

# WORCESTER MUNICIPAL CHARITIES (CIO)

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



**Predecessor charities  
founded 1559 & 1836**

## **TRUSTEES' ANNUAL REPORT 1st JANUARY – 31st DECEMBER 2020**

This is the fourth year's Annual Report of the Charity which was created specifically by the Trustees as the successor Charity for Worcester Municipal Exhibitions Foundation and Worcester Consolidated Municipal Charity in 2016. The Charity is a "Charitable Incorporated Organisation" but has very similar objects to the two unincorporated predecessor charities which it replaced.

The Trustees present their report and the audited financial statements of the Charity for the twelve months' period ended 31st December 2020 ("The Period"). The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP): "Accounting by Registered Social Housing Providers Update 2018" along with Financial Reporting Standard 102 in preparing the report and financial statements of the Charity.

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

### **Registered Office**

#### **All enquiries to:**

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

#### **Office Administration:**

Maggie Inglis, Sarah Bradnick, Margaret Green  
Email: [admin@wmcharities.org.uk](mailto:admin@wmcharities.org.uk)

#### **Office Accounts:**

Carlo Barentsen, Sarah Bradnick  
Email: [accounts@wmcharities.org.uk](mailto:accounts@wmcharities.org.uk)

**Website:** [www.wmcharities.org.uk](http://www.wmcharities.org.uk)



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

# WORCESTER MUNICIPAL CHARITIES (CIO)

"The Charity"

## REPORT FOR THE 12 MONTHS' PERIOD ENDED 31st DECEMBER 2020 ("The Period")

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

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**Note** – In 2020 the Charity published "While the World Endureth", a history of the Trust since 1559. Copies are available from the office @ cost price £27, or can be viewed on the website: <http://www.wmcharities.org.uk>



## 1. CONSTITUTIONAL CHANGES LEADING TO THE PRESENT DAY

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

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

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

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

### 3. "CONSTITUTIONAL GRANT" PRESCRIBED BY THE TRUST DEEDS

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

*"Nought point one per cent (0.1%) of the "Net" income of the CIO from its permanent endowment assets income of the CIO or as near as may be applied, shall be applied in augmenting the income of the charity called Palmer's Educational Foundation in the Ancient Parish of Suckley in the County of Worcestershire."*

If this is less than £950 it will be increased to that amount. There will be a review of the "top up" to £950 in 2023. Two Trustees of this Charity, Brenda Sheridan and Margaret Jones are nominated as trustees to the "John Palmer" Charity.

### 4. ADMINISTRATION OF THE TRUSTEE BODY

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

#### **The Charity is administered by 17 Trustees.**

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

On appointment, new Trustees are provided with induction training, given copies of the Constitution and Rules, the Annual Report and Accounts, a 2020 History of the Charity and a copy of the Charity Commission's publication CC3 "the Essential Trustee" which includes a trustee job description.

#### **The 17 Trustees of the Charity during The Period were as follows:**

Paul Griffith **I**, (Chairman), Martyn Saunders **I**, (Vice Chairman), Jenny Barnes **N**, from November 4th, Roger Berry **I**, Richard Boorn **N**, Paul Denham **I**, Ruth Heywood **I**, Graham Hughes **I**, Mike Johnson **N**, Margaret Jones **I**, Mel Kirk **Ch**, Roger Knight **N**, Sue Osborne **Ch**, Margaret Panter **Ch**, Robert Peachey **N**, until November 1st, Ron Rust **I**, Brenda Sheridan **I**, Geraint Thomas **Ch**.

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

"**N**" nominated by the City Council for 4 years;

"**Ch**" nominated by the 4 chosen major beneficiary "stakeholder" charities for 3 years i.e. Armchair, (Furniture Re-Cycling) Citizens Advice Worcester, Maggs Day Centre for the Homeless and Worcester Heritage & Amenity Trust (Tudor House Museum).

### 5. COMPOSITION OF THE TRUSTEE BODY AND THE ADMINISTRATION

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

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

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

## **6. PROFESSIONAL ADVISERS AND STAFF OF THE CHARITY**

The Charity retains Solicitors HallmarkHulme, Chartered Surveyors GJS Dillon, Chartered Surveyors ARC Ltd, Architects Lett & Sweetland, Auditors Kendall Wadley LLP, and Unity Trust Plc as Bankers. The Trustees wish to place on record their thanks to all these officials for their work in helping the Charity to deliver a worthwhile service to Worcester's needy citizens. Thanks are also due to the staff: Adrian Robinson (Business Manager), Carlo Barentsen (Accountant), Maggie Inglis (Office Manager), Margaret Green and Sarah Bradnick (Administrators) who together run the Charity office on a day-to-day basis. (Full details of the Professional Advisers are on page 28).

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

### **Public Benefit**

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

### **Equal Opportunities**

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

### **Permitted Discrimination**

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

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

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

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

- *During the year building work was started on creating 25 affordable flats for the homeless at 3-4 Shaw Street, the former Probation Offices. Listed Building Consent was obtained first and Homes England committed a grant of £1,000,000 gross. This development will take the total of new affordable dwellings for the homeless to 64 since 2013. Following a tendering process, the project is being undertaken by "D & S" our preferred Contractors and will be completed in 2021.*
- *The termination of the office lease by Probation, and the decision to develop the empty office as flats for the homeless, has deprived the Charity of £150,000 lost rental income annually for 3 years. As a result a loan is being arranged with Unity Trust Bank to facilitate the cash flow requirements.*
- *Helping four organisations in particular, being those that provide the most help to the poorest, and those in greatest need in Worcester: Maggs Day Centre for the Homeless, Worcester Citizens Advice and Armchair Furniture Re-Cycling, who have all been provided with free/ subsidised premises and grants to assist with their work, and to Worcester Community Trust towards their community centres and outreach work.*
- *The Trustees decided to cease funding Worcester Action for Youth because they were not providing good value for money due to excessive payments to their workers, and the Charity was wound up as a result.*
- *The Charity fulfilled a contract with the City Council to manage the purchase and distribution of £116,637, (2019 £72,062 net) worth of white goods in Worcester as part of the Discretionary Welfare Assistance Scheme ("DWAS"). The Charity won the contract in 2013 and again in 2017 to manage the purchase and distribution of white goods, which has been rolled over twice until March 2021. There is no charge for this administration in recognition of the relief it brings to the Charity's overall grants' budget.*
- *The Charity has registered a NILS (no interest loan scheme) with the DWP for grant recipients who want more than they have been awarded, and can afford repayment of the capital.*
- *The Charity increased grants to organisations, and staff salaries by 2.8%.*

### **B. Annual Revenue Income and Expenditure**

Revenue income of £1,842,939 (2019 £1,180,862) was received, which includes £866,673 relating to grants received in year and £943,351 rental income.  
Expenditure was £1,068,874 (2019 £988,519)

### **C. Summary of Property Owned**

There are two Sheltered Housing "retirement" sites (32 almshouses) and eight "affordable Housing sites" (39 flats) for the homeless. The Charity also owns 17 Investment Properties with rental income. 10 "functional" properties are leased to charities on peppercorns as "facilities in kind" (see pages 14 and 24).

The Charity is developing one vacant property into 25 affordable flats for the homeless in 2020/21.

### **D. Rent Reviews and Accommodation Charges**

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

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

### **Education, Relief in Need, Hardship or Distress Grants**

- a) A constitutional grant of £950 was awarded by the Charity to the John Palmer's Educational Foundation in Suckley.
- (b) The Grants Committee awarded relief in need and educational grants to organisations and individuals totalling £395,780 (2019 £375,799), and helped administer the City Council's DWAS relief in need grants worth £139,964 inc VAT (£116,637 net), to individuals in need (details page 12).
- (c) The Charity has focussed its main help on four organisations in particular, being those that provide the most help to the poorest and those in greatest need in Worcester. The Maggs Day Centre for the Homeless, Worcester Citizens Advice and Armchair Furniture Re-Cycling have all been provided with free/subsidised use of premises worth about £80,000 and grants totalling £219,470 (2019 £213,491) to assist with their work for the poor, and Worcester Community Trust who receive a grant of £38,480 towards its community centres in social housing areas and outreach support.
- (d) In 2012 the Charity agreed to fund a Money Management Advice Post annually, based at the Citizens Advice Bureau which continues to provide excellent communication and grant administration between us in respect of mutual clients with financial problems. He also provides financial literacy advice. During 2019/2020 The Money Management Adviser interviewed 110 individual clients helping them with benefits, water bills, finances, employment and debt issues. The Local Citizens Advice Debt and Money Service also assisted clients to reschedule or receive a 'write off' of debts amounting to £1,292,777 in total, across all of their services.
- (e) In 2012 the Grants Committee ceased making grants for **school uniform** due to the Pupil Premium being paid to schools. Clothing grants for school children in need were however introduced, based on the family's income and expenditure, and their clothing needs.
- (f) In 2013 the Charity agreed to help fund a free Legal Advice Scheme annually in partnership with the Citizens Advice and originally the Worcester Law School, now the University, whose students provide supervised free legal advice to poor people. In 2019-20 the project assisted 189 clients and the total financial gains obtained for clients as a result of this project, were in excess of £630,000, during the year. In addition, Citizens Advice Worcester assisted clients to obtain financial gains of £2,450,409 from all services delivered in Worcester. This greatly increased the ability of all the clients assisted to manage financially.
- (g) In 2016 the Charity spent £500,000 purchasing and renovating a building for use by Maggs as a **clothing project, administrative offices, a domestic training centre and a free clothes store, mainly for street sleepers**. It was let to Maggs in December 2017 on a peppercorn rent, with the two flats for the homeless "over the shop" being managed by "SmartLets" at Worcester Citizens Advice.
- (h) The Committee awarded **education grants** of £36,168 to the Tudor House Museum, £13,672 to All Sorts of Performing Arts, £17,260 to Dancefest and £38,480, 50% for Education and 50% for relief in need, to Worcester Community Trust providing educational facilities, youth clubs, holiday play-scheme facilities and respite for carers in Worcester (see page 12)
- (i) In November 2019 the Trustees decided to cease funding Worcester Action for Youth on 31/03/2020 due to their very high administrative overheads. They had already given notice to vacate Medway Community Centre by 31st December.
- (j) The Committee continued leasing the **Tudor House Museum**, to Worcester Heritage and Amenity Trust at a nominal rent together with agreeing to pay the salary of a part-time curator and assistant until June 2021.
- (k) The Committee awarded 3 grants totalling £1,200 to individuals in need of financial assistance with their education (see page 12)



## 9. ALMSHOUSES - AFFORDABLE HOUSING FOR THE RETIRED AND THE HOMELESS

**The Charity owns two complexes of Retirement Almshouses:**

**Berkeley Court, The Foregate - 7 flats and**

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

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

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

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

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

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



*Berkeley Court, Foregate Street - 7 flats*



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

General repairs and maintenance of the Sheltered Housing have been carried out throughout The Period. Testing and servicing of all gas appliances is carried out annually. Major capital repairs for the roof at Berkeleys and major refurbishment to three flats at Nash's and Wyatt's and one at Berkeleys are planned in 2021.

## **AFFORDABLE HOUSING FOR THE HOMELESS - 64 NEW UNITS IN EIGHT YEARS**

There is a widely held belief that an “Almshouse Charity” is for the elderly only, but it’s actually for poor people of all ages. “Relief in Need” includes giving a home to the homeless to meet their need.

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

By the middle of 2021 the Charity will have a total of 64 new units of "affordable housing" created between 2013 and 2021. All the properties are managed on the Charity's behalf by "SmartLets" (part of Citizens Advice) who retain 15% of the maintenance contribution payments as a management fee.

### **27 Existing Flats**



**2013 - 9 Sansome Place**  
6 studio flats



**2014 - 16/17 St. Swithin's Street**  
6 one bedroom flats



**2016 - 21 The Cross**  
3 one bedroom flats



**2017 - 15 St. Swithin's Street**  
4 bedroom HMO



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



**2017 - 59-60 The Tything**  
2 one bedroom flats



## 12 Existing Flats



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



**2019 - 8 Sansome Place**  
2 one bedroom flats. Property owned by the Charity since 2002 and used by Maggs as a “free clothes store” for street sleepers until 2017. The Charity replaced it with a city centre building also providing a social training centre for the homeless and two flats, then created two flats in the old building.

## 25 Flats being created in 2020/2021



**2020/21 - “Stillingfleet House”, 3-4 Shaw Street.** 25 one bedroom flats being created in 2020/21 from this former Probation Office, owned by the Charity since 1994 and now empty following the tenants’ departure as a result of the privatisation of half the Probation Service.

## 10. GRANTS AWARDED IN 2020 BY THE CHARITY

### RELIEF IN NEED AND EDUCATIONAL GRANTS – (inc.+2.8%)

#### Grants determined by Constitution

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

#### "REVENUE" GRANTS TO ORGANISATIONS

		£
Allsorts of Performing Arts	Running Costs	13,672.00*
Armchair furniture recycling	Running Costs, free furniture - means tested	16,444.00
Citizens Advice	Running Costs, advice, support, legal aid	173,381.00~
Dancefest	Dancing lessons, (social housing areas)	17,260.00*
Maggs Day Centre	Running Costs, day centre, clothes, training	29,645.00
Shopmobility	Running costs, (frozen, as not means tested)	7,000.00
Worcester Community Trust	Holiday play schemes (social housing areas)	38,480.00*#
WHAT Tudor House Museum	Curator and Learning Officer salaries	36,168.00*

**Total £333,000.00**

\* Educational grants

# 50/50 relief in need and education.

~ Citizens Advice core support costs £104,594 - 60%; legal aid project £30,180 - 17.5%;  
money advisor £34,068 - 20%; ethnicity training & language (education) £4,539 - 2.5%;

#### INDIVIDUAL GRANTS

	£
Education grants of £1,000 or more	0.00*
Education grants under £1,000	1,200.00*
Relief in Need grants under £1,000 for carpets	50,138.00
Relief in Need grants under £1,000 for white goods and other	11,444.00
DWAS Relief in Need grants under £1,000 for white goods (£139,923.41 gross)	116,637.00 (net)

**Total £179,419.00**

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

**Grand Total £512,419.00**



## WORCESTER MUNICIPAL CHARITIES (CIO)

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

#### GENERAL POLICIES & PRACTICES – ADVICE FOR SUPPORT WORKERS & APPLICANTS

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

1. **Family/Friends**
2. **DWAS** for white goods - [www.worcester.gov.uk/discretionary-welfare-assistance-scheme](http://www.worcester.gov.uk/discretionary-welfare-assistance-scheme)
3. **DWP** for a Budgeting Loan - [www.gov.uk/budgeting-help-benefits/how-to-claim](http://www.gov.uk/budgeting-help-benefits/how-to-claim)
4. **Health Authority** for disability aids - [www.hacw.nhs.uk/services/service/wheelchair-posture-mobility-service-93/](http://www.hacw.nhs.uk/services/service/wheelchair-posture-mobility-service-93/)
5. **County Council** for child care services and services for adults  
[www.worcestershire.gov.uk/info/20501/children\\_young\\_people\\_and\\_families](http://www.worcestershire.gov.uk/info/20501/children_young_people_and_families)
6. **Student Finance England** for promotion of education - [www.gov.uk/apply-for-student-finance/how](http://www.gov.uk/apply-for-student-finance/how)

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

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

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

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

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

**The Trustees reserve their complete discretion in all cases.**

#### GRANTS FOR RELIEF IN FINANCIAL NEED

Can be considered for people living in Worcester City only.

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

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

The Trustees judge as "essential" those items that people generally nowadays feel they cannot manage without, and that form part of an expected way of life in today's society. The Charity is a last resort and is unable to help if there is statutory assistance available.

#### GRANTS TO PROMOTE EDUCATION

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

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

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

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

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

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

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

## WORCESTER MUNICIPAL CHARITIES (CIO)

### 12. A SOCIAL INVESTMENT PROGRAMME – 1996 Onwards

#### Free use of the Charity's property facilities in 2020

Since 1996 the Charity has been donating some "surplus" funds to provide subsidised office accommodation for like-minded City charities who are helping the poor or providing free education or educational facilities in areas of social need and at Tudor House Museum.

The charities SORP (FRS 102) requires that facilities and services donated to a charity for its own use which it would otherwise have purchased must be included in the Charity's accounts when received, provided the value can be measured reliably. Value to the beneficiary Charity is the amount that the Charity would pay on the open market for an alternative item that would provide a benefit to the Charity equivalent to the donated item. Worcester Municipal Charities (CIO), as the donors of these "facilities" to the charities concerned, have estimated the rental values based on 8% of their capital value as contained in the Quinquennial Valuation of 2020 as follows, with the exception of leasehold properties which have been estimated individually based on the advice from their Chartered Surveyors, and any actual bills paid in "The Period." They will be revalued in 2025.

No.	PROPERTY - LET ON A PEPPERCORN TO:	Capital	Rental Value
20	<b>Armchair 6B Checketts Lane Trading Estate</b> 50 years lease from 1996 bought on premium	Leasehold	Paid up-front
28/29	<b>1 &amp; 2 Inglethorpe Court</b> (50 years' Leasehold 2001) Citizens Advice	£115,000.00	£9,200.00
40/41/42	<b>Old Glove Factory, 13 &amp; 15 Lowesmoor totals</b>	[£850,000.00]	[£68,000.00]
	<b>Old Glove Factory, 13 &amp; 15 Lowesmoor</b>		
	<b>Citizens Advice</b> (68% of £68,000 total)		£46,240.00
	Total service charges utilities etc paid by WMC		£7,814.00
43	<b>St. Albans, Deansway</b> (150 years' leasehold 2008) <b>Maggs Day Centre</b>	£50,000.00	£4,000.00
44	<b>Tudor House, Friar Street</b> (125 years' leasehold) <b>WHAT.</b> Lease £1.00; £1,000 p.a. insurance paid.	£100,000.00	£8,000.00
46	<b>Medway Youth &amp; Community Centre</b> <b>Worcester Action for Youth</b> All Sorts of Performing Arts (50 years leasehold from the City 2012)	£75,000.00	£6,000.00
53	<b>Maggs Clothing Store, Activity Centre</b> Offices and Shop 59/60 the Tything	£250,000.00	£20,000.00
<b>Total facilities in kind provided in this period:</b>			<b><u>£101,254.00</u></b>

## PROPERTIES DEVELOPED/PURCHASED IN THE SOCIAL INVESTMENT PROGRAMME

**From 1996** onwards, the Trustees began investing some of the “surplus” accumulated income from new rents, to purchase property for social community projects that benefited the poor. The thinking then was that other charities that were in the same business of helping poor people, but had no income of their own, would welcome such a boost, and a secure rent-free base would be attractive to their potential funders.

**Relief in Need** - the programme eventually encompassed the major Worcester charities providing financial relief in need for the City's poorest e.g. Citizens Advice Worcester, Armchair Furniture Recycling, and the Maggs Day Centre for the Homeless. CAB and WHABAC, two of the Charity's major beneficiaries, merged on April 1st 2009. The development of both, especially their office moves to suitable rent-free premises, was due mainly to the Trustees' support and generosity.

Both Maggs and Armchair also enjoyed rent free premises and annual grants and still do.

**Educational facilities**, provided rent-free, consist of the Tudor House Museum (WHAT (Worcester Heritage & Amenity Trust) and Medway Youth and Community Centre (All Sorts of Performing Arts). The Charity is obliged by its constitution to spend c.12% of its net income on educational provision.

**1996 - Berkeley's Chapel** was refurbished at a cost of **£150,000.00** as a Community Centre and Meeting Room. The Chapel was virtually derelict and almost unused. Once the Civic Society's radical objections had been overcome, Martin Jones oversaw the tasteful conversion with Proberts as the builders. The refurbished Chapel is now used for almshouse residents' meetings, Trustees' meetings, and community meetings, and is offered rent-free to Worcester charities providing they have less than one year's running costs in reserve.



**1996 - Goodrich House**, Sansome Place, Offices & Car Park

was purchased and refurbished at a total cost of **£150,000.00**. The building then known as “Saga House”, previously “AEU Offices” was renamed after Margaret Goodrich (The Home-Start President) and was then used until 2014 when cuts in County Council funding led to the Charity being down-sized and moving to their own premises in Malvern. Terms were agreed for the surrender which took account of the un-expired lease, and the offices and car park site were then converted to 10 flats for the homeless in 2017/18 and re-named “Sir Thomas White Court” with 4 of



the flats in the former Home-Start office and 6 are new-build on the car park.

**1996 – Armchair**, 6b Checketts Lane Industrial Estate. The WMC Charity purchased 6a and 6b mainly to provide a learning disability day centre at 6a for the County Council. However 6b was offered to Armchair to enable them to move out of an expensive leaky rented warehouse in Back Lane South. Armchair was successful in getting a Lottery grant and purchased a 50 years' lease from the Charity for £55,000, which means no more rent until 2048 when the Trustees will probably charge £12 a year.





**1998 - Worcester Citizens Advice Bureau** – A donation of **£100,000** was made towards the planned new-build offices in The Hopmarket. The proposal looked unachievable until the Charity stepped in, awarded the grant and then helped to construct a Big Lottery application which yielded a further £304,000. Peter Sweetland, the Charity's architect, drew the plans and organised the construction, including overcoming very difficult access problems. The new building opened in 2001.



**2000 - 1 & 2 Inglethorpe Court** in The Hopmarket Yard behind the new Citizens Advice Worcester offices were purchased and converted at a total cost of **£150,000.00**. They were purchased by the



Hopmarket Charity in a derelict condition, and then leased to the Charity for £1 a year for 50 years on an “unimproved” basis. £135,000 was expended on the very tasteful refurbishment work by Peter Sweetland and the buildings have been occupied continuously since, at £1 a year by Citizens Advice. In 2019 Citizens Advice decided it could manage without them, and the possibility of converting them into 4 flats for the homeless was looked into in 2020. The Hopmarket Charity has been asked to replace the part-expired 50 years’ lease with a new 61 years’ one as Homes England insist before awarding grant aid.

**2002 - 8 Sansome Place**, a free Clothing Store for street

sleepers and people in need was purchased for **£73,437.00** from the private owner, when the WRVS (tenants) decided to close it down due to a policy change. The Worcester Salvation Army offered to run it as a free clothes store and were given a £1 a year lease. They unfortunately sub-let it, without permission, to the Worcester City Mission (“Lydia Project”) who began gradually turning it into a church, holding services there, and selling donated clothes to fund the religious Mission, rather than helping the poor. They were evicted and it was then offered to Maggs in 2005 who ran it as a clothes store etc., for street sleepers and others in need. However, in 2017 the Charity purchased 59/60 The Tything as a replacement for Sansome Place and their leased office at 7 Copenhagen Street which was surrendered. 8 Sansome Place was then converted to 2 flats for the homeless in 2019.



**2004 - “The Old Glove Factory”** 13-15 Lowesmoor, a large derelict building with two shop-fronts,



was bought for **£368,500.00** from the Catholic Church after a 3 years’ wait. It was refurbished imaginatively by Lett & Sweetland in 2005/6 at a cost of **£1 million**, and initially let to Worcester Housing & Benefits Advice Centre, Ethnic Access Link, Headway and the Black Pear Credit Union, all at heavily subsidised rents. The official opening by the Princess Royal took place on 7th February 2007. WHABAC and CAB had merged in 2009, and in 2018 were renamed “Citizens Advice Worcester”. Headway, the Black Pear Credit Union and Ethnic Access Link left, and the two street facing shops were let commercially in 2018. Citizens Advice Worcester now occupies the rest of the building on a peppercorn rent of £12 p.a.





**2008 - Tudor House Museum**, Friar Street. In 2004 John Bennett and Jim Panter, Trustees from **WHAT** (Worcester Heritage & Amenity Trust) approached the Charity in respect of a possible partnership, to acquire the Museum on a sustainable and affordable basis, with WHAT running it, mainly with the help of volunteers. The Trustees agreed to investigate the possibility and Philip Jones then negotiated an agreement for a 125 years' lease from the City Council at a premium of **£100,000**. The Charity then sublet the Museum to WHAT, initially on a 35 years' lease for £1 p.a., with a £1,000 contribution p.a. towards the insurance and £1,000 towards the repairs' sinking fund. The Charity also makes a generous contribution annually towards curator staff costs and has

committed £4,000 p.a. to a repairs' and refurbishment sinking fund.

The building has been adopted by the **Worshipful Company of Clothiers** as its home base.

**2009 - St Albans, Deansway, the Maggs Day Centre for the homeless**, received an ill-conceived demand for a commercial rent of £10,000 p.a. from the Diocesan Board of Finance intended for the clergy's pension fund. This unfortunate episode followed a rent free period in return for putting the neglected building in a good state of repair some 30 years earlier. On hearing the possible plight of the homeless service users, the Charity stepped in, suggested the Diocese seemed to have lost sight of its own obligations to the poor, offered to buy the freehold but was turned down. The Charity then asked their valuer Philip Jones to try to negotiate a compromise agreement, and he secured a 150 years' lease at a cost of **£47,500**. It was then sub-let to Maggs by the Charity for £1 a year until 2030 when it will be renewed for the remainder of the head lease until 2159.



**2011 – The 18th Worcester Scout Hut and Youth Club** (Medway Youth & Community Centre) was purchased for **£1.00** from the Scouts who had been wound up. The Charity then acquired a new 50 year lease from the City Council who own the land. It was refurbished at a cost of £30,000 to make sustainable youth and community provision for Lower Ronkswood, now housing All Sorts of Performing Arts as the peppercorn rent tenant.

**2017 - 59/60 The Tything** was purchased for **£305,000** in 2016 by the Trustees for use by Maggs as administrative offices, with a free clothes shop for the poor/homeless, and a domestic training centre for day centre service users. There are two flats upstairs for the homeless (modernised with help from a Homes England grant) and managed by SmartLets. The purchase allowed the Charity to surrender a leased Maggs office at 7 Copenhagen Street, and also released the old existing "free clothes" store at 8 Sansome Place for conversion to two flats for the homeless in 2019. The whole project cost c. **£500,000**. In 2020 an extensive dry rot infestation came to light and its eradication is proving difficult and expensive.



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

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

#### The Charitable Objectives

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

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

##### Background

The Charity's annual income is composed almost entirely of rents from its **commercial properties**, comprising shops, offices and warehouses, and from its two types of "**affordable social housing**" - almshouses for retired people (32 units), and almshouses for the "**younger homeless**" (39 units, with another 25 under construction, and another 4 in the pipeline subject to planning and funding).

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

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

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

The Trustees' review concluded that the reinvestment policies that had been pursued following the 1980s review, were effective, and were the best that could be devised at the time for the Charity and its beneficiaries, both short and long term. However, the buoyant days of the High Street shops and city centre offices were clearly on the wane, the bubble was bursting and new sustainable strategies were becoming urgent. As a result when offices became vacant they were either sold, or converted into flats for the "younger homeless". Flats were also created over the charities' own shops where possible with reduced rents for the shop-keepers below to help make their businesses viable.

The table on the next page sets out the financial gains and losses from the reinvestment programme and the final overall financial outcome which is an estimated loss of £22,000 p.a. revenue.

## IN AN INVESTMENT SWITCH WMC SOLD, CONVERTED OR RE-LET THESE PROPERTIES TO RAISE THE NECESSARY INCOME AND CAPITAL:

<b>A. Property Sold</b>	<b>Rent Loss</b>	<b>Sale Price</b>
<b>2013</b> Wargrave House Surgery (Hereford) sold to G.P. tenants	46,700.00	602,000.00
<b>2016</b> Bricklehampton smallholdings sold by sealed offers	3,638.00	321,500.00
<b>2016</b> 4 Checketts Lane (Day Centre) Charity wound up - CC cuts	1.00	195,000.00
<b>2016</b> 38 Lowesmoor (Charity Shop) Charity wound up - CC cuts	1.00	191,000.00
<b>2017</b> Pan Pizza New Street - cost £168,000 - sold due to high offer	15,000.00	300,000.00
<b>2017</b> 48 Gaol Street, Hereford (empty offices) - NHS cuts	10,750.00	128,000.00
<b>2017</b> 2 Hawthorne Cottages (Bromyard) sold by sealed offers	1,000.00	222,000.00
<b>2018</b> 23A St Owen's Street, Hereford (empty offices) - NHS cuts	10,000.00	154,600.00
<b>Totals</b> <i>5.8% rent loss on investment</i>	<b>87,090.00</b>	<b>2,114,100.00</b>

<b>B. Property Conversions</b>	<b>Rent Loss</b>	<b>Rent Gain</b>
<b>2017</b> 8 Sansome Place - empty due to MAGGS move to Tything	1.00	10,000.00
<b>2018</b> Goodrich House - empty due to Home Start move, re-named	1.00	50,000.00
<b>2018</b> 1 & 2 Inglethorpe Court - vacated by Citizens Advice to be let	2.00	20,000.00
<b>2019</b> 3-4 Shaw Street Ministry of Justice lease expiry	150,000.00	140,000.00
<b>Totals</b>	<b>150,004.00</b>	<b>220,000.00</b>

<b>C. Social Investment Property Re-let Commercially</b>	<b>Rent Loss</b>	<b>Rent Gain</b>
<b>2017</b> Old Glove Factory Shop - let commercially to Tanning Salon	nil	9,500.00
<b>2018</b> Old Glove Factory Shop - let commercially to Hairdresser	nil	6,240.00
<b>Totals</b>	<b>nil</b>	<b>15,740.00</b>

The Charity created the following 39 affordable almshouse flats for the homeless and will create a further 25 taking the total to 64 by 2021.

<b>Date</b>	<b>Address</b>	<b>Status</b>	<b>Numbers</b>
<b>2013</b>	9 Sansome Place	purchased	6 studio flats
<b>2014</b>	16/17 St. Swithin's Street	owned	6 one bedroom flats
<b>2015</b>	19 Foregate Street	purchased	5 one bed & 1 studio flat
<b>2016</b>	21 The Cross	leasehold	3 one bedroom flats
<b>2017</b>	15 St. Swithin's Street	owned	4 bed HMO
<b>2017</b>	59/60 The Tything	purchased	2 one bedroom flats
<b>2018</b>	Sir Thomas White Court	owned	10 one bedroom flats
<b>2019</b>	8 Sansome Place	owned	2 one bedroom flats
<b>2020</b>	3-4 Shaw Street	owned	25 one bedroom flats
<b>Total</b>			<b><u>64</u></b>

## ESTIMATED FINANCIAL SUMMARY OF THE INVESTMENT SWITCH TO HOUSING

**Capital** raised for housing developments by sales 2013 - 2018 **£ 2,114,100.00**

### Revenue

Lost rent from properties sold or converted	(87,090.00)
Lost Rent from Shaw Street	(150,000.00)
64 flats created x approximately £5,000 rent	320,000.00
Lowesmoor Social Investment property re-let commercially	15,740.00
Inglethorpe Court 4 flats x £5,000	20,000.00

**Total Annual Revenue Increases by 2021** **£118,650.00**

Total Management fees due to Citizens Advice 15% p.a.	48,000.00
Rent voids & bad debts say voids 3% & bad debts 2% = 5%	16,000.00
Housing property maintenance say (£1,200 per unit)	76,000.00

**Total Annual Revenue Expenditure** **£140,000.00**

**Decreased nett expendable charitable income** **(£21,350.00)**

**Homes England** - this reinvestment programme was greatly enhanced by grants for housing between 2016 - 2020 of c. £1,610,000.00



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

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

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

**The Charity reviewed its Investment Policies and Procedures** in 2018 and reported its findings to the Board at its January 2019 meeting. A major factor in this very favourable financial result has been the longstanding policy decision to accumulate unspent contingency money of up to 10% on property investment each year, by saving it up gradually until more property can be afforded without borrowing. However this strategy was put in abeyance in 2018 as part of the attempt to recover the lost rent of £150,000 annually from the Shaw St. offices and replace it with the rent from 25 new flats for the younger homeless.

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

**The rent reviews** due in 2020 were settled on a stand-still rent basis apart from the retirement almshouses for which the Charity was entitled to CPI + 1%. The homelessness almshouses are also entitled to similar inflationary increases.

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

**The Charity has been delighted** to be able to take advantage of grants **between 2016 - 2020 worth c. £1,610,000 from Homes England**, which have greatly increased the pace of providing more almshouses, whilst allowing the Charity to maintain its network of financial support to the homeless. The Charity also sponsors a homelessness day centre, a domestic training unit, a free clothes store, and free recycled furniture for the re-housed. The Education budget sponsors a dance charity a performing arts organisation and a free Museum.

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

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

#### **Routine Almshouse Maintenance Costs**

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



In **2018/19** the Charity monitored the cost of maintaining the 27 affordable homelessness almshouses then being let, and it produced a figure of £735 plus a 15% management fee of £750 for SmartLets, part of Citizens Advice, who support a “difficult to manage” group of residents on licences to occupy. A figure of £1,000 was applied to all 39 units in the 2019 budget which proved sufficient. Based on advice from the Almshouse Association, the routine maintenance figures for the 2021 budget have been set at £1,405 for each retirement unit, and £1,031 each for the homelessness ones.

**By 2021** the Charity will have more than recovered its losses with a total of **96 units**. These comprise **7** built in 1708, **25** in the 1960s (replacing 24 built on the 16th Century site), **39** between 2013 - 2019, and **25** in 2020/21. The 7, originally built as 14, were not modernised until 1965, with toilets installed instead of privies. They were reduced in number from 14 to 7 in 1981, by turning two into one, and baths were replaced with showers in the 1990s. The 25 built in 1964 on a 16th century site, originally with 15 almshouses which were demolished, have had a complete modernisation of the electrical wiring, showers installed to replace bathrooms, and a rolling programme to replace the kitchens will take place between 2020 - 2025. The 39 built between 2013 and 2019 for the younger homeless receive minor maintenance and repairs arranged by SmartLets” the agents.

### **“Programme Related Investment”**

In 2013 the Charity adopted this Charity Commission recognised definition for when a charity ***“uses assets to directly further the charity’s aims, whilst also generating a financial return”***. The 64 new “affordable” flats for the homeless, provide an approximate rental return of £320,000. The 2019 Investment Report to the Board demonstrates that the reinvestment strategy is both sustainable and diverse and, in particular, replaces the lost income of £150,000 from the vacation of the Shaw Street offices in 2018 with 25 affordable flats for the homeless. The alternative option to sell the building for development would have realised only about £500,000 to invest, which represented a huge potential loss to the Charity and its beneficiaries. The Trustees believe they have made the best of a bad job, brought about through circumstances entirely beyond their control, due to the Government’s disastrous privatisation of half of the Probation Service, (since reversed), which was largely responsible for their departure from the offices.

### **Tendering Policy for Capital Projects - Threshold of £500,000**

In 2013/14 the Charity sought competitive tenders for the development of 12 affordable flats for the homeless and appointed D & S, the chosen contractors as “preferred providers.” It was agreed that the preferred provider would be used for all work under £500,000 but their tenders would always be checked by our retained Quantity Surveyors. The one exception to this was two contracts for 10 flats on a single site in 2018 where the preferred provider was awarded the first contract at £273,000, and then offered the second at £657,240 as there were no preliminary charges which benefited the Charity considerably.

Competitive tenders were sought for the c. £2 Million contract in 2019 but of the seven contractors who expressed an interest in tendering, five declined. Three further enquiries were sent out with only one of these returning a favourable response. There were three confirmed tenderers but one was based in Leominster, a second in Gloucester, and only one, D & S, in Worcester. The Charity enquired whether a negotiated tender would be acceptable to Homes England, and were advised that it would be, providing that “independent” advice was obtained from a Quantity Surveyor which was arranged. At the November Board Meeting the Trustees formally agreed to approve negotiated tenders. The Charity also has in place preferred providers for water, electricity, general maintenance and carpentry.

### **Future Investment**

There is no real shortage of retirement facilities for the elderly in Worcester; commercial high street shops and offices are on standstill rents; and any new capital, if it can be matched by HE grants, will be directed towards affordable flats for the single homeless.

## Homes England - Value for Money Metrics

Each year the Charity uses a range of data to measure VFM progress. The results help influence investment decisions and provide regulators and other stakeholders with information on the progress of the Charity.

Metric	2020	2019	Commentary
Reinvestment percentage	20.15%	2.12%	This is the cost of development and/or acquisition of new or existing housing properties as a percentage of the value of the ones already owned. The Charity developed 25 further social units this year which are due to be completed in early 2021.
Percentage of new supply delivered	35.21%	2.82%	This is the number of social housing units developed or newly built during the year as a percentage of the number of social housing units held at the year end. The Charity developed 25 further social units this year which are due to be completed in early 2021.
Social housing cost per unit	£3,594	£4,427	This is the total cost of ownership and management of social housing units divided by the number of units owned and/or managed.
Operating margin as a percentage (social housing)	40.14%	22.53%	The operating margin on social housing activity only i.e. total social housing income minus total social housing expenditure, expressed as a percentage of total income. Last year major repair works were undertaken to the charity Almshouses.
Overall operating margin	26.85%	20.42%	Overall operating margin i.e. total income minus total expenditure excluding fair value adjustments on properties of the organisation, expressed as a percentage of total overall income.
Return on capital employed (ROCE) as a percentage	3.20%	1.46%	This is the overall operating margin excluding fair value adjustments on properties divided by (total assets minus current liabilities).

## **14. THE COST OF ADMINISTRATION & GOVERNANCE**

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

Every effort is made to keep the cost of administration to a minimum. The Trustees themselves do not claim expenses. However, with 22 Trustee meetings, two property inspections a year and the inevitably high cost of servicing a huge volume of individual applications for assistance, there is an inbuilt unavoidable administration cost. In The Period the Charity spent £6,305 (0.3%) of gross income on Governance and £103,599 (6%) of gross income on Administration.

## **15. QUINQUENNIAL PROPERTY VALUATIONS**

In 2010/2015/2020 the Trustees commissioned quinquennial property valuations. The Commercial Properties were valued by GJS Dillon and the agricultural properties by ARC Surveyors. The "Functional Properties", occupied by the Charity and others with similar objects, were also re-valued based on vacant possession. The results were 2010 **£13,776,750**, 2015 **£13,700,000** and 2020 **£14,532,000**.

## **16. PROPERTY INSURANCES**

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

## **17. RESERVES POLICY AND FINANCIAL RISK ASSESSMENTS**

In 2010 the Trustees reconsidered their reserves policies and decided to set aside reserves on an "ad hoc" basis when required e.g. for a capital programme or major repairs or maintenance. Each year a contingency sum of approximately 10% is set aside by the Charity in its annual revenue budget for unforeseen expenditure. Any unspent contingency money is transferred to the reserves to purchase new investment properties when sufficient is available, to help the Charity at least keep pace with inflation. Until 2018 this process has brought the Charity compound inflationary increases of 6.35% p.a. compared to the national average of 3.54%. The practice ceased in 2020 due to the need to spend £2 Million + on creating 25 flats in 3/4 Shaw Street when it was also agreed to borrow £500,000 to help the cash flow until the new rents arrive.

The total funds of the Charity as at the year-end amounted to £15,442,557 (2019 £17,352,377, consisting of restricted funds of £nil (2019 £nil) and endowment funds of £13,254,840 (2019 £14,489,403). Designated funds, which are funds set aside by the Trustees for future projects amounted to £131,622 (2019 £159,675), leaving unrestricted funds amounting to £2,086,095 (2019 £2,703,298).

Free reserves after making allowances for tangible fixed assets and investment properties amounted to £866,095 (2019 £1,512,174).

"New Risks" form the first agenda item for all Board meetings.

## **18. STAFF REMUNERATION**

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

## **19. SERIOUS INCIDENTS**

The Trustees confirm that in The Period ended 31st December 2020 there were no "serious incidents" to report.

## 20. THE CHARITIES' PROPERTY PORTFOLIO FOR THE PERIOD

	ADDRESS	PROPERTY	AQUIRED	AQUIRING CHARITY~	TENANT/OCCUPANT
1.**	2 St Swithin's Street	Shop	1560	St Thomas's Day	Timpson Ltd
2.**	3 St Swithin's Street	Shop	1560	St Thomas's Day	Miss Sarah Johnson
3.	15 St Swithin's St, Ground Floor	Shop + 1st floor room	1560	St Thomas's Day	M & M Meats (Nelmes Family)
3A.	15 St Swithin's Street	4 Social Housing Units	1560	St Thomas's Day	Citizens Advice 4 HMO Residents
4.	1 The Cross	Bank	1618	Inglethorpe's	National Westminster
5.	16 St Swithin's St, Ground Floor	Shop	1618	Inglethorpe's	Headway
6.	17 St Swithin's St, Ground Floor	Shop	1618	Inglethorpe's	SCOPE
6A.	16/17 St Swithin's St, Upper Floors	6 Social Housing Units	1618	Inglethorpe's	Citizens Advice 6 Residents
7.	Nash's & Wyatt's Court	25 Social Housing Units	1661	Nash's	25 Residents
8.	25 Nash's & Wyatt's Court	1 Flat	1661	Nash's	Warden's Flat
9.	13 Nash's & Wyatt's Court	Community Room	1661	Nash's	Residents
10.*	Berkeley Court	7 Social Housing Units	1692	Berkeley's	7 Residents
11.*	Kateryn Heywood House	Charities' Offices	1692	Berkeley's	WMC & Laslett's Charities
12.*	Berkeley's Chapel	Community Room	1692	Berkeley's	Residents & charities
13.*	The Gatehouse, Berkeley Court	Warden's House	1692	Berkeley's	Warden's House
14.*	The Cellar, Berkeley Court	Electricity sub-station	1692	Berkeley's	Western Power Distribution
17.	22 The Cross, Ground 1st, 2nd & 3rd	Shop & Flat	1990	WMEF	Mr Spyros Tsangarakis
18.**	3 - 4 Shaw Street	Offices & Car Park	1994	WCMC/WMEF	Void
19.#	6A Checkett's Lane Ind. Est.	Offices	1996	WCMC	Enterprise Driver Training
20.#	6B Checkett's Lane Ind. Est.	Furniture Store	1996	WCMC	Armchair
21.	Castle House, Castle Street	Offices & Car Park	1997	WCMC	Swanswell Charitable Trust
22.	20 Church St, Evesham	Charity Offices	1997	WCMC	Evesham & District Mental Health
27.	Sir Thomas White Court	10 Social Housing Units	1997	WCMC	Citizens Advice 10 Residents
28.#	1 Inglethorpe Court	Empty offices	2000	WCMC	Void
29.**#	2 Inglethorpe Court	Empty offices	2000	WCMC	Void
32.	Crown Lane Wychbold 1	Warehouse, Offices & Carpark	2000	WCMC	Worcestershire CC
33.	Crown Lane Wychbold 2 & 3	Wheelchair Clinic & W'shops	2002	WCMC	Wores. Health & Care NHS Trust
37.**	8 Sansome Place	2 Social Housing Units	2002	WCMC	Citizens Advice 2 Residents
40.**	Old Glove Factory (13 Lowesmoor)	Expertan	2006	WCMC	J Fiedorowicz & K Kumorowski
41.**	Old Glove Factory (13A, B)	Offices	2006	WCMC	Citizens Advice
42.**	Old Glove Factory (15 Lowesmoor)	Shop	2006	WCMC	Sorin Pop
43.**AM#	St Albans, Deansway	Day Centre for the homeless	2009	WCMC	Maggs Day Centre
44.**#	Tudor House, Friar Street	Heritage Centre /Museum	2008	WMEF	WHAT
46.#	Medway Road Community Centre	Offices, Youth Club, Hall	2012	WMEF	All Sorts of Performing Arts
48.**	9 Sansome Place	6 Social Housing Units	2013	WCMC	Citizens Advice 6 Residents
49.	Land at Welland	45.1 acres arable land	1702	S & G	Mr Bullock - Life-Time tenancy
51.**#	21 The Cross	3 Social Housing Units	2014	WCMC	Citizens Advice 3 Residents
52.**	19 Foregate Street	Office	2015	WCMC	Dawn Salter, Gentle Changes
52A**	19 Foregate Street	6 Social Housing Units	2015	WCMC	Citizens Advice 6 Residents
53	59/60 The Tything	Charity Shop & Offices	2016	WMC (CIO)	Maggs Day Centre
53A	59/60 The Tything	2 Social Housing Units	2016	WMC (CIO)	Citizens Advice 2 Residents

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

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

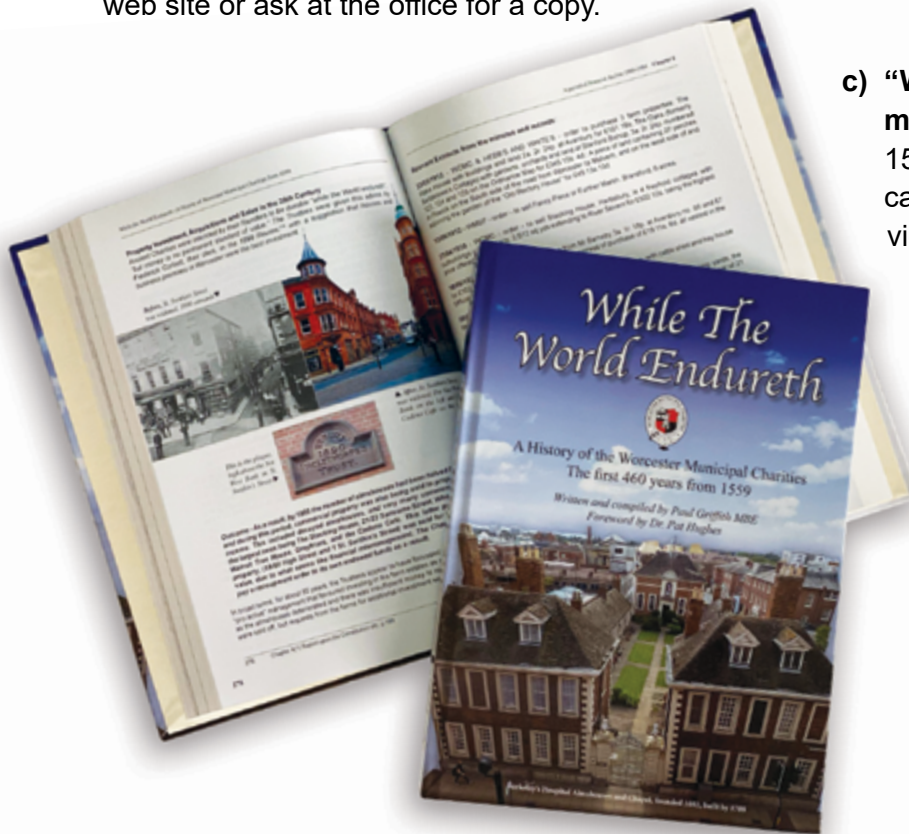
~All property is vested in the CIO as Custodian Charity



## 21. CONCLUSION AND COMMENT

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

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



c) **“While the World Endureth” a major history** of the Charity since 1559 was published in 2020 and can be purchased from the office or viewed on the website.

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

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

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

g) **In 2013** the Government “Social Fund” which provided help to poor people in an emergency was all but wound up, and replaced in Worcester by the DWAS (Discretionary Welfare Assistance Scheme). The Charity agreed to act as agents for the Scheme and in 2020 bought white goods to the value of £116,637, thereby greatly reducing the number of grants requested from the Charity itself. The Charity won the tender to help continue the DWAS scheme until March 2021 when a review is planned.

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

- i) **In 2016** Worcestershire Lifestyles and ASHA were both forced to close due to a similar loss of County Council funding.
- j) **The country** does seem to be on a retrograde journey, back to the old Victorian welfare values of “help yourself or go without, try the food banks or charities”. The pace of this process has been accelerated by the recession, welfare cuts, the introduction of Universal Credit and the Government’s reductions in grant aid to Local Authorities who have cut grants to charities.
- k) **The Corona Virus from 2020 onwards** has deprived many charities of earned income and is forcing some of them out of business.
- l) **On paper** this principle of “self help and find a job” may be a laudable objective, but there will remain a rump of poor, often socially excluded, sometimes mentally impaired, perhaps addicted drug users, or alcohol abusers - people whose problem actually is an inability to help themselves no matter how hard they try, or who cannot try, because it is that inability that is their weakness.
- m) **This Charity**, and many others, will continue to do their best to help, but poverty, unemployment and homelessness are very much on the increase and beyond the resources of charities on their own.
- n) **As well as offering help to individuals in need** (£179,419 including DWAS), the Charity is also empowered to help organisations that provide help to them.

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



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

**Page 11** shows the 25 new flats planned for the homeless in 2021

**Page 12** provides details of the grants made to organisations for The Period worth **£333,000.00**.

**Page 14** sets out the "Facility Gifts in Kind" to a number of charities valued at **£101,254.00** for The Period.

## **22. LEGISLATION, POLICIES, PROCEDURES, AND PRACTICES COMPLIANCE**

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

### **GOVERNANCE**

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

### **SOCIAL HOUSING - RETIREMENT & AFFORDABLE HOUSING FOR THE HOMELESS**

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

### **FINANCES**

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

### **REVIEWS**

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



## 23. PRINCIPAL ADVISERS TO THE CHARITY

### SOLICITORS

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

### BANKERS

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

### ARCHITECTS

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

### COMMERCIAL VALUERS

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

### ARC Surveyors Ltd

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

### AUDITORS

Kendall Wadley LLP  
Granta Lodge  
71 Graham Road  
Malvern  
WR14 2JS  
Tel. 01684 892666

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## TRUSTEES' APPROVAL

The foregoing Report of the Trustees, pages 1 - 28, was approved and signed on behalf of the Board of Trustees on 14 May 2021, together with the audited Accounts pages 29 - 57 and presented to their meeting on 26 May 2021.



PAUL GRIFFITH, MBE (Chairman)



MARTYN SAUNDERS (Vice-Chairman)

## **24. Audited Accounts**

### **WORCESTER MUNICIPAL CHARITIES (CIO)**

#### **STATEMENT OF TRUSTEES RESPONSIBILITIES**

#### ***FOR THE YEAR ENDED 31 DECEMBER 2020***

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

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that year.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Housing SORP 2018 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Housing SORP 2018 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# WORCESTER MUNICIPAL CHARITIES (CIO)

## INDEPENDENT AUDITOR'S REPORT

### TO THE TRUSTEES OF WORCESTER MUNICIPAL CHARITIES (CIO)

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#### Opinion

We have audited the financial statements of Worcester Municipal Charities (CIO) (the 'charity') for the year ended 31 December 2020 which comprise, the statement of comprehensive income, the statement of changes in reserves, the balance sheet, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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:

- give a true and fair view of the state of the charity's affairs as at 31 December 2020 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Housing SORP 2018, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019.

#### 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 twelve 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 Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



# **WORCESTER MUNICIPAL CHARITIES (CIO)**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE TRUSTEES OF WORCESTER MUNICIPAL CHARITIES (CIO)**

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

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

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

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

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

#### **Responsibilities of Trustees**

As explained more fully in the statement of Trustees responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Trustees are 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 Trustees either intend to cease operations, or have no realistic alternative but to do so.

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

We have been appointed as auditor under section 144 of the Charities Act 2011 and 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.

#### **Extent to which the audit was considered capable of detecting irregularities including fraud**

- an understanding of the risk assessment process (including the assessment of the risk of fraud) adopted by the Board is obtained and their attitude to risk ascertained
- an assessment of the susceptibility to material mis-statement of the financial statements as a result of management over-ride or fraud is made
- it is ensured that the engagement team have, collectively, the appropriate competence, capabilities and skills to be involved in the assignment, are fully briefed and understand the risks specific to the charity

# **WORCESTER MUNICIPAL CHARITIES (CIO)**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE TRUSTEES OF WORCESTER MUNICIPAL CHARITIES (CIO)**

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#### **Audit response to risks identified**

The information obtained through the assessment to risk procedures is reviewed and the following work undertaken:

- processes to test the outcomes of our assessment include, a review of Board minutes, analytical review, the relevance and accuracy of significant accounting estimates, substantive testing of significant transactions, work to identify unusual or unexpected accounting entries including the testing of journal entries, information disclosed in the financial statements is traced to supporting documentation. In all instances it is acknowledged that material mis-statements that arise from fraud may involve deliberate concealment or collusion and are, therefore, by their very nature harder to detect than those arising from error.

- an understanding of the legal and regulatory framework as applicable to the charity is obtained together with knowledge of the procedures put in place by the charity in order to comply with the same

It should be noted that Auditing standards limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.


#### **Other matters**

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.

#### **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 auditors' 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.



**Sarah Morley ACA (Senior Statutory Auditor)**  
**for and on behalf of Kendall Wadley LLP**

14 May 2021

**Chartered Accountants**  
**Statutory Auditor**

Granta Lodge  
71 Graham Road  
Malvern  
Worcestershire  
WR14 2JS

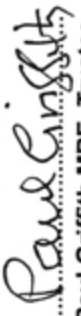
Kendall Wadley LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006.

# WORCESTER MUNICIPAL CHARITIES (CIO)

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Unrestricted funds general 2020 £	Unrestricted funds designated 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total 2020 £	Unrestricted funds general 2019 £	Unrestricted funds designated 2019 £	Restricted funds 2019 £	Endowment funds 2019 £	Total 2019 £
<b>Income</b>											
Rental income	3	943,351	-	-	-	943,351	995,558	-	-	-	995,558
Operating costs	4	(920,184)	(32,054)	(116,636)	-	(1,068,874)	(916,457)	-	(72,062)	-	(988,519)
Other costs		-	-	-	-	-	-	-	-	-	-
Other income		9,743	2,000	-	-	11,743	17,410	-	-	-	17,410
Donations and grants received	5	24	-	866,673	-	866,697	103	-	149,261	-	149,364
<b>Operating surplus</b>		<b>32,934</b>	<b>(30,054)</b>	<b>750,037</b>	<b>-</b>	<b>752,917</b>	<b>96,614</b>	<b>-</b>	<b>77,199</b>	<b>-</b>	<b>173,813</b>
Interest receivable	11	21,148	-	-	-	21,148	18,530	-	-	-	18,530
Net gains/(losses) on investments	12	23,746	-	-	(303,000)	(279,254)	61,383	-	-	-	61,383
Unrealised (loss)/gain on housing properties at revaluation	15	-	-	-	(2,404,631)	(2,404,631)	-	-	-	-	-
<b>Total comprehensive income for the year</b>		<b>77,828</b>	<b>(30,054)</b>	<b>750,037</b>	<b>(2,707,631)</b>	<b>(1,909,820)</b>	<b>176,527</b>	<b>-</b>	<b>77,199</b>	<b>-</b>	<b>253,726</b>

Signed on behalf of the Trustees on 14 May 2021

  
Paul Griffith MBE, Trustee

  
Maryn Saunders, Trustee



# WORCESTER MUNICIPAL CHARITIES (CIO)

## STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Unrestricted funds general 2020	Unrestricted funds designated 2020	Restricted funds 2020	Endowment funds 2020	Total 2020	Unrestricted funds general 2019	Unrestricted funds designated 2019	Restricted funds 2019	Endowment funds 2019	Total 2019
		£	£	£	£	£	£	£	£	£	£
Fund balances at 1 January 2019 as restated		2,703,298	159,676	-	14,489,403	17,352,377	2,591,795	295,000	2,603	14,209,253	17,098,651
Total comprehensive income		77,828	(30,054)	750,037	(2,707,631)	(1,909,820)	176,527	-	77,199	-	253,726
Transfers	13	(725,031)	2,000	(750,037)	1,473,068	-	(65,024)	(135,324)	(79,802)	280,150	-
Fund balances at 31 December 2020		2,056,095	131,622	-	13,254,840	15,442,557	2,703,298	159,676	-	14,489,403	17,352,377

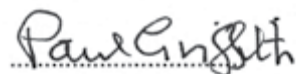
# WORCESTER MUNICIPAL CHARITIES (CIO)

## BALANCE SHEET

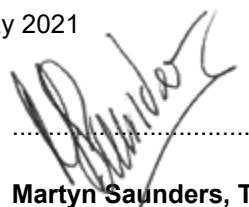
AS AT 31 DECEMBER 2020

		2020		2019	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	15	6,905,066		7,750,524	
Investment properties	16	7,632,000		7,930,001	
Investments	17	408,885		390,139	
		14,945,951		16,070,664	
<b>Current assets</b>					
Debtors	19	139,199		119,624	
Investments	20	-		39,907	
Cash at bank and in hand		663,341		1,347,006	
		802,540		1,506,537	
<b>Creditors: amounts falling due within one year</b>	21	(305,934)		(224,824)	
Net current assets		496,606		1,281,713	
<b>Total assets less current liabilities</b>		15,442,557		17,352,377	
<b>Capital funds</b>					
Endowment funds	23	13,254,840		14,489,403	
<b>Income funds</b>					
<u>Unrestricted funds - general</u>					
Designated funds	25	131,622		159,676	
General unrestricted funds		2,056,095		2,703,298	
		2,187,717		2,862,974	
		15,442,557		17,352,377	

The financial statements were approved by the Trustees on 14 May 2021



Paul Griffith MBE, Trustee



Martyn Saunders, Trustee

# WORCESTER MUNICIPAL CHARITIES (CIO)

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	29		855,452		166,488
<b>Investing activities</b>					
Purchase of tangible fixed assets		(1,560,265)		(140,659)	
Purchase of investment property		-		(140,324)	
Proceeds on disposal of other investments		-		(491)	
Interest received		21,148		18,530	
<b>Net cash used in investing activities</b>			(1,539,117)		(262,944)
<b>Net cash used in financing activities</b>			-		-
<b>Net decrease in cash and cash equivalents</b>			(683,665)		(96,456)
Cash and cash equivalents at beginning of year			1,347,006		1,443,462
<b>Cash and cash equivalents at end of year</b>			663,341		1,347,006



# WORCESTER MUNICIPAL CHARITIES (CIO)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### 1 Accounting policies

##### Charity information

Worcester Municipal Charities is a Charitable Incorporated Organisation (CIO) and a private registered provider of social housing in the United Kingdom. The address of the registered office is Kateryn Heywood House, Berkeley Court, The Foregate, Worcester, WR1 3QG.

The nature of the charity's operations and principal activities are: helping Worcester City people in financial need by providing grants of essential items or services not provided for by the state. Assisting organisations who help Worcester City people in need. Provision of affordable social housing in Worcester City. The promotion of education to those in need from The City of Worcester, The parishes of Powick, Bransford, Rushwick and The Ancient Parish of Leigh.

##### 1.1 Accounting convention

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Statement of Recommended Practice for Social Housing Providers 2018, and with the Accounting Direction for private registered providers of social housing in England 2019. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008.

The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

##### 1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

##### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

##### 1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

# WORCESTER MUNICIPAL CHARITIES (CIO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies

(Continued)

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Rental income is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

#### 1.5 Resources expended

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

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

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

#### 1.6 Tangible fixed assets

Social housing properties are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended such as the cost of acquiring land and buildings, developments costs, interest charges on loans during the development period and expenditure on improvements.

Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life of the property.

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

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

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	10% reducing balance
Office equipment	20% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

# WORCESTER MUNICIPAL CHARITIES (CIO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 1 Accounting policies

(Continued)

#### 1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

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

#### 1.8 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

#### 1.9 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

#### 1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

#### 1.11 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

# WORCESTER MUNICIPAL CHARITIES (CIO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

#### **1.12 Employee benefits**

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

#### **1.13 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

### 2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.



## WORCESTER MUNICIPAL CHARITIES (CIO)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2020

3	Rental income	Sheltered Social housing		Investment properties		Total		Sheltered Social housing		Investment properties		Total	
		2020	£	2020	£	2020	£	2019	£	2019	£	2019	£
	Charitable rental income	221,310		202,817		500,535		224,785		568,710		968,774	
	Service charges	4,695		-		13,994		5,663		21,121		26,784	
		226,005		202,817		514,529		230,448		589,831		995,558	

# WORCESTER MUNICIPAL CHARITIES (CIO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 4 Operating costs

	Grant making 2020 £	Sheltered housing 2020 £	Social housing 2020 £	Investment properties 2020 £	Total 2020 £	Total 2019 £
Staff costs	11,972	41,599	-	-	53,571	52,927
Bad debt provision	-	-	-	11,167	11,167	-
Welfare costs	-	9,694	-	-	9,694	10,478
Routine maintenance	-	56,041	28,495	100,075	184,611	153,734
Heat and power	-	22,877	1,743	-	24,620	24,438
Rates	-	11,452	-	-	11,452	11,819
Management costs	-	-	30,423	-	30,423	26,292
Unreimbursed costs	-	-	-	8,195	8,195	20,646
Cleaning and hygiene	-	2,107	-	-	2,107	2,197
	<u>11,972</u>	<u>143,770</u>	<u>60,661</u>	<u>119,437</u>	<u>335,840</u>	<u>302,531</u>
Grant funding of activities (see note 6)	512,417	-	-	-	512,417	447,861
Share of support costs (see note 7)	102,616	26,760	24,014	60,922	214,312	226,301
Share of governance costs (see note 7)	3,019	787	707	1,792	6,305	11,826
	<u>630,024</u>	<u>171,317</u>	<u>85,382</u>	<u>182,151</u>	<u>1,068,874</u>	<u>988,519</u>
<b>Analysis by fund</b>						
Unrestricted funds - general	513,388	171,317	85,382	150,097	920,184	916,457
Unrestricted funds - designated	-	-	-	32,054	32,054	-
Restricted funds	116,636	-	-	-	116,636	72,062
	<u>630,024</u>	<u>171,317</u>	<u>85,382</u>	<u>182,151</u>	<u>1,068,874</u>	<u>988,519</u>

# WORCESTER MUNICIPAL CHARITIES (CIO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 4 Operating costs

(Continued)

For the year ended 31 December 2019

	Grant making £	Shelterd housing £	Social housing £	Investment properties £	Total 2019 £
Staff costs	11,659	41,268	-	-	52,927
Welfare costs	-	10,478	-	-	10,478
Repairs	-	73,548	38,489	41,697	153,734
Heat and power	-	23,169	1,269	-	24,438
Rates	-	11,819	-	-	11,819
Management costs	-	-	26,292	-	26,292
Unreimbursed costs	-	-	-	20,646	20,646
Cleaning and hygiene	-	2,197	-	-	2,197
	11,659	162,479	66,050	62,343	302,531
Grant funding of activities (see note 6)	447,861	-	-	-	447,861
Share of support costs (see note 7)	30,085	46,303	35,218	114,695	226,301
Share of governance costs (see note 7)	1,572	2,420	1,840	5,994	11,826
	491,177	211,202	103,108	183,032	988,519
<b>Analysis by fund</b>					
Unrestricted funds - general	419,115	211,202	103,108	183,032	916,457
Restricted funds	72,062	-	-	-	72,062
	491,177	211,202	103,108	183,032	988,519

### 5 Donations and grants received

	Unrestricted funds general 2020 £	Restricted funds 2020 £	Total 2020 £	Unrestricted funds general 2019 £	Restricted funds 2019 £	Total 2019 £
Donations and gifts	24	-	24	103	-	103
Grants received	-	866,673	866,673	-	149,261	149,261
	24	866,673	866,697	103	149,261	149,364

# WORCESTER MUNICIPAL CHARITIES (CIO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 6 Grants awarded

	Grant making 2020 £	Grant making 2019 £
Grants to institutions:		
Maggs Day Centre	29,645	28,838
CAB/ WHABAC	173,381	168,658
Armchair	16,444	15,995
Shopmobility	7,000	7,000
Worcester Community Trust	38,480	18,432
Tudor House Museum (WHAT)	36,168	35,183
WAY	-	21,174
Dancefest	17,260	10,790
All Sorts of Performing Arts	13,672	10,000
John Palmer	950	950
	<hr/>	<hr/>
	333,000	317,020
<u>Grants to individuals 204 grants)</u>		
Relief in need and carpets	50,138	47,920
Educational	1,200	1,121
White goods	11,444	9,738
DWAS	116,637	72,062
	<hr/>	<hr/>
	512,417	447,861
	<hr/>	<hr/>
<b>Grants paid in the year</b>		
Grants paid to institutions	443,732	392,116
Grants paid to individuals	40,457	58,131
	<hr/>	<hr/>
	484,189	450,247
	<hr/>	<hr/>
-		



# WORCESTER MUNICIPAL CHARITIES (CIO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 7 Support costs

	Support costs £	Governance costs £	2020 £	2019 £	Basis of allocation
Staff costs	59,315	-	59,315	58,869	Charitable activities
Depreciation	1,093	-	1,093	1,378	Charitable activities
Office running costs	6,266	-	6,266	7,324	Charitable activities
Accountancy	8,377	-	8,377	10,244	Charitable activities
Bank charges and subscriptions	892	-	892	1,182	Charitable activities
IT and software	3,451	-	3,451	3,041	Charitable activities
Sundries	10,398	-	10,398	6,039	Charitable activities
Irrecoverable VAT	44,762	-	44,762	52,382	Charitable activities
Telephone	2,128	-	2,128	3,799	Charitable activities
Insurance	39,403	-	39,403	32,963	Charitable activities
Business manager fees	11,679	-	11,679	18,715	Charitable activities
Surveyor fees	25,879	-	25,879	29,701	Charitable activities
Legal & professional	669	-	669	1,574	Charitable activities
Audit fees	-	5,858	5,858	8,364	Governance
Meeting expenses	-	447	447	2,552	Governance
	<u>214,312</u>	<u>6,305</u>	<u>220,617</u>	<u>238,127</u>	
Analysed between					
Charitable activities	<u>214,312</u>	<u>6,305</u>	<u>220,617</u>	<u>238,127</u>	

### 8 Auditor's remuneration

Governance costs includes payment to the auditors of £5,858 (2019 £8,364) for audit fees.

### 9 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

# WORCESTER MUNICIPAL CHARITIES (CIO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2020**

### 10 Employees

#### Number of employees

The average monthly number of employees during the year was:

	2020 Number	2019 Number
Support	3	3
Warden	2	2
	<u>5</u>	<u>5</u>

#### Employment costs

	2020 £	2019 £
Wages and salaries	103,688	101,637
Social security costs	3,779	5,036
Other pension costs	5,419	5,123
	<u>112,886</u>	<u>111,796</u>

There were no employees whose annual remuneration was £60,000 or more.

### 11 Investments

	Unrestricted funds general 2020 £	Unrestricted funds general 2019 £
Income from listed investments	10,594	10,383
Interest receivable	10,554	8,147
	<u>21,148</u>	<u>18,530</u>

# WORCESTER MUNICIPAL CHARITIES (CIO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 12 Net gains/(losses) on investments

	Unrestricted funds general 2020 £	Endowment funds 2020 £	Total 2020 £	Unrestricted funds general 2019 £
Revaluation of investments	18,746	-	18,746	61,383
Revaluation of investment properties	5,000	(303,000)	(298,000)	-
	<u>23,746</u>	<u>(303,000)</u>	<u>(279,254)</u>	<u>61,383</u>

### 13 Transfers

During the year transfers were effected from the unrestricted and restricted funds to reflect the expenditure incurred on the development of 3/4 Shaw Street into affordable accommodation. In addition £2,000 was transferred from unrestricted funds to designated fund for use on Tudor House projects.

The transfers in the prior year related to:

£135,324 being transferred from designated funds to unrestricted funds to account for funds designated by the Trustees in relation to the Tudor House and Shaw Street projects.

£198 being transferred from unrestricted funds to restricted funds to account for overspends on the DWAS project.

£80,000 being transferred from restricted funds to endowment funds for grant monies spent towards 8 Sansome Place.

£280,150 being transferred from unrestricted funds to endowment funds to account for additions made to endowment property during the course of year.

# WORCESTER MUNICIPAL CHARITIES (CIO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 14 Accommodation owned, managed and in development

	Number of units at 1 Jan 2020	Number of units at 31 Dec 2020
<i>Social housing</i>		
General needs housing:		
Let at social rent	-	-
Affordable rent	39	39
Supported housing	32	32
	<hr/>	<hr/>
Total owned and managed	71	71
	<hr/>	<hr/>
Accommodation in development	25	25
	<hr/>	<hr/>

#### Net surplus from social and sheltered housing

	2020		2019	
	Social	Sheltered	Social	Sheltered
Rental income	202,817	221,310	175,279	224,785
Service charges	-	4,695	-	5,663
	<hr/>	<hr/>	<hr/>	<hr/>
	202,817	226,005	175,279	230,448
<u>Operating costs</u>				
Staff costs	-	(41,599)	-	(41,268)
Routine maintenance	(28,495)	(56,041)	(38,489)	(73,548)
Welfare	-	(9,694)	-	(10,478)
Heat and light	(1,743)	(22,877)	(1,269)	(23,169)
Rates	-	(11,452)	-	(11,819)
Cleaning and hygiene	-	(2,107)	-	(2,197)
Management cost	(30,423)	-	(26,292)	-
<u>Administrative expenditure</u>				
Share of support costs	(24,014)	(26,760)	(35,218)	(46,303)
Share of governance costs	(707)	(787)	(1,840)	(2,420)
	<hr/>	<hr/>	<hr/>	<hr/>
Net surplus / (deficit)	117,435	54,688	72,171	19,246
	<hr/>	<hr/>	<hr/>	<hr/>



# **WORCESTER MUNICIPAL CHARITIES (CIO)**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

15 Tangible fixed assets												
	Sheltered housing		Social housing		Asset under construction		Fixtures and fittings		Office equipment		Total	
	£		£		£		£		£		£	
<b>Cost</b>												
At 1 January 2020	3,039,716		3,546,179		1,158,508		4,531		7,057		7,755,991	
Additions	-		18,693		1,541,535		-		37		1,560,265	
Revaluation	80,284		(1,034,872)		(1,450,043)		-		-		(2,404,631)	
At 31 December 2020	3,120,000		2,530,000		1,250,000		4,531		7,094		6,911,625	
<b>Depreciation and impairment</b>												
At 1 January 2020	-		-		-		1,551		3,916		5,467	
Depreciation charged in the year	-		-		-		298		794		1,092	
At 31 December 2020	-		-		-		1,849		4,710		6,559	
<b>Carrying amount</b>												
At 31 December 2020	3,120,000		2,530,000		1,250,000		2,682		2,384		6,905,066	
At 31 December 2019	3,039,716		3,546,179		1,158,508		2,980		3,141		7,750,524	
The carrying value of land included in land and buildings comprises:												
						2020		2019				
						£		£				
Freehold						4,370,000		4,198,224				
Long leasehold						2,530,000		3,546,179				
						6,900,000		7,744,403				

The asset under construction relates to 3-4 Shaw Street where during the year works continued on creating 25 affordable flats for the homeless.

# WORCESTER MUNICIPAL CHARITIES (CIO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 16 Investment property

	Commercial properties	Social investment properties	Social investment properties	2020
	Freehold	Freehold	Leasehold	£
<b>Fair value</b>				
At 1 January 2020	6,745,001	850,000	335,000	7,930,001
Additions	7,199	-	-	7,199
Net gains or losses through fair value adjustments	(310,200)	-	5,000	(305,200)
At 31 December 2020	<u>6,442,000</u>	<u>850,000</u>	<u>340,000</u>	<u>7,632,000</u>

Investment property comprises commercial and social investment properties. The fair value of the investment property has been arrived at on the basis of a quinquennial property valuation exercise carried out in December 2020. The commercial properties were valued by Guise Jones Sawyer and the agricultural properties by ARC Surveyors.

The valuations was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

# WORCESTER MUNICIPAL CHARITIES (CIO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 17 Fixed asset investments

	Listed investments £
<b>Cost or valuation</b>	
At 1 January 2020	390,139
Valuation changes	18,746
	<u>408,885</u>
At 31 December 2020	408,885
<b>Carrying amount</b>	
At 31 December 2020	408,885
	<u>390,139</u>
At 31 December 2019	<u>390,139</u>

#### 18 Financial instruments

	2020 £	2019 £
<b>Carrying amount of financial assets</b>		
Instruments measured at fair value through profit or loss	408,885	430,046
	<u>408,885</u>	<u>430,046</u>

#### 19 Debtors

	2020 £	2019 £
<b>Amounts falling due within one year:</b>		
Trade debtors	107,295	89,989
Other debtors	235	235
Prepayments and accrued income	30,220	27,716
	<u>137,750</u>	<u>117,940</u>

	2020 £	2019 £
<b>Amounts falling due after more than one year:</b>		
Other debtors	1,449	1,684
	<u>1,449</u>	<u>1,684</u>
<b>Total debtors</b>	<u>139,199</u>	<u>119,624</u>

#### 20 Current asset investments

	2020 £	2019 £
Unlisted investments	-	39,907
	<u>-</u>	<u>39,907</u>

# WORCESTER MUNICIPAL CHARITIES (CIO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2020**

### **21 Creditors: amounts falling due within one year**

	Notes	2020 £	2019 £
Other taxation and social security		8,135	11,851
Deferred income	<b>22</b>	103,232	102,983
Grants payable		78,693	45,306
Other creditors		95,297	50,506
Accruals and deferred income		20,577	14,178
		<u>305,934</u>	<u>224,824</u>

### **22 Deferred income**

	2020 £	2019 £
Arising from rents paid in advance	<u>103,232</u>	<u>102,983</u>

All the above relate to the following period and are released in full.



**WORCESTER MUNICIPAL CHARITIES (CIO)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**23 Endowment funds**

Endowment funds represent assets which must be held permanently by the charity, principally property.

Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the assets form part of the fund will be used to acquire further freehold property.

	Balance at 1 January 2019	Movement in funds as restated					Movement in funds					Balance at 31 December 2020
		Incoming resources	Resources expended	Transfers	Revaluations gains and losses	Balance at 1 January 2020	Incoming resources	Resources expended	Transfers	Revaluations gains and losses		
	£	£	£	£	£	£	£	£	£	£	£	
<b>Permanent endowments</b>												
Endowed funds	14,209,253	-	-	280,150	-	14,489,403	-	-	1,473,068	(2,707,631)	13,254,840	
	14,209,253	-	-	280,150	-	14,489,403	-	-	1,473,068	(2,707,631)	13,254,840	

## WORCESTER MUNICIPAL CHARITIES (CIO)

## 24 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds as restated				Movement in funds			
Balance at 1 January 2019	Incoming resources	Resources expended	Transfers	Balance at 1 January 2020	Incoming resources	Resources expended	Transfers	Balance at 31 December 2020
£	£	£	£	£	£	£	£	£
DWAS	2,603	(72,062)	198	-	116,673	(116,636)	(37)	-
Homes England	-	-	(80,000)	-	750,000	-	(750,000)	-
	<u>2,603</u>	<u>(72,062)</u>	<u>(79,802)</u>	<u>-</u>	<u>866,673</u>	<u>(116,636)</u>	<u>(750,037)</u>	<u>-</u>

DWAS scheme - A contract with City Council to manage the purchase and distribution of white goods in Worcester as part of the Discretionary Welfare Assistance Scheme (DWAS).

Homes England - Homes England provided a grant this year in respect to the development of 3/4 Shaw Street (2019 -8 Sansome Place).

**WORCESTER MUNICIPAL CHARITIES (CIO)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**25 Designated funds**

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 January 2019 £	Transfers 1 January 2020 £	Balance at 1 January 2020 £	Movement in funds			Transfers 2020 £	Balance at 31 December 2020 £
				Incoming resources £	Resources expended £			
Shaw Street	250,000	(140,324)	109,676	-	-		-	109,676
Tudor House	45,000	5,000	50,000	2,000	(32,054)		2,000	21,946
	295,000	(135,324)	159,676	2,000	(32,054)		2,000	131,622

**26 Analysis of net assets between funds**

	Unrestricted		Designated 2020 £	Restricted 2020 £	Endowment 2020 £	Total		Unrestricted 2019 £	Designated 2019 £	Restricted 2019 £	Endowment 2019 £	Total 2019 £
	2020 £	2019 £				2020 £	2019 £					
Fund balances at 31 December 2020 are represented by:												
Tangible assets	5,066		-	-	6,900,000	6,905,066	6,121		-	-	7,744,403	7,750,524
Investment properties	1,190,000		-	-	6,442,000	7,632,000	1,185,001		-	-	6,745,000	7,930,001
Investments	408,885		-	-	-	408,885	390,139		-	-	-	390,139
Current assets/(liabilities)	452,144		131,622	-	(87,160)	496,606	1,122,039		159,676	-	-	1,281,713
	2,056,095		131,622	-	13,254,840	15,442,557	2,703,300		159,676	-	14,489,403	17,352,377

# WORCESTER MUNICIPAL CHARITIES (CIO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

27	Capital commitments	2020 £	2019 £
	At 31 December 2020 the charity had capital commitments as follows:		
	Contracted for but not provided in the financial statements:		
	Acquisition of property, plant and equipment	850,152	26,215

#### 28 Related party transactions

The Charity provided rent-free offices with an estimated rental value of £55,440 (2019 - £37,360) to CAB/WHABAC and was also charged by them 15% of licence payments in respect of management fees for managing the Charity's social housing. The charity also provided grants of £173,381 (2019 - £168,658) to CAB/WHABAC towards its running costs. Paul Griffith and Graham Hughes, are trustees of this charity and of CAB/WHABAC. Martyn Saunders and Geraint Thomas are trustees of this Charity and employees of CAB/WHABAC

The Charity provided rent-free offices, a day centre and "free clothes" store with estimated rental values of £24,000 (2019 - £39,850) and also made a grant of £30,014 (2019 - £28,838) to Maggs Day Centre. Sue Osborne is a Trustee of this charity and of Maggs Day Centre. Mel Kirk is a trustee of this charity and an employee of Maggs Day Centre

The Charity provided a subsidised warehouse and offices to Armchair for which a reduced premium of £55,000 (2019 - £55,000) was paid to the WCMC predecessor charity for a 50 year lease in 1996. Margaret Jones, Mel Kirk, Sue Osborne, Martyn Saunders and Richard Boorn are trustees of this charity and of Armchair.

The Charity provided a rent-free Heritage Museum (Tudor House) with an estimated rental value of £8,000 (2019 - £7,000) and also made a grant over two years of £36,168 (2019 - £35,183) to the Worcester Heritage and Amenity Trust. Margaret Panter is a Trustee of this charity and of the Worcester Heritage and Amenity Trust.

The Charity received a payment of £8,193 (2019 - £7,864) from Laslett's Charities for the provision of administrative support and an office and facilities for the Clerk. Margaret Jones is a trustee of this Charity and of Laslett's Charities.

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020 £	2019 £
Aggregate compensation	112,885	111,795

## WORCESTER MUNICIPAL CHARITIES (CIO)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2020

29	Cash generated from operations	2020 £	2019 £
	(Deficit)/surplus for the year	(1,909,820)	253,726
	Adjustments for:		
	Investment income recognised in statement of financial activities	(21,148)	(18,530)
	Fair value gains and losses on investment properties	298,000	-
	Fair value gains and losses on investments	(18,746)	(61,383)
	Depreciation and impairment of tangible fixed assets	1,093	1,378
	Revaluation assets	2,404,632	-
	Movements in working capital:		
	(Increase) / decrease in current asset investments	39,907	-
	(Increase)/decrease in debtors	(19,578)	12,125
	Increase in creditors	80,863	17,388
	Increase/(decrease) in deferred income	249	(38,216)
	<b>Cash generated from operations</b>	<b>855,452</b>	<b>166,488</b>





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

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





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





**Maggs Day Centre for  
the Homeless**  
St. Alban's Chapel  
Grade 2 Listed Building &  
Ancient Monument  
provided rent free by the Charity

### **Tudor House Museum**

Grade 2\* Listed Building  
Let to Worcester Heritage &  
Amenity Trust Ltd on a  
Peppercorn rent

