>70,884</b>	<b>6,786</b>	<b>141,339</b>	<b>219,009</b>	<b>187,029</b>

## 9. PERSONNEL

	2023 Parent £000	2022 Parent £000	2023 Subsidiary £000	2022 Subsidiary £000	2023 Total £000	2022 Total £000
Allowances and salaries	47,894	44,880	8,947	8,702	56,841	53,582
Social security costs	4,457	3,870	771	650	5,228	4,520
Pension and similar costs	3,593	3,400	1,319	819	4,912	4,219
Redundancy costs	29	56	50	181	79	237
	<b>55,973</b>	<b>52,206</b>	<b>11,087</b>	<b>10,352</b>	<b>67,060</b>	<b>62,558</b>

### Redundancy Costs

Redundancy costs relating to employees in the Social Work Trust, including Saha, amounted to £78,883 (2022: £236,924). These costs are the result of staff restructuring at centres and closure of centres. Redundancy costs are recognised once a decision to make a post redundant has been communicated to an individual or the workforce.

The average number of officer and employees and full-time equivalent (FTE) officers and employees was:

	2023 Headcount No.	2023 FTE No.	2022 Headcount No.	2022 FTE No.
Trust				
Number of officers	77	68	75	63
Number of employees	2,228	1,664	1,847	1,573
	<b>2,305</b>	<b>1,732</b>	<b>1,922</b>	<b>1,636</b>
Subsidiary	317	209	315	203
<b>Total</b>	<b>2,622</b>	<b>1,941</b>	<b>2,237</b>	<b>1,839</b>

### Higher-Paid Employees

The following indicates the number of the group's employees earning between:

	2023 Parent No.	2023 Subsidiary No.	2023 Total No.	2022 Total No.
£60,001 - £70,000	7	-	7	5
£70,001 - £80,000	3	2	5	7
£80,001 - £90,000	4	4	8	-
£90,001 - £100,000	2	-	2	3
£100,001 - £110,000	1	1	2	-
£110,001 - £120,000	-	-	-	1
£120,001 - £130,000	-	1	1	-
£140,001 - £150,000	-	1	1	-
£160,001 - £170,000	-	-	-	-
	<b>17</b>	<b>9</b>	<b>26</b>	<b>17</b>

The directors of The Salvation Army Trustee Company comprise Salvation Army officers and other external directors with specialist expertise. All active Salvation Army officers receive an allowance based on length of service and, as ministers of religion, are provided with furnished accommodation and a motor vehicle. The allowances received by the officers serving as directors ranged from £19,377.96 to £25,471.57 per annum and they did not receive any additional remuneration for their duties as directors. No allowances or salaries paid to any of the directors are charged direct to the Social Work Trust.

No trustees' expenses were charged to the Social Work Trust.

The costs of indemnity insurance, to protect The Salvation Army Trustee Company directors against claims for neglect or default, were borne by The Salvation Army Trust.

Certain directors of Saha are remunerated. Lieut-Colonel Drew McCombe is a director of both Saha and of The Salvation Army Trustee Company. He is remunerated £4,000 which is donated to The Salvation Army Trustee Company.

In addition to this the relatives of some Salvation Army officers are employed by The Salvation Army and are paid in accordance with the normal scale rates for the roles they perform.

### Key Management Personnel

The key management personnel of the Trust are those persons having authority and responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly, including the directors of The Salvation Army Trustee Company as the Corporate Trustee of the Trust. The Trustee considers the key management personnel of the Trust to be the executive directors (officers and employees) of the Board. The total aggregate remuneration, including pension contributions, paid to key management personnel during the year was £238,766 (2022: £200,942). As detailed above, no allowances or salaries paid to any of the directors are charged directly to the Social Work Trust.

## 10. PENSION AND SIMILAR COSTS

The Salvation Army Social Work Trust contributes to three pension or similar schemes in respect of its staff:

- (i) The Salvation Army Retired Officers Allowance Fund relating to Salvation Army officers,
- (ii) The Salvation Army Employees Pension Fund for other staff,
- (iii) A defined contribution scheme set up to offer employees who are not members of The Salvation Army Employees Pension Fund the opportunity to join a pension scheme following the closure of the Employee Pension Scheme to new members with effect from 31 December 2011.

Amounts charged in respect of pension fund contributions for the year are disclosed in Note 9 above.

### (a) SALVATION ARMY RETIRED OFFICERS ALLOWANCE FUND

The Salvation Army Retired Officers Allowance Fund was established by The Salvation Army Act 1963 under the legal name, The Salvation Army Officers Pension Fund. It is a registered charity and operates on the same basis as a defined benefit scheme, but the benefits are not guaranteed. It is non-contributory by the officer, but a contribution currently equivalent to £5,498 per officer, per annum (2022: £4,870), is made by The Salvation Army. Officers in both principal Trusts (The Salvation Army Trust and The Salvation Army Social Work Trust) participate in the scheme and it is not possible to allocate the assets and constructive liabilities of the Fund between the Trusts. Therefore, the Fund is accounted for in a similar way as a multi-employer pension fund.

The Salvation Army Retired Officers Allowance Fund was subject to a triennial actuarial review on 31 March 2022, using the Attained Age Method, and this was based on the following principal assumptions:

Post-Retirement Discount Rate	2.9% per annum
Pre-Retirement Discount Rate	3.7% per annum
Rate of Increase in Allowances and Pensions	4.5% per annum
Rate of Inflation	4.0% per annum

The market value of the Fund's assets at the valuation date amounted to £278.5m whereas the value of past service ongoing liabilities amounted to £247.1m resulting in a funding surplus of £31.4m.

The Fund Actuary will review the funding position each December to 31 March 2025.

As the Scheme has a funding surplus, no deficit funding provision is required.

## (b) SALVATION ARMY EMPLOYEES PENSION FUND

The Salvation Army Employees Pension Fund is a funded defined benefit scheme. The contribution rate payable by members is 8% of pensionable salaries and the employer's contribution is 30.2% of pensionable salaries.

The Scheme is a multi-employer scheme incorporating six employers. It closed to new members with effect from 31 December 2011. The actuary has confirmed that it is not practical to allocate the assets and liabilities of the scheme between participating employers and therefore it is accounted for as a multi-employer scheme.

The Scheme is subject to triennial actuarial valuations. The last actuarial valuation was completed, using the Projected Unit Method, at 31 March 2021.

The review was based on the following assumptions:

Post-retirement discount rate	1.22% per annum
Pre-retirement discount rate	0.72% per annum
Rate of salary increases	3.55% per annum
Rate of pension increase:	
On pensions accrued before 6 April 2006	3.0% per annum
On pensions accrued after 6 April 2006	2.1% per annum
Inflation: RPI	3.05% per annum
CPI	2.3% per annum
Deferred Pension Increases (pre 6 April 2009)	3.12% per annum
Deferred Pension increases (post 6 April 2009)	2.02% per annum

The market value of the Fund's assets on the valuation date was £213.7m and the value of technical provisions amounted to £211.1m giving rise to a funding surplus of £2.5m.

On 30 April 2023 the Scheme closed to future accrual for active members. Active members of the Fund as at 30 April 2023 are categorised as an 'Employed Deferred Member'. Employed Deferred Members are entitled to a deferred pension from the Fund which will increase in line with statutory requirements. As part of the Employer's proposal a link to their salary remains. This acts as an underpin so that if the final salary link was more valuable than inflation protection, the final salary link would prevail. If an Employed Deferred Member leaves employment before their retirement, the salary link will be broken. In this scenario the Employed Deferred Member's pension will be recalculated to reflect the better of salary increases or the rise of inflation. The recalculated deferred pension which has been accrued prior to 6 April 2009 will increase in line with 'deferred revaluation orders', broadly the increase in CPI each year, subject to a maximum of 5% per annum, for each complete year from the date of leaving until Normal Retirement Age.

## (c) SOCIAL HOUSING PENSION SCHEME (SHPS)

Saha participates in SHPS, a multi-employer pension scheme which provides benefits to non-associated participating employers. The scheme is classed as a defined benefit scheme in the UK. The scheme is classified as a 'last man standing' arrangement. Therefore the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

Under the defined benefit pension accounting approach, the SHPS net deficit as at 1 April 2022 is £2,863k and £2,851k as at 31 March 2023.

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years, and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

**PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET/(LIABILITY)**

	2023 £000	2022 £000
Fair value of plan assets	12,287	18,477
Present value of defined benefit obligation	(15,138)	(21,340)
Surplus/(deficit) in plan	(2,851)	(2,863)
Deferred tax	-	-
<b>Net defined benefit asset/(liability) to be recognised</b>	<b>(2,851)</b>	<b>(2,863)</b>

**RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION**

	2023 £000	2022 £000
Defined benefit obligation at start of period	21,340	21,446
Expenses	13	13
Interest expense	584	460
Actuarial losses/(gains) due to scheme experience	188	1,833
Actuarial losses/(gains) due to changes in demographic assumptions	(36)	(340)
Actuarial losses/(gains) due to changes in financial assumptions	(6,173)	(1,600)
Benefits paid and expenses	(778)	(472)
<b>Defined benefit obligation</b>	<b>15,138</b>	<b>21,340</b>

**RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS**

	2023 £000	2022 £000
Fair value of plan assets at start of period	18,477	17,257
Interest income	513	374
Experience on plan assets (excluding amounts included in interest income) – gain/(loss)	(6,522)	837
Contributions by the employer	597	481
Benefits paid and expenses	(778)	(472)
<b>Fair value of plan assets at end of period</b>	<b>12,287</b>	<b>18,477</b>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2023 was £6,009,000 (2022: £1,211,000).

**DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF FINANCIAL ACTIVITIES**

	2023 £000	2022 £000
Expenses	13	13
Net interest expense	71	86
<b>Total expense</b>	<b>84</b>	<b>99</b>

## DEFINED BENEFIT COSTS RECOGNISED IN OTHER RECOGNISED GAINS AND LOSSES

	2023 £000	2022 £000
Experience on plan assets (excluding amounts included in net interest cost) – gain/(loss)	(6,522)	837
Experience gains and (losses) arising on the plan liabilities	(188)	(1,833)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss)	36	340
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain/(loss)	6,173	1,600
<b>Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain/(loss)</b>	<b>(501)</b>	<b>944</b>
<b>Total amount recognised in other recognised gains/(losses)</b>	<b>(501)</b>	<b>944</b>

## ASSETS

	2023 £000	2022 £000
Global Equity	229	3,546
Absolute Return	133	741
Distressed Opportunities	372	661
Credit Relative Value	464	614
Alternative Risk Premia	23	609
Emerging Markets Debt	66	538
Risk Sharing	904	608
Insurance-Linked Securities	310	431
Property	529	499
Infrastructure	1,403	1,316
Private Debt	547	474
Opportunistic Liquid Credit	526	621
High Yield	43	159
Opportunistic Credit	1	66
Cash	89	63
Corporate Bond Fund	-	1,233
Long Lease Property	371	475
Secured Income	564	688
Liability Driven Investment	5,658	5,156
Currency Hedging	24	(72)
Net Current Assets	31	51
<b>Total assets</b>	<b>12,287</b>	<b>18,477</b>

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

## KEY ASSUMPTIONS

	2023 % per annum	2022 % per annum
Discount Rate	4.87%	2.79%
Inflation (RPI)	3.19%	3.59%
Inflation (CPI)	2.75%	3.20%
Salary Growth	3.75%	4.20%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2023	21.0
Female retiring in 2023	23.4
Male retiring in 2043	22.2
Female retiring in 2043	24.9

## EMPLOYER PENSION CONTRIBUTIONS

	2023 £000	2022 £000
Defined benefit employer contributions including deficit contributions	597	481
Growth Plan deficit contributions	347	30
Auto-enrolment and SHPS defined contribution including deficit contribution	375	308
	<b>1,318</b>	<b>819</b>

The defined benefit pension costs for Salvation Army Housing Association was £596,860 (2022:£481,349). The pension cost is assessed in accordance with the advice of a qualified actuary using the Projected Unit Fund Method and is not materially different from that arising from the current employer's contribution rate.

### (d) THE GROWTH PLAN

Saha participates in the scheme, a multi-employer scheme which provides benefits to some 638 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for Saha to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore, Saha is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

### Deficit contributions

---

From 1 April 2023 to 31 January 2025: £3,312,000 per annum – payable monthly

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Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies. Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

### Deficit contributions

---

From 1 April 2019 to 30 September 2025: £11,243,000 per annum – (payable monthly and increasing by 3% each on 1 April)

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The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the group has agreed to a deficit funding arrangement, the group recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

### PRESENT VALUE OF PROVISION

	2023 £000	2022 £000	2021 £000
Present value of provision	18	28	120

### RECONCILIATION OF OPENING AND CLOSING CREDITOR

	2023 £000	2022 £000
Provision at start of period	28	120
Unwinding of the discount factor (interest expense)	1	1
Deficit contribution paid	(10)	(31)
Remeasurements – impact of any change in assumptions	(1)	(1)
Remeasurements – amendments to the contribution schedule	-	(61)
<b>Provision at end of period</b>	<b>18</b>	<b>28</b>

### INCOME AND EXPENDITURE IMPACT

	2023 £000	2022 £000
Interest expense	1	1
Remeasurements – impact of any change in assumptions	(1)	(1)
Remeasurements – amendments to the contribution schedule	-	(61)

## ASSUMPTIONS

	2023 % per annum	2022 % per annum	2021 % per annum
Rate of discount	5.52	2.35	0.66

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.

The following schedule details the deficit contributions agreed between the group and the scheme at each year end period:

	2023 £000	2022 £000	2021 £000
Year 1	10	10	30
Year 2	9	10	31
Year 3	-	9	32
Year 4	-	-	28
Year 5	-	-	-
Year 6	-	-	-
Year 7	-	-	-
Year 8	-	-	-
Year 9	-	-	-
Year 10	-	-	-

The group must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account, ie the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the group's balance sheet liability.

Saha also allows the employees to pay additional voluntary contributions (AVCs) into their pension scheme. The amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the financial year. The contributions due in the year were £nil (2022: £nil).

## AUTO-ENROLMENT

As a result of the introduction of pensions 'auto-enrolment' by the Government, the cost of the new defined contribution scheme administered by SHPS was £375,232 (2022: £288,259) covering 305 employees (2022: 298 employees).

## 11. SALVATION ARMY HOUSING ASSOCIATION TURNOVER AND OPERATING COSTS

By virtue of Saha's governing instrument, The Salvation Army Social Work Trust has effective control of Saha. The net assets of Saha and its subsidiaries have been consolidated within these accounts. The net assets of the Saha Group were, on acquisition, adjusted to fair values.

For the purpose of establishing fair values, Saha's property portfolio was valued by an independent chartered surveyor on an existing use social housing (EUV – SH) basis.

Saha's results, adjusted to reflect The Salvation Army Social Work Trust's accounting policies, were as follows.

	2023		2022	
	£000	£000	£000	£000
Turnover		25,944		24,579
Grants Received		-		-
		<u>25,944</u>		<u>24,579</u>
Operating Costs				
Staff Costs	(9,956)		(8,863)	
Other Costs*	(11,140)	(21,096)	(9,728)	(18,591)
		<u></u>	<u></u>	
Interest Payable		(473)		(865)
Property Depreciation		(5,661)		(5,330)
Tax		(19)		(49)
Gain/(Loss) on Disposal of Assets (Note 5)		(34)		659
Gain/(Loss) on revaluation of investment properties (Note 15)		1,500		2,950
Interest Receivable (Note 4)		64		1
Social Housing Pension Scheme (SHPS) Remeasurement of Obligation		-		-
Actuarial Gain/(Loss)		(501)		944
		<u>(276)</u>		<u>4,298</u>

\*Other Costs includes temporary agency staff costs of £1,130,496 (2022: £1,489,803)

## 12. PROPERTIES

GROUP	Freehold £000	Leasehold £000	Total £000
Cost or Valuation			
Balance at 1 April 2022	207,301	52,309	259,610
Additions during the year	2,680	1,349	4,029
Schemes completed during the year (Note 13)	40	-	40
	<u>210,021</u>	<u>53,658</u>	<u>263,679</u>
Less: Disposals	(5,390)	(404)	(5,794)
Balance at 31 March 2023	<u>204,631</u>	<u>53,254</u>	<u>257,885</u>
Accumulated Depreciation			
Balance at 1 April 2022	52,638	15,912	68,550
Charge for the year	4,671	1,956	6,627
Less: Disposals	(750)	(238)	(988)
Balance at 31 March 2023	<u>56,559</u>	<u>17,630</u>	<u>74,189</u>
<b>Net Book Value at 31 March 2023</b>	<u>148,072</u>	<u>35,624</u>	<u>183,696</u>
<b>Net Book Value at 31 March 2022</b>	<u>154,663</u>	<u>36,397</u>	<u>191,060</u>

Both Saha's portfolio (on 19 January 2011) and Saha's acquisition, Chapter 1's, portfolio (on 23 March 2017) were brought into account at valuation, performed by independent chartered surveyors on an existing use social housing (EUV-SH) basis. All other properties are reflected at cost.

<b>PARENT</b>	<b>Freehold £000</b>	<b>Leasehold £000</b>	<b>Total £000</b>
Cost			
Balance at 1 April 2022	108,219	568	108,787
Additions during the year	745	-	745
Schemes completed during the year	40	-	40
	<u>109,004</u>	<u>568</u>	<u>109,572</u>
Less: Disposals	(4,974)	-	(4,974)
Balance at 31 March 2023	<u>104,030</u>	<u>568</u>	<u>104,598</u>
Accumulated Depreciation			
Balance at 1 April 2022	34,906	118	35,024
Charge for the year	2,129	14	2,143
Less: Disposals	(516)	-	(516)
Balance at 31 March 2023	<u>36,519</u>	<u>132</u>	<u>36,651</u>
<b>Net Book Value at 31 March 2023</b>	<b><u>67,511</u></b>	<b><u>436</u></b>	<b><u>67,947</u></b>
<b>Net Book Value at 31 March 2022</b>	<b><u>73,313</u></b>	<b><u>450</u></b>	<b><u>73,763</u></b>

All properties are used for charitable purposes. The market values of these properties are significantly higher than their book values but the costs of estimating these exceed any benefits accruing.

Group properties and schemes in progress have attracted capital funding from Homes England of £150.521m (£17.174 million by the parent charity). Should these properties be sold, this amount will be repayable to Homes England (the amounts repayable being limited by the proceeds of sale) unless Homes England consent to this funding being recycled to other schemes.

The Salvation Army, in common with other churches, provides ministers of religion (officers) and retired ministers of religion with accommodation and holds a portfolio of properties to allow it to do so. Occasionally properties are not required immediately to provide accommodation to officers and retired officers and these, where possible, are let on short-term tenancies until required to accommodate officers. The Salvation Army does not consider these properties to be investment properties as their availability for use, other than for the work of the charity, is typically of limited duration.

### 13. PROPERTY SCHEMES IN PROGRESS

	<b>GROUP</b>		<b>PARENT</b>	
	<b>2023 £000</b>	<b>2022 £000</b>	<b>2023 £000</b>	<b>2022 £000</b>
Balance at 1 April 2022	5,600	4,671	5,523	4,370
Additions during the year	2,191	1,833	2,191	1,833
	<u>7,791</u>	<u>6,504</u>	<u>7,714</u>	<u>6,203</u>
Property schemes capitalised during the year	(40)	(487)	(40)	(487)
Scheme's revenue expenditure	(39)	(417)	(39)	(193)
<b>Balance at 31 March 2023</b>	<b><u>7,712</u></b>	<b><u>5,600</u></b>	<b><u>7,635</u></b>	<b><u>5,523</u></b>

## 14. MOTOR VEHICLES AND EQUIPMENT

<b>GROUP</b>	<b>Motor Vehicles £000</b>	<b>Equipment £000</b>	<b>Total £000</b>
<b>Cost</b>			
Balance at 1 April 2022	1,410	1,824	3,234
Additions during the year	48	673	721
Disposals	-	-	-
<b>Balance at 31 March 2023</b>	<b>1,458</b>	<b>2,497</b>	<b>3,955</b>
<b>Accumulated Depreciation</b>			
Balance at 1 April 2022	1,211	1,617	2,828
Charge for the year	83	76	159
Disposals	-	-	-
<b>Balance at 31 March 2023</b>	<b>1,294</b>	<b>1,693</b>	<b>2,987</b>
<b>Net Book Value at 31 March 2023</b>	<b>164</b>	<b>804</b>	<b>968</b>
<b>Net Book Value at 31 March 2022</b>	<b>199</b>	<b>207</b>	<b>406</b>
<b>PARENT</b>			
<b>Cost</b>			
Balance at 1 April 2022	1,367	-	1,367
Additions during the year	48	-	48
Disposals	-	-	-
<b>Balance at 31 March 2023</b>	<b>1,415</b>	<b>-</b>	<b>1,415</b>
<b>Accumulated Depreciation</b>			
Balance at 1 April 2022	1,168	-	1,168
Charge for the year	83	-	83
Disposals	-	-	-
<b>Balance at 31 March 2023</b>	<b>1,251</b>	<b>-</b>	<b>1,251</b>
<b>Net Book Value at 31 March 2023</b>	<b>164</b>	<b>-</b>	<b>164</b>
<b>Net Book Value at 31 March 2022</b>	<b>199</b>	<b>-</b>	<b>199</b>

## 15. INVESTMENTS

### FIXED ASSET INVESTMENTS

GROUP AND PARENT	Unlisted	Units in	Units in	Total
	£000	CIF 1 £000	CIF 2	£000
Cost/Market Value at 1 April 2022	5	3,742	127,664	131,411
Additions	-	-	-	-
Unrealised Gains/(Losses) on investments	-	107	(281)	(174)
<b>Cost/Market Value at 31 March 2023</b>	<b>5</b>	<b>3,849</b>	<b>127,383</b>	<b>131,237</b>

At 31 March 2023, units held in The Salvation Army Common Investment Fund No 1 had a unit value of £2.8514 (2022: £2.7720).

At 31 March 2023, units held in The Salvation Army Common Investment Fund No 2 had a unit value of £3.7552 (2022: £4,1406).

Salvation Army Social Work Trust holds one £1 share and has the power to control Salvation Army Housing Association (Saha). The Salvation Army Housing Association is registered with the Co-operative and Community Benefit Societies Act 2014 and is a registered social landlord regulated by The Regulator of Social Housing. Saha itself owns the whole of the issued share capital of Kingsown Limited and Saha Developments Limited, companies incorporated in England. The results and net assets of Saha, Kingsown and Saha Developments have been consolidated within these accounts.

### INVESTMENT PROPERTIES

	GROUP	
	2023 £000	2022 £000
Balance at 1 April 2022	32,000	29,050
Additions during the year	-	-
Property revaluation adjustment – increase/decrease in value	1,500	2,950
Investment property valuation at year end	33,500	32,000
Fixed Assets Investments (from above)	131,237	131,411
<b>Total Investments</b>	<b>164,737</b>	<b>163,411</b>

This property at Waterloo, London is used for student accommodation. The revaluation undertaken by Savills, professional external valuers, at 31 March 2023 has resulted in an increase in the property valuation.

## 16. DEBTORS AND PREPAYMENTS

	GROUP		PARENT	
	2023 £000	2022 £000	2023 £000	2022 £000
Accommodation charges outstanding	4,219	1,549	3,465	916
Sundry debtors and accrued income	10,269	14,032	8,851	13,040
Connected Salvation Army Trusts and Companies	14,188	13,394	14,188	13,394
	<b>28,676</b>	<b>28,975</b>	<b>26,504</b>	<b>27,350</b>

The 2022 comparatives analysis has been restated for consistency with the current year analysis. This has resulted in the grossing up of both debtors and creditors (see note 17(a)) by equal and opposite amounts.

## 17. (a) CREDITORS: Amounts falling due within one year

	GROUP		PARENT	
	2023 £000	2022 £000	2023 £000	2022 £000
Trade creditors and accruals	19,696	13,663	16,119	10,581
Deferred Income	3,299	3,384	40	273
Tax and Social Security	1,149	3,193	1,149	3,193
Connected Salvation Army Trusts and Companies	1,642	5,466	1,642	5,466
Bank Loans repayable within one year (Note 17(b))	2,516	2,507	-	-
	<b>28,302</b>	<b>28,213</b>	<b>18,950</b>	<b>19,513</b>

The 2022 comparatives analysis has been restated for consistency with the current year analysis. This has resulted in the grossing up of both creditors and debtors (see note 16) by equal and opposite amounts.

## 17. (b) CREDITORS: Amounts falling due after more than one year

	GROUP		PARENT	
	2023 £000	2022 £000	2023 £000	2022 £000
Multi-Employer Pension Scheme (note 10(d))	18	28	-	-
Recycled Social Housing Grant	1,029	1,148	-	-
Loans repayable between 1 & 2 years	1,276	2,581	-	-
Loans repayable between 3 to 5 years	3,961	3,823	-	-
Loans repayable over five years	12,391	13,396	-	-
	<b>18,675</b>	<b>20,976</b>	<b>-</b>	<b>-</b>

Housing loans from private sources are secured by charges on Saha-specific housing properties and are repayable between 2022 and 2044 at varying rates of interest between 0.89% and 11.50%.

## 18. OPERATING LEASES

	GROUP		PARENT	
	2023 £000	2022 £000	2023 £000	2022 £000
The Group has future minimum lease commitments of:				
Land and Buildings				
Within one year	161	260	-	-
One to five years	47	654	-	-
Over five years	26	142	-	-
	<b>234</b>	<b>1,056</b>	-	-

	GROUP		PARENT	
	2023 £000	2022 £000	2023 £000	2022 £000
Other operating leases				
Within one year	206	193	-	-
One to five years	460	591	-	-
Over five years	-	11	-	-
	<b>666</b>	<b>795</b>	-	-

## 19. ENDOWMENTS

GROUP AND PARENT	Balance 1 April 2022 £000	New Funds Received £000	Changes in Market Value of Investments £000	Transfers £000	Balance 31 March 2023 £000
Expendable Endowment Xenia Field Capital Fund	14,967	-	(17)	-	14,950
Permanent Endowments					
H.M. Brant	20	-	-	-	20
J.B. Crighton	130	-	4	-	134
Miss M.B. Hill	35	-	-	-	35
C.J. and E.J. Melbourne	79	-	-	-	79
Blackmore Mission	1	-	-	-	1
M.J. Fowler	16	-	-	-	16
R. Pattison	14	-	-	-	14
Leeds Guardian Homes Trust	14	-	1	-	15
E.S. Brant Trust	1,317	-	37	-	1,354
Birmingham Girls Trust	201	-	6	-	207
	<b>1,827</b>	-	<b>48</b>	-	<b>1,875</b>
	<b>16,794</b>	-	<b>31</b>	-	<b>16,825</b>

The Expendable Endowment represents the Xenia Field Fund. Whilst the capital and income of the Fund can be expended on social work projects, it is the Trustee's intention that the capital be maintained.

Permanent Endowment funds represent bequests and donations, the capital of which cannot be expended but any income can be applied to social work projects without restriction.

The E.S. Brant Trust was established by a trust deed dated 16 June 1965. The annual income can be applied to the social work of The Salvation Army.

The Birmingham Girls Trust consists of endowment funds transferred from Birmingham City Council, the income on which can be applied for the benefit of girls in distress in the Birmingham area.

All endowment funds are represented by investments in The Salvation Army's Common Investment Funds.

## Comparative

GROUP AND PARENT	Balance 1 April 2021 £000	New Funds Received £000	Changes in Market Value of Investments £000	Transfers £000	Balance 31 March 2022 £000
Expendable Endowment Xenia Field Capital Fund	14,116	-	851	-	14,967
Permanent Endowments					
H.M. Brant	20	-	-	-	20
J.B. Crighton	121	-	9	-	130
Miss M.B. Hill	35	-	-	-	35
C.J. and E.J. Melbourne	79	-	-	-	79
Blackmore Mission	1	-	-	-	1
M.J. Fowler	16	-	-	-	16
R. Pattison	14	-	-	-	14
Leeds Guardian Homes Trust	14	-	-	-	14
E.S. Brant Trust	1,234	-	83	-	1,317
Birmingham Girls Trust	188	-	13	-	201
	1,722	-	105	-	1,827
	<b>15,838</b>	<b>-</b>	<b>956</b>	<b>-</b>	<b>16,794</b>

## 20. RESTRICTED FUNDS

GROUP	Balance 1 April 2022	Income and Movement in Market Value of Investments	Expenditure and Actuarial Movement on Defined Benefit Pension Scheme	Transfers From/(to) Unrestricted Reserves	Transfers between Restricted Funds	Balance 31 March 2023
	£000	£000	£000	£000	£000	£000
Social Work Fund	82,543	29,102	(39)	(29,376)	-	82,230
Other Restricted Funds						
Social Work projects including property funding	37,850	3,376	(3,323)	790	-	38,693
Saha operations – property purposes	128,067	27,474	(27,750)	-	-	127,791
	165,917	30,850	(31,073)	790	-	166,484
	<b>248,460</b>	<b>59,952</b>	<b>(31,112)</b>	<b>(28,586)</b>	<b>-</b>	<b>248,714</b>

Social Work Fund represents sums already expended on the properties used by The Salvation Army in its social work throughout the United Kingdom and, with effect from 1 April 2021, includes work in progress and unspent allocated funds.

Other Restricted Funds represents unexpended balances of donations and legacies held on trusts which can only be expended in accordance with the specific terms laid down by the donors.

All Saha funds are treated as restricted in the group's accounts.

Transfers between funds arise from property transactions, because all funds expended on property assets are reflected as restricted funds, net of funding of homeless and older people's services centres from legacy funds. Transfers between restricted funds in the preceding year included £4,365k in respect of property funding previously included as part of Social Work Projects but now included within Social Work Funds.

PARENT	Balance 1 April 2022	Income and Movement in Market Value of Investments	Expenditure	Transfers From/(to) Unrestricted Reserves	Transfers between Restricted Funds	Balance 31 March 2023
	£000	£000	£000	£000	£000	£000
Social Work Fund						
Funding of properties for charitable purposes	82,543	29,102	(39)	(29,376)	-	82,230
Other Restricted Funds						
Social Work projects including property funding	37,850	3,376	(3,323)	790	-	38,693
	<b>120,393</b>	<b>32,478</b>	<b>(3,362)</b>	<b>(28,586)</b>	<b>-</b>	<b>120,923</b>

<b>Comparative GROUP</b>	<b>Balance 1 April 2021</b>	<b>Income and Movement in Market Value of Investments</b>	<b>Expenditure and Actuarial Movement on Defined Benefit Pension Scheme</b>	<b>Transfers From/(to) Unrestricted Reserves</b>	<b>Transfers between Restricted Funds</b>	<b>Balance 31 March 2022</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Social Work Fund	76,422	778	(1,778)	2,756	4,365	82,543
Other Restricted Funds						
Social Work projects including property funding	36,328	8,745	(3,856)	998	(4,365)	37,850
Saha operations – property purposes	123,770	28,189	(23,892)	-	-	128,067
	<b>160,098</b>	<b>36,934</b>	<b>(27,748)</b>	<b>998</b>	<b>(4,365)</b>	<b>165,917</b>
	<b>236,520</b>	<b>37,712</b>	<b>(29,526)</b>	<b>3,754</b>	<b>-</b>	<b>248,460</b>

<b>Comparative PARENT</b>	<b>Balance 1 April 2021</b>	<b>Income and Movement in Market Value of Investments</b>	<b>Expenditure</b>	<b>Transfers From/(to) Unrestricted Reserves</b>	<b>Transfers between Restricted Funds</b>	<b>Balance 31 March 2022</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Social Work Fund						
Funding of properties for charitable purposes	76,422	778	(1,778)	2,756	4,365	82,543
Other Restricted Funds						
Social Work projects including property funding	36,328	8,745	(3,856)	998	(4,365)	37,850
	<b>112,750</b>	<b>9,523</b>	<b>(5,634)</b>	<b>3,754</b>	<b>-</b>	<b>120,393</b>

## 21. UNRESTRICTED FUNDS

### GROUP AND PARENT

	Balance 1 April 2022	Income and Movement in Market Value of Investments	Expenditure	Transfers From/(to) Restricted Reserves	Transfers between Unrestricted Funds	Balance 31 March 2023
	£000	£000	£000	£000	£000	£000
General Reserves	15,368	194,042	(187,549)	(1,777)	-	20,084
Unrealised Investment Gains	71,238	(69)	-	-	-	71,169
	<b>86,606</b>	<b>193,973</b>	<b>(187,549)</b>	<b>(1,777)</b>	<b>-</b>	<b>91,253</b>
Designated Reserves						
Property Purposes	18,972	107	(849)	30,363	-	48,593
Vehicles	1,488	9	-	-	-	1,497
Social Work projects	3,067	-	-	-	-	3,067
	<b>23,527</b>	<b>116</b>	<b>(849)</b>	<b>30,363</b>	<b>-</b>	<b>53,157</b>
	<b>110,133</b>	<b>194,089</b>	<b>(188,398)</b>	<b>28,586</b>	<b>-</b>	<b>144,410</b>

The General Reserve is required to fund the day-to-day needs of The Salvation Army Social Work Trust. Unrestricted Funds include designated reserves which have been set aside by the Trustee for specific purposes.

### Comparative

### GROUP AND PARENT

	Balance 1 April 2021	Income and Movement in Market Value of Investments (restated)	Expenditure	Transfers From/(to) Restricted Reserves (restated)	Transfers between Unrestricted Funds	Balance 31 March 2022
	£000	£000	£000	£000	£000	£000
General Reserves	12,864	166,530	(156,527)	(3,499)	(4,000)	15,368
Unrealised Investment Gains	64,816	6,422	-	-	-	71,238
	<b>77,680</b>	<b>172,952</b>	<b>(156,527)</b>	<b>(3,499)</b>	<b>(4,000)</b>	<b>86,606</b>
Designated Reserves						
Property Purposes	15,087	172	(32)	(255)	4,000	18,972
Vehicles	1,472	16	-	-	-	1,488
Social Work projects	3,067	-	-	-	-	3,067
	<b>19,626</b>	<b>188</b>	<b>(32)</b>	<b>(255)</b>	<b>4,000</b>	<b>23,527</b>
	<b>97,306</b>	<b>173,140</b>	<b>(156,559)</b>	<b>(3,754)</b>	<b>-</b>	<b>110,133</b>

## 22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund Balances at 31 March 2023 are represented by:

<b>GROUP</b>	<b>Endowment Funds</b>	<b>Social Work Fund</b>	<b>Other Restricted Funds</b>	<b>Unrestricted Reserves</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Fixed Assets					
Properties	-	67,947	115,749	-	183,696
Property schemes in progress	-	7,635	77	-	7,712
Motor vehicles and equipment	-	-	804	164	968
Investments	16,825	-	33,500	114,412	164,737
Current Assets less Liabilities	-	6,648	16,354	29,834	52,836
<b>Total Net Assets</b>	<b>16,825</b>	<b>82,230</b>	<b>166,484</b>	<b>144,410</b>	<b>409,949</b>

<b>PARENT</b>	<b>Endowment Funds</b>	<b>Social Work Fund</b>	<b>Other Restricted Funds</b>	<b>Unrestricted Reserves</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Fixed Assets					
Properties	-	67,947	-	-	67,947
Property schemes in progress	-	7,635	-	-	7,635
Motor vehicles and equipment	-	-	-	164	164
Investments	16,825	-	-	114,412	131,237
Net Current Assets	-	6,648	38,693	29,834	75,175
<b>Total Net Assets</b>	<b>16,825</b>	<b>82,230</b>	<b>38,693</b>	<b>144,410</b>	<b>282,158</b>

Fund Balances at 31 March 2022 are represented by:

<b>GROUP</b>	<b>Endowment Funds</b>	<b>Social Work Fund</b>	<b>Other Restricted Funds</b>	<b>Unrestricted Reserves</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Fixed Assets					
Properties	-	73,763	117,297	-	191,060
Property schemes in progress	-	5,523	77	-	5,600
Motor vehicles and equipment	-	-	207	199	406
Investments	16,794	-	32,000	114,617	163,411
Current Assets less Liabilities	-	3,257	16,336	(4,683)	14,910
<b>Total Net Assets</b>	<b>16,794</b>	<b>82,543</b>	<b>165,917</b>	<b>110,133</b>	<b>375,387</b>

PARENT	Endowment Funds	Social Work Fund	Other Restricted Funds	Unrestricted Reserves	Total
	£000	£000	£000	£000	£000
Fixed Assets					
Properties	-	73,763	-	-	73,763
Property schemes in progress	-	5,523	-	-	5,523
Motor vehicles and equipment	-	-	-	199	199
Investments	16,794	-	-	114,617	131,411
Net Current Assets	-	3,257	37,850	(4,683)	36,424
<b>Total Net Assets</b>	<b>16,794</b>	<b>82,543</b>	<b>37,850</b>	<b>110,133</b>	<b>247,320</b>

### 23. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2023 £000	2022 £000
Net income/(expenditure)	34,562	25,723
Unrealised loss/(gain) on investments	(1,326)	(10,446)
Realised (gain) on disposal of properties	(29,068)	(1,437)
Depreciation of motor vehicles and equipment	159	86
Depreciation of properties	6,627	7,089
Investment and rental income	(1,850)	(1,390)
(Profit) on sale of motor vehicles	-	-
Increase in stocks	(34)	(44)
(Increase)/Decrease in debtors	299	(11,019)
Schemes in progress written off	39	417
Increase/(Decrease) in creditors	(49)	(10,042)
Increase/(Decrease) in Defined Benefit pension scheme liability	(12)	(1,326)
Interest payable	473	865
<b>Net inflow/(outflow) from operating activities</b>	<b>9,820</b>	<b>(1,524)</b>

### 24. CAPITAL COMMITMENTS

At the balance sheet date, commitments made by The Salvation Army Social Work Trust Group in relation to the construction or refurbishment of property amounted to £1.6m (2022: £nil).

### 25. RELATED PARTY TRANSACTIONS

During the current year grants totalling £22.4m (2022: £23.5m) were received from The Salvation Army Trust. An overhead recharge of £10.2m (2022: £10.8m) was charged from The Salvation Army Trust during the year, representing the Social Work Trust's share of central overhead costs which were incurred by The Salvation Army Trust. In addition, recharges of £77k (2022: £68k) were charged to The Salvation Army Social Work Trust for hire of rooms at corps premises.

## 26. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITY FOR THE YEAR ENDED 31 MARCH 2022

	Endowments	Restricted	Unrestricted	2022 Total
	£000	£000	£000	£000
<b>INCOME AND ENDOWMENTS FROM:</b>				
Donations and Legacies				
Grants receivable: TSA Trust	-	-	23,547	23,547
Donations	-	2,917	917	3,834
Legacies	-	1,423	-	1,423
	-	4,340	24,464	28,804
Charitable Activities				
Centres' operations	-	1,068	72,401	73,469
Other social operations	-	3,071	68,612	71,683
Housing Association turnover	-	24,579	-	24,579
	-	28,718	141,013	169,731
Investments	-	148	1,242	1,390
Other				
Gains on disposal of fixed assets	-	1,437	-	1,437
<b>TOTAL INCOME</b>	<b>-</b>	<b>34,643</b>	<b>166,719</b>	<b>201,362</b>
<b>EXPENDITURE ON:</b>				
Raising Funds				
Investment management costs	-	-	50	50
	-	-	50	50
Charitable Activities				
Centres' operations	-	3,987	84,498	88,485
Other social operations	-	1,647	72,012	73,659
Housing Association operating costs	-	24,835	-	24,835
	-	30,469	156,510	186,979
<b>TOTAL EXPENDITURE</b>	<b>-</b>	<b>30,469</b>	<b>156,560</b>	<b>187,029</b>
Net Gains on Investments	956	3,068	6,422	10,446
<b>NET EXPENDITURE</b>	<b>956</b>	<b>7,242</b>	<b>16,581</b>	<b>24,779</b>
Transfers between Funds	-	3,754	(3,754)	-
Actuarial Gains/(Losses) on Defined Benefit Pension Schemes	-	944	-	944
<b>NET MOVEMENT IN FUNDS</b>	<b>956</b>	<b>11,940</b>	<b>12,827</b>	<b>25,723</b>
RECONCILIATION OF FUNDS:				
Total Funds brought forward	15,838	236,520	97,306	349,664
<b>TOTAL FUNDS CARRIED FORWARD</b>	<b>16,794</b>	<b>248,460</b>	<b>110,133</b>	<b>375,387</b>



Charity Registration No: 215174 Scottish Charity Registration No: SC037691

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