

# 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 2021**

This is the sixth Annual Report of the Charity which was created specifically by the Trustees in 2016 as the replacement Charity for Worcester Municipal Exhibitions Foundation (Education) and Worcester Consolidated Municipal Charity (Relief in Need & Almshouses), whose business, staff, assets and liabilities were vested in the new Charity on 1st July 2016, as a "Charitable Incorporated Organisation" which 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 2021 ("The Period"). The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP): "Accounting by Registered Social Housing Providers Update 2014" along with the Financial Reporting Standard 102 ("FRS 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.

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**Berkeley's Hospital Chapel and Almshouses - Grade 1 Listed Building**

The Charity's offices, community meeting room/Chapel, and sheltered housing for seven residents.

# WORCESTER MUNICIPAL CHARITIES (CIO)

"The Charity"

## REPORT FOR THE 12 MONTHS' PERIOD ENDED 31st DECEMBER 2021 ("The Period")

*For ease of understanding "the Charity" also refers generally to the two predecessor charities in respect of events prior to 1st July 2016*

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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 of England 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 per family from the rental income to a disorderly queue at the Guildhall on St. Thomas' Day December 21st, Winter Solstice, the appointed day. The Worcester ale houses and inns needed extra staff to cope with demand and it was possible to rejoin the queue! It was discontinued in 1867 as "need wasn't assessed".

The Municipal Corporations comprised self-appointed freemen and aldermen, and widespread concern nationally grew about their ability to manage the charities properly and honestly. Charity Commissioners were appointed in the first part of the 19th Century to inspect all the public charities throughout the land, and their national inquiries and discovery of widespread abuse of Trust 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.

- b) In 1899 they were consolidated into one holding charity, **the Worcester Consolidated Municipal Charity**. Of these 27 charities, the 6 primarily educational charities, were consolidated into the **Worcester Municipal Exhibitions Foundation** in 1909. Both charities were managed together by the same single body of Trustees from 1913 onwards.
- c) On 4th May 2016 Worcester Municipal Charities CIO ("WMC (CIO)") was registered with the Charity Commission with registration no. 1166931, and on vesting day 1st July 2016, the business, staff and all the assets and liabilities of the two predecessor charities were handed over to the new Charity, followed by the former ones' being wound up.

## 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."*

The Trustees have agreed that "If 0.1% 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

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

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

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

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

*Paul Griffith **I**, (Chairman), Geraint Thomas **Ch** (Vice Chairman), Jenny Barnes **N**, 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**, Ron Rust **I**, Martyn Saunders **I**, Brenda Sheridan **I**.*

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

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

**"Ch" four nominated to the Trustees** 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, 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. (These are in abeyance due to Covid). The properties are all vested in the CIO as "Custodian" Charity.

**A Grants Sub-Committee** - meets monthly, to deal with individual applications for grants that require detailed consideration. The Chairman and Vice Chairman have joint 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 (Property 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. (Pictures of the staff page 27). (Full details of the Professional Advisers are on page 29).

## **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 2021

- During the year building work was completed on creating **25 affordable flats for the homeless** at “Stillingfleet House”, 3-4 Shaw Street, the former Probation Offices. The Official Opening Ceremony (Page 24) was performed jointly by **Robin Walker MP** and Mayor **Stephen Hodgson**, followed by a blessing from **John Inge, Bishop of Worcester**. Homes England committed a grant of £1,000,000 gross towards the total cost of £2.2 Million. This development took the total of new “affordable” flats for the homeless to **64 since 2013**.
- Following a tendering process, the project was managed by Karl Greenway of **Lett & Sweetland Architects** and completed to a very high standard by “**D & S**” our “preferred” Contractors who won the tender.
- The termination of the office lease by the Home Office (Probation), and the decision to develop the empty office as flats for the homeless, deprived the Charity of £150,000 lost rental income annually for 3 years, and as a result a loan was arranged with **Unity Trust Bank** to facilitate the cash flow requirements. The new rents have virtually restored the loss.
- Fortuitous help arrived in the form of the opportunity to sell a 45.1 acre field at Welland, our worst performing commercial investment, following the death of the lifetime tenant with no entitlement to succession. The land was passed to the Charity as part of the winding up and transfer of Shewringes & Gouldings Charity in 2013, with a stated gross income of £2,465 p.a., and a valuation of £37,141, giving a gross yield on paper of 6.64%. At auction, with vacant possession, it was sold for **£480,000** of which commission and fees took £11,964.38. The Charity lost income of £3,436 p.a. or 0.7% of the nett sale price.
- **To continue helping 4 organisations** in particular, being those that the Trustees believe provide the most help to the poorest, and those in greatest need in Worcester: - **A) Maggs Day Centre for the Homeless**, **B) Worcester Citizens Advice**, **C) Armchair** (Furniture Re-Cycling), who have all been provided with free/subsidised premises and grants to assist with their work; and **D) Worcester Community Trust** towards their community centres and outreach work.
- The Charity fulfilled a contract with the **City Council** to manage the purchase and distribution of white goods in Worcester worth £152,813 net (2020 £116,635), as part of the **Discretionary Welfare Assistance Scheme** (“DWAS”). The Charity originally won the contract in 2013 and again in 2017, which has been rolled over three times until 2022. The Charity does not charge the Council for this project in recognition of the relief it brings to the Charity’s own grants’ budget.
- The Charity approached **Platform Housing Association** as most of its individual grants for carpets came from their tenants, and asked them to consider contributing. They decided to take it over in its entirety, which will save the Charity about £55,000 a year.
- **Inglethorpe Court** - The Charity took the surrender of a peppercorn sub-lease from Citizens Advice Worcester in respect of these two empty office buildings in the Hopmarket Yard. A partnership was then established with the Hopmarket Charity, who own the freehold, to convert the buildings into 4 flats for the homeless. Planning consent was obtained, and



*agreement reached for a new 125 years' lease in return for a 25% share of the nett rental profits. A grant from Homes England is being sought and the conversion work will start in January 2022.*

- *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 staff salaries by 1.5%.*

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

Revenue income of £1,488,443 was received, mainly rent from properties, (2020 £1,842,939). Expenditure was £1,333,273 (2020 £1,068,874).

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

- a) There are two Sheltered Housing "retirement" sites (32 almshouses) and nine "Affordable Housing sites" (64 flats) for the non-retired homeless.
- b) The Charity sold one commercial property in 2021 so at the year's end owned 16.
- c) 7 "functional" properties are leased to charities on peppercorn rents as "facilities in kind" (see page 15). Inglethorpe Court lease was surrendered by Citizens Advice Worcester in 2021.
- d) The Charity is in the process of developing Inglethorpe Court into 4 affordable flats for the homeless in 2022, in partnership with the Hopmarket Charity.

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

Sheltered Housing accommodation charges were reviewed and scheduled rent reviews were completed.

## **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 £364,441 (2020 £395,782), and helped administer the City Council's DWAS relief in need grants worth £152,813 net, (2020 £116,635), to individuals in need (details page 13).

- (c) The Charity continued to focus its main help on **four charities** 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 p.a. and grants totalling £219,025, (2020 £219,470) to assist with their work for the poor; and **Worcester Community Trust** £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 2020/2021 The Money Management Adviser interviewed 105 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 £950,000 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 by funding a free Benefits Legal Casework Project annually, in partnership with the Citizens Advice and, originally, the Worcester Law School, now the University. Students are trained and provide supervised support to deliver free Benefits Casework to poor people. In 2020/21 the project assisted 131 clients and the total financial gains obtained for clients as a result of this project, were in excess of £770,000, during the year. In addition, Citizens Advice Worcester assisted clients to obtain total financial gains of £1,952,000 across all Citizens Advice services delivered in Worcester. This greatly increased the ability of all the clients assisted to manage financially, whilst undoubtedly contributing to the City's overall economy.
- (g) In 2016 The Charity spent £500,000 purchasing and renovating 59/60 the Tything for use by Maggs as **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) In 2021 the Committee awarded education grants of: £17,260 to DanceFest, £13,672 to All Sorts of Performing Arts, and £38,480, (50/50 Education and Respite for carers), to Worcester Community Trust providing educational facilities, youth clubs and holiday play-scheme facilities in Worcester (see page 13)
- (i) The Committee also agreed to continue leasing the **Tudor House Museum**, to Worcester Heritage and Amenity Trust at a nominal rent, together with £36,168 to help pay the salaries of a part-time curator and part-time assistant until May/June 2022.
- (j) The Committee awarded 1 grant totalling £1,000 (2020 £1,200) to individuals in need of financial assistance with their education (see page 13)

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

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

(i) **Berkeley Court, The Foregate - 7 flats and**

(ii) **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 their reserves' levels.

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

Resident Part-time Warden Paul Saunders and partner Lorraine, left after 14 years' service, and we thank them for their service and wish them well. Julie Fenson, Warden, continues to provide a very high standard of first line support and care-taking at Nash's and Wyatts. We welcome Darren Dodd who was appointed in December with his partner Gillian, and look forward to their arrival.

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 with the criteria necessary for consideration.



*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.

There are major capital repairs to the roof at Berkeley's in process and refurbishment of flats in 2021/22. Flats are also being refurbished at Nash's and Wyatt's in 2021/22.



## 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 were created in 2020/2021



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

## 10. GRANTS AWARDED IN 2021 BY THE CHARITY

### RELIEF IN NEED AND EDUCATIONAL GRANTS

#### Grants determined by Constitution

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

#### "REVENUE" GRANTS TO ORGANISATIONS

<b>"REVENUE" GRANTS TO ORGANISATIONS</b>		<b>£</b>
Allsorts of Performing Arts	Running Costs	13,672.00*
Armchair furniture recycling	Running Costs, free furniture - means tested	16,000.00
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 £332,556.00**

\* 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	688.00*
Relief in Need, Carpet Grants and other under £1000	30,311.00
Relief in Need Grants for white goods under £1,000	886.00
<b>Total</b>	<b>£31,885.00</b>

**The Charity's Grand Total (excluding DWAS) £364,441.00**

DWAS Relief in Need grants under £1,000 for white goods (net) £152,813.00

***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 £517,254.00**



# WORCESTER MUNICIPAL CHARITIES (CIO) GRANTS POLICY

## 11. Grants for “Relief in Need” and 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 and family services - Worcestershire Children First  
[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 2021

Since 1996 the Charity has been sponsoring 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 Worcester. Sub lease <b>surrendered</b> in December 2021)	£115,000	£9,200
40/41/42	<b>Old Glove Factory, 13 &amp; 15 Lowesmoor totals</b>	[£850,000]	[£68,000]
	<b>Old Glove Factory, 13 &amp; 15 Lowesmoor</b>		
	<b>Citizens Advice</b> (68% of £68,000 total)		£46,240
	Total service charges utilities etc paid by WMC		£8,232
43	<b>St. Albans, Deansway</b> (150 years' leasehold 2008) <b>Maggs Day Centre</b>	£50,000	£4,000
44	<b>Tudor House, Friar Street</b> (125 years' leasehold 2008) <b>WHAT.</b> Lease £1.00; £1,000 p.a. insurance paid.	£100,000	£8,000
46	<b>Medway Youth &amp; Community Centre</b> All Sorts of Performing Arts (50 years leasehold from the City 2012)	£75,000	£6,000
53	<b>Maggs Clothing Store, Activity Centre</b> Offices and Shop 59/60 the Tything	£250,000	£20,000
<b>Total facilities in kind provided in this period:</b>			<b><u>£101,672</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 Citizens Advice were leased from the Hopmarket Charity for 50 years in 2000 at £1 a year in recognition of its derelict, landlocked state, and the need for the Charity to expend c. £150,000 to gain access,



refurbish and sub-let it to Citizens Advice for use as two offices. By 2021 they were no longer needed and the sub-lease was surrendered. As they could not be let commercially, the Trustees considered refurbishing them for use as 4 flats for the homeless. A partnership was then formed with the Hopmarket Charity, the Freeholders to undertake this project jointly, with the Hopmarket receiving 25% of the nett rents, instead of the £1 a year, in return for agreeing a new 125 years' lease being granted, this being the shortest period acceptable to Homes England for grant aid. Planning consent was granted in 2021 and a grant application was made. Work will start in 2022 to create 4 affordable residential flats and build a staircase between the two buildings for upstairs access to top two flats.

**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 £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 fulfil the registered charitable objectives for people in need, by using income from its annual funds, investments and properties to provide the 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).

#### Raising the Money to Spend on the Charitable Objectives

**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 a legal requirement to review investments from time to time and to diversify investments.

**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 **a) "affordable social housing"** almshouses for **retired people** (32 units), and **b) almshouses for the non-retired homeless** (64 units, with another 4 in the pipeline, with planning agreed and Homes England funding applied for).

#### Strategic Changes of Investment from 1985 Onwards

**In the 1980s** - 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, and after a meeting with the Charity Commission, the Trustees began a wholesale, gradual transition from agricultural to commercial investments, including the gradual sale of all the agricultural holdings. This went smoothly with most farms being purchased by the tenants, many of the families having been in occupation for more than 100 years.

**Between 1990 - 2012**, building on that initial success, the Charity continued selling the farms, and also disposed of all its stock-market holdings and reinvested that money also in commercial property, with similarly improved returns. These two major policy changes 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 grants, sponsorship and rent-free buildings for like-minded Worcester charities helping the most 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 homeless. Flats were also created over the charities' own shops where possible, with reduced rents for the shop-keepers below helping sustain their financial viability.

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

**In 2013** the Trustees decided to adopt 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 money to invest was raised from the sales below, and from the grants from Homes England which speeded up the whole process enormously, and also enabled the Charity to continue financial support and provide rent free offices to four other Worcester charities who were helping those in greatest need in Worcester.

**2013 – 2018 Eight Properties Sold** - Eight commercial properties and land were sold for £2,114,100.00 and the money was invested in affordable flats for the homeless.

**2017 – 2021 Four Properties Converted** - Four Charity properties were converted into affordable flats for the homeless, including the former Home-Start offices (10 flats) in 2018, and the former Probation Offices (25 flats) in 2020/2021.

**2017 – 2018 Social Investment Property Let** – The two shop fronts of the “The Old Glove Factory” were let commercially, producing a rent gain of £15,740.

**Grants from Homes England** totaling £1,610,00.00 were obtained after the Charity had registered as a private not for profit Housing Association in 2016.

**In 2018 the Charity reviewed its Investment Policies and Procedures**, and reported its findings to the Board at its January 2019 meeting.

**The 2019 Investment Report** to the Board demonstrated that the reinvestment strategy was both sustainable and diverse and, in particular, replaced the lost income of £150,000 from the 2018 vacation of the Shaw Street offices with income from the 25 new 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.

### **Investment Returns Analysed**

**Between 1985 - 2018** the Charity recorded its income carefully, and the headline results are that the earned income from investments rose by an average compound increase of 6.35% every year compared to a UK average of 3.54%. 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 policy has been put on hold following the departure of the Home Office as tenants with a subsequent loss of rental income of £150,000 annually, and the requirement to fund the refurbishment of 3-4 Shaw Street into 25 flats at a cost of £2.2 Million, towards which Homes England contributed £1 Million.

### **Routine Almshouse Maintenance**

**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 Social Security/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.

**By 2021** the Charity had more than recovered its losses, with a total of 96 new units for the homeless. These now 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 latter two for the “homeless below retirement age”.

**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 were set at £1,405 for each retirement unit, and £1,031 each for the homelessness ones which have proved adequate.

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

### **Commercial Properties**

**The Returns on the “High Street” Commercial Properties of shops and offices are static**, and present a very real challenge. Where street access is possible, turning the upstairs into flats for the homeless has proved successful, but it’s hard to find another economic way forward. 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 unique success.

**The rent reviews** due in 2021 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 were 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, when the opportunity arises, diversify into residential property for the homeless.

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

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

In 2013/14 the Charity sought competitive tenders for the development of Sir Thomas White Court into 10 affordable flats for the homeless and appointed D & S, the chosen contractors as “preferred providers.” It was agreed that in future 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 Charity also has in place preferred providers for water, electricity, general maintenance and carpentry.

### **Future Investment Plans**

There is no real shortage of retirement facilities for the elderly in Worcester; commercial high street shops and offices are on standstill rents. Any new capital, if it can be matched by Homes England 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.

<b>Metric</b>	<b>2021</b>	<b>2020</b>	<b>Commentary</b>
Reinvestment percentage	10.3%	16.76%	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 completed the development of 25 social units at Shaw Street during this year.
Percentage of new supply delivered	26.04%	35.21%	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 completed the development of 25 further social units at Shaw Street this year.
Social housing cost per unit	£6,327	£3,594	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)	-33.83%	40.14%	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. This year major repair works have been undertaken at 59/60 The Tything, 1 - 3 Berkeley Court and three flats at Nash's & Wyatt's Almshouses.
Overall operating margin	10.62%	31.37%	Overall operating margin i.e. total income minus total expenditure of the organisation, expressed as a percentage of total overall income.
Return on capital employed (ROCE) as a percentage	1.06%	3.20%	This is the overall operating margin 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 considerable number of individual applications for assistance, there is an inbuilt unavoidable administration cost. In the period the Charity spent £6,285 (0.4%) (2020 - £6,305) (0.3%) of gross income on Governance and £109,993 (7.4%) (2020 - £103,559) (5.6%) 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 Guise Jones Sawyer, and their successors 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 **£13,880,000**, 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. EXTRAORDINARY REPAIRS COMMERCIAL PROPERTY & ALMSHOUSES**

2021 has been a challenging year for extraordinary repairs with a number of unusually expensive items. These have included major repairs to the roof of flats 1 to 3 Berkeleys Court (the 18th Century Almshouse). At 59/60 the Tything there was a dry rot outbreak, dangerous stonework and defective windows. This included the two flats for the homeless, the Maggs' offices, their free clothes store, and a domestic training centre, causing major disruption, and at great unexpected expense. At 19 Foregate Street the lead roof also required replacement. Three flats at Nash's & Wyatt's Almshouses also required full refurbishment.

There is now refurbishment needed of another three flats at Berkeley's Court which are planned for 2022.

And finally, at the Old Glove Factory, the long outstanding replacement of the "North Light" Roof which leaks, is scheduled for 2022, again at very considerable expense.

All in all £297,691 has been spent in 2021.

All of this work has been, or can be contained within the Reserves Budget.

## **18. 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. A contingency sum of 5% 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 £14,893,637 (2020 - £15,442,557), consisting of restricted funds of £2,764 (2020 £nil) and endowment funds of £12,918,912 (2020 - £13,254,841). Designated funds, which are funds set aside by the Trustees for future projects amounted to £24,624 (2020 - £131,622), leaving unrestricted funds amounting to £1,947,337 (2020 - £2,056,094). Free reserves after making allowances for tangible fixed assets and investment properties amounted to £731,109 (2020 - £861,028).

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

## 19. 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 after considering UK CPIH inflation.

## 20. SERIOUS INCIDENTS

The Trustees confirm that in The Period ended 31st December 2021 there were no “serious incidents” to report.

### STILLINGFLEET HOUSE - OFFICIAL OPENING 2nd July 2021



*The Assembled Board of Worcester Municipal Trustees*



*The Refurbished Georgian Buildings*



*Robin Walker MP; Paul Griffith, the Charity's Chairman and Rt. Rev. Dr. John Inge, Bishop of Worcester*



*One of the beautifully refurbished kitchens*

## 21. 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	Citizens Advice 25 Residents
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	Cranstoun
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	Worcs. 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.**S#	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

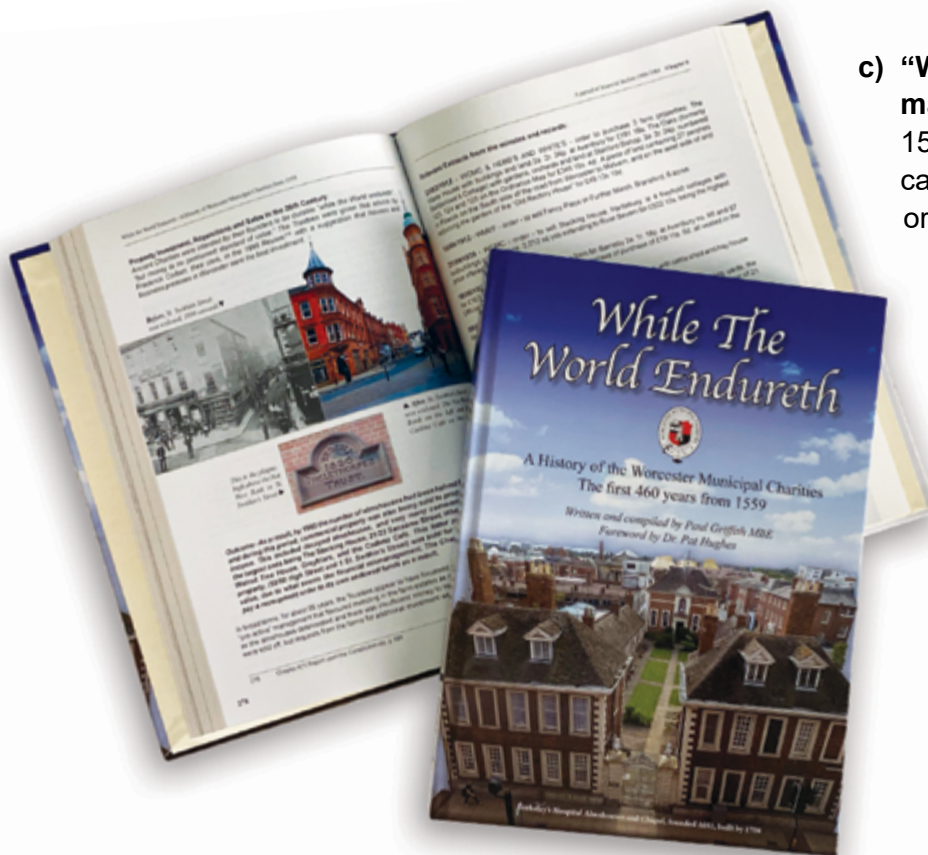
\* = Grade I Listed \*\* = Grade II Listed \*\*\* = Grade II\* Listed AM = Ancient Monument

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

RED = Sold during the Period

## 22. 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. 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 won the tender to act as agents for the Scheme and in 2021 bought white goods to the value of £152,813, thereby greatly reducing the number of grants requested from the Charity itself. The City Council will review the DWAS scheme in 2022.



- 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, in turn, 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 way beyond the resources of charities on their own.
- n) **As well as offering help to individuals in need** the Charity is also empowered to help organisations that provide help to them.

**Page 13** provides details of the grants made to organisations for The Period.

**Page 15** sets out the "Facility Gifts in Kind" to a number of charities for The Period.

#### THE CHARITY’S MEMBERS OF STAFF



*Pictured above are the Charity's five office based staff from left to right: Maggie Inglis, Office Manager; Carlo Barentsen, Finance Manager; Margaret Green, Grants Administrator; Adrian Robinson, Property Business Manager; Sarah Bradnick, Clerk to the Board and Finance Assistant.*

## **23. 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 reviewed monthly  
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**

[FRS 102](#) 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 extraordinary repairs and capital projects - 10% revenue contingency

### **REVIEWS**

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

## **24. 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 - 29, was approved and signed on behalf of the Board of Trustees on 18th May 2022, together with the audited Accounts pages 30 - 61 and presented to their meeting on 29th June 2022.

PAUL GRIFFITH, MBE (Chairman)

GERAINT THOMAS (Vice-Chairman)

## **24. Audited Accounts**

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

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

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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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 Charities SORP;
- 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 Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 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 2021 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 2021 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 Charities Act 2011.

#### 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.

#### **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

*Sarah Morley*  
18 May 2022

**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 section 1212 of the Companies Act 2006.



# WORCESTER MUNICIPAL CHARITIES (CIO)

## STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2021

### Current financial year

		Unrestricted funds general 2021 £	Unrestricted funds designated 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total 2021 £	Total 2020 £
	Notes						
<b>Income and endowments from:</b>							
Donations and legacies	3	98	-	405,577	-	405,675	866,697
Charitable activities	4	954,322	-	-	-	954,322	943,351
Investments	5	4,325	-	-	-	4,325	21,148
Other income	6	19,049	-	-	105,072	124,121	11,743
<b>Total income and endowments</b>		<b>977,794</b>	<b>-</b>	<b>405,577</b>	<b>105,072</b>	<b>1,488,443</b>	<b>1,842,939</b>
<b>Expenditure on:</b>							
<u>Charitable activities</u>							
Grant making	7	453,633	-	152,813	-	606,446	630,024
Sheltered housing	7	384,594	-	-	-	384,594	171,317
Social housing	7	222,850	-	-	-	222,850	85,382
Commercial property	7	111,061	8,322	-	-	119,383	182,151
<b>Total charitable expenditure</b>		<b>1,172,138</b>	<b>8,322</b>	<b>152,813</b>	<b>-</b>	<b>1,333,273</b>	<b>1,068,874</b>
Net gains/(losses) on investments	13	3,291	-	-	-	3,291	(279,254)
<b>Net (outgoing)/incoming resources before transfers</b>		<b>(191,053)</b>	<b>(8,322)</b>	<b>252,764</b>	<b>105,072</b>	<b>158,461</b>	<b>494,811</b>
Gross transfers between funds	14	82,296	(98,676)	(250,000)	266,380	-	-
<b>Net (outgoing)/incoming resources</b>		<b>(108,757)</b>	<b>(106,998)</b>	<b>2,764</b>	<b>371,452</b>	<b>158,461</b>	<b>494,811</b>
<b>Other recognised gains and losses</b>							
Revaluation of tangible fixed assets		-	-	-	(707,381)	(707,381)	(2,404,631)
<b>Net movement in funds</b>		<b>(108,757)</b>	<b>(106,998)</b>	<b>2,764</b>	<b>(335,929)</b>	<b>(548,920)</b>	<b>(1,909,820)</b>
Fund balances at 1 January 2021		2,056,094	131,622	-	13,254,841	15,442,557	17,352,377
<b>Fund balances at 31 December 2021</b>		<b>1,947,337</b>	<b>24,624</b>	<b>2,764</b>	<b>12,918,912</b>	<b>14,893,637</b>	<b>15,442,557</b>

The statement of financial activities includes all gains and losses recognised in the year.  
All income and expenditure derive from continuing activities.

# WORCESTER MUNICIPAL CHARITIES (CIO)

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### Prior financial year

		Unrestricted funds general 2020 £	Unrestricted funds designated 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total 2020 £
	Notes					
<b>Income and endowments from:</b>						
Donations and legacies	3	24	-	866,673	-	866,697
Charitable activities	4	943,351	-	-	-	943,351
Investments	5	21,148	-	-	-	21,148
Other income	6	9,743	2,000	-	-	11,743
<b>Total income and endowments</b>		<b>974,266</b>	<b>2,000</b>	<b>866,673</b>	<b>-</b>	<b>1,842,939</b>
<b>Expenditure on:</b>						
<b>Charitable activities</b>						
Grant making	7	513,388	-	116,636	-	630,024
Sheltered housing	7	171,317	-	-	-	171,317
Social housing	7	85,382	-	-	-	85,382
Commercial property	7	150,097	32,054	-	-	182,151
<b>Total charitable expenditure</b>		<b>920,184</b>	<b>32,054</b>	<b>116,636</b>	<b>-</b>	<b>1,068,874</b>
Net gains/(losses) on investments	13	23,746	-	-	(303,000)	(279,254)
<b>Net (outgoing)/incoming resources before transfers</b>		<b>77,828</b>	<b>(30,054)</b>	<b>750,037</b>	<b>(303,000)</b>	<b>494,811</b>
Gross transfers between funds	14	(725,032)	2,000	(750,037)	1,473,069	-
<b>Net (outgoing)/incoming resources</b>		<b>(647,204)</b>	<b>(28,054)</b>	<b>-</b>	<b>1,170,069</b>	<b>494,811</b>
<b>Other recognised gains and losses</b>						
Revaluation of tangible fixed assets		-	-	-	(2,404,631)	(2,404,631)
<b>Net movement in funds</b>		<b>(647,204)</b>	<b>(28,054)</b>	<b>-</b>	<b>(1,234,562)</b>	<b>(1,909,820)</b>
Fund balances at 1 January 2020		2,703,298	159,676	-	14,489,403	17,352,377
<b>Fund balances at 31 December 2020</b>		<b>2,056,094</b>	<b>131,622</b>	<b>-</b>	<b>13,254,841</b>	<b>15,442,557</b>

The statement of financial activities includes all gains and losses recognised in the year.  
All income and expenditure derive from continuing activities.

# WORCESTER MUNICIPAL CHARITIES (CIO)

## BALANCE SHEET

AS AT 31 DECEMBER 2021

		2021		2020	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	16	6,907,884		6,905,066	
Investment properties	17	7,288,426		7,632,000	
Investments	19	40,104		408,885	
		<u>14,236,414</u>		<u>14,945,951</u>	
<b>Current assets</b>					
Debtors	20	188,466		139,199	
Cash at bank and in hand		1,233,456		663,341	
		<u>1,421,922</u>		<u>802,540</u>	
<b>Creditors: amounts falling due within one year</b>	21	<u>(311,981)</u>		<u>(305,934)</u>	
Net current assets		1,109,941		496,606	
<b>Total assets less current liabilities</b>		<u>15,346,355</u>		<u>15,442,557</u>	
<b>Creditors: amounts falling due after more than one year</b>	22	(452,718)		-	
<b>Net assets</b>		<u><u>14,893,637</u></u>		<u><u>15,442,557</u></u>	
<b>Capital funds</b>					
<u>Endowment funds</u>	25	12,918,912		13,254,841	
<b>Income funds</b>					
Restricted funds	26	2,764		-	
<u>Unrestricted funds - general</u>					
Designated funds	27	24,624		131,622	
General unrestricted funds		<u>1,947,337</u>		<u>2,056,094</u>	
		1,971,961		2,187,716	
		<u><u>14,893,637</u></u>		<u><u>15,442,557</u></u>	

The financial statements were approved by the Trustees on 18 May 2022

*Paul Griffith*

Paul Griffith MBE, Trustee

*Geraint Thomas*

Geraint Thomas, Trustee



# WORCESTER MUNICIPAL CHARITIES (CIO)

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	31		(24,107)		855,452
<b>Investing activities</b>					
Purchase of tangible fixed assets		(711,262)		(1,560,265)	
Purchase of investment property		(21,426)		-	
Proceeds on disposal of investment property		470,072		-	
Proceeds on disposal of other investments		372,072		-	
Interest received		4,325		21,148	
<b>Net cash generated from/(used in) investing activities</b>			113,781		(1,539,117)
<b>Financing activities</b>					
Repayment of borrowings		(19,559)		-	
Proceeds of new bank loans		500,000		-	
<b>Net cash generated from/(used in) financing activities</b>			480,441		-
<b>Net increase/(decrease) in cash and cash equivalents</b>			570,115		(683,665)
Cash and cash equivalents at beginning of year			663,341		1,347,006
<b>Cash and cash equivalents at end of year</b>			1,233,456		663,341

# WORCESTER MUNICIPAL CHARITIES (CIO)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

##### Charity information

Worcester Municipal Charities is a Charitable Incorporated Organisation (CIO) and a non-profit 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 the charity's [governing document], the Charities Act 2011, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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)" (effective 1 January 2019). Having regard to the disclosure of additional information in connection with the charitable activities undertaken in respect of housing. The charity is a Public Benefit Entity as defined by FRS 102.

##### Comparatives

The financial statement for the preceding year have been restated to comply with the Charities SORP, the Housing SORP having been applied in full previously. There is no change in the result for the period as previously reported and there has been no impact on any disclosures in the balance sheet.

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.

# WORCESTER MUNICIPAL CHARITIES (CIO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1 Accounting policies

(Continued)

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.

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 the statement of financial activities.

# WORCESTER MUNICIPAL CHARITIES (CIO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 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 2021

#### 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.

#### 3 Donations and grants received

	Unrestricted funds general 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds general 2020 £	Restricted funds 2020 £	Total 2020 £
Donations and gifts	98	-	98	24	-	24
Grants received	-	405,577	405,577	-	866,673	866,673
	<u>98</u>	<u>405,577</u>	<u>405,675</u>	<u>24</u>	<u>866,673</u>	<u>866,697</u>

**WORCESTER MUNICIPAL CHARITIES (CIO)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

4	Rental income	Sheltered Social housing		Investment properties		Total		Sheltered Social housing		Investment properties		Total	
		2021	£	2021	£	2021	£	2020	£	2020	£	2020	£
	Charitable rental income	213,443		490,131		939,308		221,310		500,535		924,662	
	Service charges	4,702		10,312		15,014		4,695		13,994		18,689	
		<u>218,145</u>		<u>500,443</u>		<u>954,322</u>		<u>226,005</u>		<u>514,529</u>		<u>943,351</u>	

# WORCESTER MUNICIPAL CHARITIES (CIO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 5 Investments

	Unrestricted funds general 2021 £	Unrestricted funds general 2020 £
Income from listed investments	2,654	10,594
Interest receivable	1,671	10,554
	<u>4,325</u>	<u>21,148</u>

### 6 Other income

	Unrestricted funds general 2021 £	Endowment funds 2021 £	Total 2021 £	Unrestricted funds general 2020 £	Unrestricted funds designated 2020 £	Total 2020 £
Net gain on disposal of tangible fixed assets	-	105,072	105,072	-	-	-
Other income	19,049	-	19,049	9,743	2,000	11,743
	<u>19,049</u>	<u>105,072</u>	<u>124,121</u>	<u>9,743</u>	<u>2,000</u>	<u>11,743</u>

# WORCESTER MUNICIPAL CHARITIES (CIO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 7 Charitable activities

	Grant making	Almshouses - retirement	Almshouses - homeless	Commercial properties	Total 2021	Total 2020
	2021	2021	2021	2021		
	£	£	£	£	£	£
Staff costs	11,967	40,623	-	-	52,590	53,571
Bad debt provision	-	-	-	(7,893)	(7,893)	11,167
Welfare costs	-	11,345	-	-	11,345	9,694
Routine maintenance	-	40,463	43,712	26,959	111,134	184,611
Heat and power	-	36,078	-	-	36,078	24,620
Rates	-	13,711	-	-	13,711	11,452
Management costs	-	-	35,146	-	35,146	30,423
Unreimbursed costs	-	-	-	5,030	5,030	8,195
Cleaning and hygiene	-	2,253	-	-	2,253	2,107
Refurbishment costs	-	198,584	99,107	-	297,691	-
	<u>11,967</u>	<u>343,057</u>	<u>177,965</u>	<u>24,096</u>	<u>557,085</u>	<u>335,840</u>
Grant funding of activities (see note 8)	517,254	-	-	-	517,254	512,417
Share of support costs (see note 9)	75,351	40,528	43,796	92,974	252,649	214,312
Share of governance costs (see note 9)	1,874	1,009	1,089	2,313	6,285	6,305
	<u>606,446</u>	<u>384,594</u>	<u>222,850</u>	<u>119,383</u>	<u>1,333,273</u>	<u>1,068,874</u>
<b>Analysis by fund</b>						
Unrestricted funds - general	453,633	384,594	222,850	111,061	1,172,138	920,184
Unrestricted funds - designated	-	-	-	8,322	8,322	32,054
Restricted funds	152,813	-	-	-	152,813	116,636
	<u>606,446</u>	<u>384,594</u>	<u>222,850</u>	<u>119,383</u>	<u>1,333,273</u>	<u>1,068,874</u>



# WORCESTER MUNICIPAL CHARITIES (CIO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 7 Charitable activities

(Continued)

For the year ended 31 December 2020

	Grant making	Almshouses - retirement	Almshouses - homeless	Commercial properties	Total 2020
	£	£	£	£	£
Staff costs	11,972	41,599	-	-	53,571
Bad debt provision	-	-	-	11,167	11,167
Welfare costs	-	9,694	-	-	9,694
Routine maintenance	-	56,041	28,495	100,075	184,611
Heat and power	-	22,877	1,743	-	24,620
Rates	-	11,452	-	-	11,452
Management costs	-	-	30,423	-	30,423
Unreimbursed costs	-	-	-	8,195	8,195
Cleaning and hygiene	-	2,107	-	-	2,107
	<u>11,972</u>	<u>143,770</u>	<u>60,661</u>	<u>119,437</u>	<u>335,840</u>
Grant funding of activities (see note 8)	512,417	-	-	-	512,417
Share of support costs (see note 9)	102,616	26,760	24,014	60,922	214,312
Share of governance costs (see note 9)	3,019	787	707	1,792	6,305
	<u>630,024</u>	<u>171,317</u>	<u>85,382</u>	<u>182,151</u>	<u>1,068,874</u>
<b>Analysis by fund</b>					
Unrestricted funds - general	513,388	171,317	85,382	150,097	920,184
Unrestricted funds - designated	-	-	-	32,054	32,054
Restricted funds	116,636	-	-	-	116,636
	<u>630,024</u>	<u>171,317</u>	<u>85,382</u>	<u>182,151</u>	<u>1,068,874</u>

# WORCESTER MUNICIPAL CHARITIES (CIO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 8 Grants awarded

	Grant making 2021 £	Grant making 2020 £
Grants to institutions:		
Maggs Day Centre	29,645	29,645
CAB/ WHABAC	173,381	173,381
Armchair	16,000	16,444
Shopmobility	7,000	7,000
Worcester Community Trust	38,480	38,480
WHAT	36,168	36,168
Dancefest	17,260	17,260
All Sorts of Performing Arts	13,672	13,672
John Palmer	950	950
	<hr/>	<hr/>
	332,556	333,000
<u>Grants to individuals 204 grants)</u>		
Relief in need and carpets	30,311	50,138
Educational	688	1,200
White goods	886	11,444
DWAS	152,813	116,635
	<hr/>	<hr/>
	517,254	512,417
	<hr/>	<hr/>

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# WORCESTER MUNICIPAL CHARITIES (CIO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 9 Support costs

	Support costs	Governance costs	2021	2020	Basis of allocation
	£	£	£	£	
Staff costs	60,359	-	60,359	59,315	Charitable activities
Depreciation	1,064	-	1,064	1,093	Charitable activities
Office running costs	7,683	-	7,683	6,266	Charitable activities
Accountancy	3,330	-	3,330	8,377	Charitable activities
Bank charges and subscriptions	1,302	-	1,302	892	Charitable activities
IT and software	3,378	-	3,378	3,451	Charitable activities
Sundries	4,414	-	4,414	10,398	Charitable activities
Irrecoverable VAT	69,184	-	69,184	44,762	Charitable activities
Telephone	3,432	-	3,432	2,128	Charitable activities
Insurance	38,731	-	38,731	39,403	Charitable activities
Business manager fees	5,568	-	5,568	11,679	Charitable activities
Surveyor fees	29,546	-	29,546	25,879	Charitable activities
Legal & professional	5,195	-	5,195	669	Charitable activities
Bank loan interest	19,463	-	19,463	-	Charitable activities
Audit fees	-	5,977	5,977	5,858	Governance
Meeting expenses	-	308	308	447	Governance
	<u>252,649</u>	<u>6,285</u>	<u>258,934</u>	<u>220,617</u>	
Analysed between					
Charitable activities	<u>252,649</u>	<u>6,285</u>	<u>258,934</u>	<u>220,617</u>	

### 10 Auditor's remuneration

Governance costs includes payment to the auditors of £4,950 (2020 £4,850) for audit fees together with £525 (2020 - £600) for other services provided.

### 11 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year and none of the trustee was re-imbursed expenses (2020 one trustee, £24).

# WORCESTER MUNICIPAL CHARITIES (CIO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

### 12 Employees

#### Number of employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Support	3	3
Warden	2	2
	<u>5</u>	<u>5</u>

#### Employment costs

	2021 £	2020 £
Wages and salaries	103,038	103,688
Social security costs	4,854	3,779
Other pension costs	5,057	5,419
	<u>112,949</u>	<u>112,886</u>

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



# WORCESTER MUNICIPAL CHARITIES (CIO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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

	<b>Unrestricted funds general 2021 £</b>	<b>Unrestricted funds general 2020 £</b>	<b>Endowment funds 2020 £</b>	<b>Total 2020 £</b>
Revaluation of investments	3,291	18,746	-	18,746
Revaluation of investment properties	-	5,000	(303,000)	(298,000)
	<u>3,291</u>	<u>23,746</u>	<u>(303,000)</u>	<u>(279,254)</u>

#### 14 Transfers

During the year transfers were effected from the unrestricted, designated and restricted funds to reflect the expenditure incurred on the development of 3/4 Shaw Street into affordable accommodation.

In addition transfers were made from unrestricted funds to designated fund for use on Tudor House projects.

# WORCESTER MUNICIPAL CHARITIES (CIO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 15 Accommodation owned, managed and in development

	Number of units at 1 Jan 2021	Number of units at 31 Dec 2021
<i>Social housing</i>		
General needs housing:		
Let at social rent	-	-
Affordable rent	39	64
Supported housing	32	32
	<hr/>	<hr/>
Total owned and managed	71	96
	<hr/>	<hr/>
Accommodation in development	25	-
	<hr/>	<hr/>

### Net surplus from social and sheltered housing

	2021		2020	
	Social	Sheltered	Social	Sheltered
Rental income	235,734	213,443	202,817	221,310
Service charges	-	4,702	-	4,695
	<hr/>	<hr/>	<hr/>	<hr/>
	235,734	218,145	202,817	226,005
<u>Operating costs</u>				
Staff costs	-	(40,623)	-	(41,599)
Routine maintenance	(43,712)	(40,463)	(28,495)	(56,041)
Welfare	-	(11,345)	-	(9,694)
Heat and light	-	(36,078)	(1,743)	(22,877)
Rates	-	(13,711)	-	(11,452)
Cleaning and hygiene	-	(2,253)	-	(2,107)
Management cost	(35,146)	-	(30,423)	-
Refurbishment costs	(99,107)	(198,584)	-	-
<u>Administrative expenditure</u>				
Share of support costs	(43,796)	(40,528)	(24,014)	(26,760)
Share of governance costs	(1,089)	(1,009)	(707)	(787)
	<hr/>	<hr/>	<hr/>	<hr/>
Net surplus / (deficit)	12,884	(166,449)	117,435	54,688
	<hr/>	<hr/>	<hr/>	<hr/>

**WORCESTER MUNICIPAL CHARITIES (CIO)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

<b>16 Tangible fixed assets</b>						
	<b>Social housing</b>	<b>Sheltered housing</b>	<b>Asset under construction</b>	<b>Fixtures and fittings</b>	<b>Office equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>						
At 1 January 2021	3,120,000	2,530,000	1,250,000	4,531	7,094	6,911,625
Additions	-	3,083	707,381	-	798	711,262
Transfers	1,957,381	-	(1,957,381)	-	-	-
At 31 December 2021	5,077,381	2,533,083	-	4,531	7,892	7,622,887
<b>Depreciation and impairment</b>						
At 1 January 2021	-	-	-	1,849	4,710	6,559
Depreciation charged in the year	-	-	-	268	795	1,063
Impairment losses	707,381	-	-	-	-	707,381
At 31 December 2021	707,381	-	-	2,117	5,505	715,003
<b>Carrying amount</b>						
At 31 December 2021	4,370,000	2,533,083	-	2,414	2,387	6,907,884
At 31 December 2020	3,120,000	2,530,000	1,250,000	2,682	2,384	6,905,066
The carrying value of land included in land and buildings comprises:						
				<b>2021</b>	<b>2020</b>	
				<b>£</b>	<b>£</b>	
Freehold				4,370,000	4,370,000	
Long leasehold				2,533,082	2,530,000	
				6,903,082	6,900,000	

**WORCESTER MUNICIPAL CHARITIES (CIO)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

16 Tangible fixed assets	(Continued)
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 2021

#### 17 Investment property

	Commercial properties	Social investment properties	Social investment properties	2021
	Freehold	Freehold	Leasehold	£
<b>Fair value</b>				
At 1 January 2021	6,442,000	850,000	340,000	7,632,000
Additions	-	-	21,426	21,426
Disposals	(365,000)	-	-	(365,000)
At 31 December 2021	6,077,000	850,000	361,426	7,288,426

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

The disposal relates to the sale of land at Welland. One plot was sold subject to an overage agreement in the event of agricultural building development, no provision is made in these accounts in respect of this as no qualifying event has occurred to trigger this condition attached to the sale.

#### 18 Financial instruments

	2021 £	2020 £
<b>Carrying amount of financial assets</b>		
Instruments measured at fair value through profit or loss	40,104	408,885

# WORCESTER MUNICIPAL CHARITIES (CIO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 19 Fixed asset investments

	Listed investments £
<b>Cost or valuation</b>	
At 1 January 2021	408,885
Valuation changes	3,291
Disposals	(372,072)
	<hr/>
At 31 December 2021	40,104
	<hr/>
<b>Carrying amount</b>	
At 31 December 2021	40,104
	<hr/>
At 31 December 2020	408,885
	<hr/>

### 20 Debtors

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Trade debtors	139,742	107,294
Other debtors	5,360	235
Prepayments and accrued income	42,150	30,221
	<hr/>	<hr/>
	187,252	137,750
	<hr/>	<hr/>
<b>Amounts falling due after more than one year:</b>		
Other debtors	1,214	1,449
	<hr/>	<hr/>
<b>Total debtors</b>	188,466	139,199
	<hr/>	<hr/>

# WORCESTER MUNICIPAL CHARITIES (CIO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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

	Notes	2021 £	2020 £
Bank loans	23	27,724	-
Other taxation and social security		10,017	8,135
Deferred income	24	103,232	103,232
Grants payable		47,556	78,693
Other creditors		108,250	95,297
Accruals and deferred income		15,202	20,577
		<u>311,981</u>	<u>305,934</u>

#### 22 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans	23	452,718	-
		<u>452,718</u>	<u>-</u>

#### 23 Loans and overdrafts

	2021 £	2020 £
Bank loans	480,442	-
	<u>480,442</u>	<u>-</u>
Payable within one year	27,724	-
Payable after one year	452,718	-
	<u>480,442</u>	<u>-</u>

The long-term loan is secured by a fixed charge over the freehold property situated at 1 The Cross, Worcester.

#### 24 Deferred income

	2021 £	2020 £
Arising from rents paid in advance	103,232	103,232
	<u>103,232</u>	<u>103,232</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 2021**

**25 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 2020	Movement in funds as restated					Movement in funds					Balance at 31 December 2021
		Incoming resources	Resources expended	Transfers	Revaluations gains and losses	Balance at 1 January 2021	Incoming resources	Resources expended	Transfers	Revaluations gains and losses		
	£	£	£	£	£	£	£	£	£	£	£	
<b>Permanent endowments</b>												
Endowed funds	14,489,403	-	-	1,473,069	(2,707,631)	13,254,841	105,072	-	266,380	(707,381)	12,918,912	
	14,489,403	-	-	1,473,069	(2,707,631)	13,254,841	105,072	-	266,380	(707,381)	12,918,912	

**WORCESTER MUNICIPAL CHARITIES (CIO)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**26 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 31 December 2021
	Balance at 1 January 2020	Incoming resources	Resources expended	Transfers	Balance at 1 January 2021	Incoming resources	Resources expended	Transfers	
	£	£	£	£	£	£	£	£	£
DWAS	-	116,673	(116,636)	(37)	-	155,577	(152,813)	-	2,764
Homes England	-	750,000	-	(750,000)	-	250,000	-	(250,000)	-
	-	866,673	(116,636)	(750,037)	-	405,577	(152,813)	(250,000)	2,764

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 in respect to the development of 3/4 Shaw Street.



**WORCESTER MUNICIPAL CHARITIES (CIO)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**27 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 2020	Movement in funds as restated						Balance at 31 December 2021
	£	Incoming resources	Resources expended	Transfers	Balance at 1 January 2021	Resources expended	Transfers	£
		£	£	£	£	£	£	£
Shaw Street	109,676	-	-	-	109,676	-	(109,676)	-
Tudor House	50,000	2,000	(32,054)	2,000	21,946	(8,322)	11,000	24,624
	<u>159,676</u>	<u>2,000</u>	<u>(32,054)</u>	<u>2,000</u>	<u>131,622</u>	<u>(8,322)</u>	<u>(98,676)</u>	<u>24,624</u>

## WORCESTER MUNICIPAL CHARITIES (CIO)

28 Analysis of net assets between funds									
	Unrestricted		Designated		Restricted		Endowment		Total
	2021	£	2021	£	2021	£	2021	£	2020
	2021	£	2021	£	2021	£	2021	£	2020
Fund balances at 31 December 2021 are represented by:									
Tangible assets	4,802		-		6,903,082		6,907,884		6,905,066
Investment properties	1,211,426		-		6,077,000		7,288,426		7,632,000
Investments	40,104		-		-		40,104		408,885
Current assets/(liabilities)	1,143,723		24,624		(61,170)		1,109,941		496,606
Long term liabilities	(452,718)		-		-		(452,718)		-
	1,947,337		24,624		12,918,912		14,893,637		15,442,557

# WORCESTER MUNICIPAL CHARITIES (CIO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

29	Capital commitments	2021 £	2020 £
	At 31 December 2021 the charity had capital commitments as follows:		
	Contracted for but not provided in the financial statements:		
	Acquisition of property, plant and equipment	-	850,152

### 30 Related party transactions

The Charity provided rent-free offices with an estimated rental value of £46,240 (2020 - £55,440) to Citizens Advice Worcester 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 (2020 - £173,381) to Citizens Advice Worcester towards its running costs. Paul Griffith, is a trustee of this Charity and of Citizens Advice Worcester. Geraint Thomas is a trustee of this Charity and employee of Citizens Advice Worcester.

The Charity provided rent-free offices, a day centre and "free clothes" store with estimated rental values of £24,000 (2020 - £24,000) and also made a grant of £29,645 (2020 - £29,645) 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 (2020 - £55,000) was paid to the WCMC predecessor charity for a 50 year lease in 1996. Margaret Jones, Mel Kirk, Sue Osborne 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 (2020 - £8,000) and also made a grant over two years of £36,168 (2020 - £36,168) 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 £7,224 (2020 - £8,193) 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.

	2021 £	2020 £
Aggregate compensation	112,949	112,886

# WORCESTER MUNICIPAL CHARITIES (CIO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

31	Cash generated from operations	2021 £	2020 £	
	Deficit for the year	(548,920)	(1,909,820)	
	Adjustments for:			
	Investment income recognised in statement of financial activities	(4,325)	(21,148)	
	Gain on disposal of tangible fixed assets	(105,072)	-	
	Fair value gains and losses on investment properties	-	298,000	
	Fair value gains and losses on investments	(3,291)	(18,746)	
	Depreciation and impairment of tangible fixed assets	708,444	1,093	
	Revaluation assets	-	2,404,632	
	Movements in working capital:			
	(Increase) / decrease in current asset investments	-	39,907	
	(Increase) in debtors	(49,267)	(19,578)	
	(Decrease)/increase in creditors	(21,676)	80,863	
	(Decrease)/increase in deferred income	-	249	
	Cash (absorbed by)/generated from operations	(24,107)	855,452	
32	Analysis of changes in net funds			
		At 1 January 2021 £	Cash flows £	At 31 December 2021 £
	Cash at bank and in hand	663,341	570,115	1,233,456
	Loans falling due within one year	-	(27,724)	(27,724)
	Loans falling due after more than one year	-	(452,718)	(452,718)
		663,341	89,673	753,014



**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  
Let on a Peppercorn rent

## Tudor House Museum

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

