COMPANY NO: 1089026
CHARITY NO: 502224
RSH NO: H3158

St Anne's Community Services

Report and financial statements

Year ended 31 March 2019

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COMPANY INFORMATION

The Trustees, who are the Directors of St Anne's Community Services, have pleasure in presenting their report and financial statements for the year ended 31 March 2019. The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with our governing document, the Charities Act 2011, the Companies Act 2006 and the Statement of Recommended Practice (SORP) 2014 for registered social housing providers preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland.

St Anne's Community Services is a company limited by guarantee. It is registered with the Charity Commission and is also a registered housing provider regulated by the Regulator of Social Housing (RSH). Details of Trustees and other corporate information are set out below:

Board of Trustees as at 31 March 2019

Mr T Moran (Chair to 28 November 2018, Vice Chair from 28 November 2018 to 17 July 2019)
Mr I McIntosh (Vice Chair to 28 November 2018, Chair from 28 November 2018)
Mr P Brown
Mr S Durham (resigned 9 October 2019)
Ms R Farren (resigned 26 September 2018)
Mr K Beckett (resigned 30 November 2019)
Mr J Dunmore (resigned 31 July 2019)
Mr P Roberts
Mr M Westwood (resigned 26 September 2018)
Mr G Osborne (appointed 28 November 2018)
Miss J Riley (appointed 28 November 2018, Vice Chair from 17 July 2019)
Ms P Garnett (appointed 28 November 2018)

Registered Office	St Anne's Community Services Head Office 6 St Mark's Avenue Leeds LS2 9BN
Company Registered Number	1089026
Charity Commission Number	502224
Regulator of Social Housing Number	H3158
External Auditors	Grant Thornton UK LLP Chartered Accountants and Statutory Auditor No 1 Whitehall Riverside Leeds LS1 4BN
Bankers	Unity Trust Bank plc Four Brindley Place Birmingham B1 2JB

Solicitors

Bevan Brittan LLP
Toronto Square - 7th Floor
Toronto Street
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LS1 2HJ

Walker Morris LLP
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REPORT OF THE CHAIR

This is my first message as chair of St Anne's, and it continues the themes of the annual statements of my predecessor as chair - Terry Moran. Those themes are:

- a constant focus on our clients and the quality of care they receive,
- continuing change to position St Anne's to provide that care in the future, and
- the extraordinary work that our staff do to make all that possible.

Clients and Quality

Our clients – and providing them with safe and high-quality care – must always be at the centre of everything we do. It is therefore deeply satisfying to report that our CQC scores remain consistently high and have improved further this year. Overall, 95.8% of our CQC rated services have an inspection score of 'Outstanding' or 'Good' at the date of this report, compared to a national average* of 82% for adult social care services. Every single one of our services has a 'Good' or above rating for the key question of 'Caring', again above the national average.

Change

St Anne's is a charity and the Trustees are responsible for ensuring that it is sustainable, able to care for its clients not just today but also into the future. That means our services have to be financially viable in the long term, not making profits for the sake of it or to pay shareholders, but so we can continue to invest in the services we provide our clients.

We recognise the pressures facing commissioners. However, St Anne's must ensure that it continues to be a commercially viable organisation. As a result, during this year we took the extremely difficult decision to withdraw from a small number of services where we felt that we were unable to provide the quality of care on which we pride ourselves for the contract value that was available.

Our results for 2018/19 reflect the challenging environment in which we operate, where our clients and commissioners demand more of us, regulatory standards continue to rise, and commissioners seek to make savings and efficiencies. The Trustees are very mindful of these factors and the need to build on our strengths to secure our financial future, so we remain well placed to serve our clients for years to come.

Staff

Our very high CQC ratings demonstrate the tremendous dedication and commitment of our staff. Our people work long, often unsociable, hours in challenging and highly regulated environments, often with some of the most vulnerable people in society. They can all be proud of the difference they make; we are proud of them and grateful to them.

For the first time in several years we gave all our employees a pay rise in 2018/19 and we intend that our continuing focus on efficiencies will enable us to continue this in future years.

In February 2019 the Board appointed Simon Harrison as Chief Executive Officer and Chris Burford as Chief Finance Officer, on an interim basis, in place of Derek Bray and Helen Simpson respectively. Subsequently, Helen Simpson's and Derek Bray's employment with St Anne's ended on 23 August 2019 and 23 September 2019 respectively. Simon Harrison handed over as interim CEO to Azra Kirkby in October 2019. This was a challenging and disruptive period for the organisation, and we are pleased to now be in a position to move forward. The Board has commenced processes for making permanent CEO and CFO appointments and we look forward to announcing these as soon as practicable.

Our Board was strengthened by three new appointments during the year, and I welcome the new members who have rapidly made a very positive impact. As directors in law, the Trustee role - which is unpaid - carries significant personal responsibility. I am grateful to all the Trustees for assuming this responsibility so willingly and for their continuing unstinting commitment to St Anne's. Our organisation's governance always needs to develop and so we will be looking to strengthen the Board further, to introduce new perspectives and broaden our expertise and diversity, during this year.

Finally, I would like to thank Terry Moran, my predecessor as chair, for his long service and contribution as chair and as Trustee over many years.

We look forward to the future with cautious optimism.

Ian McIntosh, Chair

** National average statistics for CQC ratings in these accounts are taken from "The State of Health Care and Adult Social Care in England 2017/18", Care Quality Commission.*

MESSAGE FROM THE SENIOR MANAGEMENT TEAM

St Anne's exists to support and promote care and wellbeing for the people we serve. In providing that care it is vital to focus on ensuring our services run smoothly, and for that we rely on our dedicated, compassionate and highly skilled workforce.

In order to achieve this our main message as the Senior Management Team is that we need to invest in our staff, in our housing stock and in more efficient ways of working, principally through the use of IT. We began this investment programme in 2018/19 but the main impact will be felt in 2019/20 and beyond.

In making these investment decisions we have had to balance the various risks and uncertainties that are set out in this report. We have not and will not get everything right and we are open to hearing the views of all our staff. We are committed to the wellbeing of our staff and our clients and to building a sustainable future for St Anne's.

We would like to take this opportunity to thank the Trustees for their support in agreeing to commit resources to our investment plan and generally for their time and energy they put into St Anne's. There have been significant challenges, both internal and external, to face which have involved significant input from Trustees, the role carrying risk and responsibility and being unpaid.

Our values are compelling and should reflect how we are all living out our working days and nights at St Anne's.

Ms A Kirkby (Interim Chief Executive Officer)
Ms S Maguire (Director of Operations, Quality and Safety and Deputy Chief Executive)
Mr C Burford (Interim Chief Finance Officer)
Mr A Mason (Director of Human Resources)

REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT)

The Trustees, who are also the Directors for the purpose of company law, present their Report along with the financial statements of the Charitable Company for the year ended 31 March 2019.

Introduction: St Anne's - Making a difference every day

St Anne's was founded in 1971 as a daytime shelter for homeless men in Leeds. From these small beginnings we have gradually expanded over the years to become the organisation we are today, with around 1,500 staff supporting people across the North of England.

Our very first service was shaped around people's needs and wishes and we have maintained this ethos, with the people we support at the centre, throughout all the services we provide.

We are proud to support people with learning disabilities, mental health, substance misuse and homelessness issues and to help them achieve their aspirations.

We provide housing and accommodation-based support in partnership with other housing providers and deliver a range of community-based services across the North of England.

Much of our work is undertaken in partnership with local authority adult social care departments, clinical commissioning groups and community safety partnerships. We also work extensively with people whose support is funded via a direct payment or an individual service fund (ISF).

Our current offer includes:

- Supported living services,
- Residential care, including nursing care,
- Specialist detoxification and rehabilitation (alcohol and substance misuse),
- Respite care,
- Domiciliary care,
- Floating outreach,
- Carers' support,
- Day services,
- Shared Lives,
- Community mental health and substance misuse services, and
- Housing with support (long and short term).

We work in the following areas:

- North East: Durham, Gateshead, Middlesbrough, Newcastle Upon Tyne, North Tyneside, South Tyneside and Sunderland, and
- Yorkshire: Barnsley, Bradford, Calderdale, City of York, Doncaster, East Riding, Kirklees, Leeds, North Yorkshire, Sheffield and Wakefield

This range of provision means that if people's needs and goals change, they can continue to be supported by St Anne's.

Continuing to focus on the needs of the people we support, we:

- Develop services where we know they are needed,
- Focus on continuous improvement and demonstrating Value for Money, and
- Regularly review our services with the people we support and work together to meet changing needs.

Our Vision

To be the most innovative and creative provider of care, support and housing in the North of England.

Our Values

To put people at the centre of all we do, treating them with dignity and respect. To strive to provide services of the highest quality and to be caring and supportive to allow people to grow and achieve..

Our strategic objectives

Our strategic objectives are as follows:

- Our clients: To be inclusive and ensure that our clients are at the centre of everything we do by actively listening and responding to and involving them, their families and carers, in all decisions about the services we provide.
- Quality: To provide safe services of the highest quality which deliver agreed measurable outcomes for our clients.
- Our finances: To ensure that St Anne's is financially sound and sustainable, provides Value for Money and seeks opportunities for growth and development.
- Our people: To be an employer of choice able to attract, recruit, develop and retain a high-quality workforce which is skilful, competent, compassionate and engaged.
- Learning and development: To be a learning and developing organisation which celebrates and promotes success and excellent, research based, practice and care.
- Housing and maintenance: To provide safe housing which is maintained to a consistently high standard in a supportive, caring environment, whether it is owned or leased by St Anne's Community Services.

Taken together, we believe our vision, values and strategic objectives give a clear view of how we work to improve the lives and future prospects of the people we serve, by offering professional support in a values-driven way that reflects the best of St Anne's, every day.

Our performance and achievements

Throughout 2018/19 we continued our work to improve the daily lives and future prospects of the people we support, reflecting our values of being person-centred, providing dignity and respect, delivering high quality services and being a caring organisation that helps people grow and achieve. Some examples of our achievements this year include:

- Agreeing the first cost of living pay award increase for all staff across the organisation for over 5 years,
- The review of all whistleblowing procedures to ensure St Anne's has robust processes in place for the reporting of poor or illegal practices, which encourage transparency and enable staff to feel safe,
- A reduction in level of operational staff suspension costs linked to investigations by over 45% and continued reductions in days lost due to sickness and the associated costs,
- The implementation of the organisation's new Performance Management Framework which overhauled and replaced previous policies on Appraisal and Performance Management. The introduction of a values-based Competency framework,
- Designing and implementing a new Workforce Development Policy for the organisation which defines the necessary training requirements for different job roles and services throughout the organisation. Achieving an average of 86% compliance with all mandatory training,
- Supporting over 30 employees to complete qualifications funded via the Apprenticeship Levy and enabling 5 staff to commence Masters' level qualifications for free,
- Running an organisation-wide staff survey for 3 years and utilising the results to enable the organisation to make positive changes for the workforce,
- Exceeding previous year's Stonewall Workplace Equality Index score by 70 places and scoring 9th out of 50 social care organisations participating,
- Relaunch of our Tenant Involvement Forum as part of our commitment to the Tenant Empowerment Standard,
- Continuing to participate in the Mindful Employer network group and featuring as a Case Study of best practice for mentally healthy workplace,
- Achieved Level 2 Disability Confidence Kite Mark for inclusion of employees with disabilities, and
- Recruited and trained over 30 employees as Mental Health First Aiders for the workplace with Mental Health First Aid England.

Making good use of technology

IT have been working jointly with STARRS (St Anne's Real-time Records System) and promoting the principle of Smarter Working – using IT to improve processes or simplify systems and processes for the benefit of the organisation. Some of the work being developed is around electronic timesheets, electronic CAS Alerts (for Medicines and Healthcare products) and a smarter approach to issuing policy and procedure updates and gathering responses in real-time. The main focus of STARRS is to connect front line staff supporting clients to their manager and secure electronic data about the client in real time. This is bringing efficiencies in time equalling improvements in quality outcomes for clients.

The IT department are working with Oxford Brookes University looking at data security and some of the innovation we have been developing at St Anne's and we recently achieved full compliance with the NHS Data Security Toolkit and received full Cyber Essentials Compliance – the industry standard for security of data and systems for IT. The IT department completed an annual IT health check and an annual PEN (Penetration) testing which showed some areas for planned infrastructure development. A number of these initiatives were completed for the first time as we develop our IT infrastructure to support business efficiencies and quality improvements.

Work began in 2018 to launch a new and improved website for www.st-annes.org.uk. After various surveys gathering information and feedback from front line staff, clients, the public and Trustees, the goal was to provide visitors with an easier way to learn about St Anne's services and achievements and to allow the visitor to browse information based on their own choice. Our aim is to make the website more interactive with a fresh new look including new images throughout. The website will be more informative with a Job Vacancies section as well as an interactive map and better access to Our Services, what we do, who we are and promotion of Doing it My Way and Positive Behaviour Support.

The fresh new look website still continues to develop, including the addition of an interactive map, adding to video content and case studies, and building on the 'My Support' section with the Client Involvement Officer. This also includes adding in a Housing section so clients can report their repairs, and access information about our Quality and Safety Department. The Marketing and Communications Officer will be working on SEO (Search Engine Optimisation), Keywords and Meta Data to improve St Anne's presence on the Google ranking list as well as working with First Line Managers to make sure that all information is correct on their service pages.

Amongst the new features and look, the site will contain integrated social media buttons for Facebook, Twitter, YouTube and LinkedIn to improve communication. We will be constantly updating our content with helpful information, articles, blogs, company announcements and client and employee successes in the News Section.

Research and evaluation of accessible information has also taken place to source and purchase Photosymbols which is an easy read photo package that Marketing, Admin and Client Involvement could use in documents and on the website.

We have also researched and evaluated various speech, reading and translation support interactive tools, leading us to identify Browsealoud. This innovative tool from Texthelp improves accessibility for those who struggle to access and understand information online by reading website content out loud in a natural voice. It can also translate into 99 languages. Currently, more than 12 million people in the UK have print disabilities such as dyslexia, low literacy or mild visual impairment. We are proud that our website is so accessible.

Assuring the quality of our housing

St Anne's is obliged to ensure compliance with the regulations of the Regulator of Social Housing and the Health and Safety at Work Act 1974. We appointed our first Director of Housing and Estates during the year and this post will strengthen our assurance on the use of our housing assets and allow us to monitor more closely the application of the Act and associated regulations. This position is vacant and we are currently recruiting.

The organisation has commissioned an up to date stock condition survey and fire risk assessments for all properties owned by St Anne's and for those where St Anne's has a repair responsibility. Recognising the need to invest in our properties, the Board has agreed that the findings of these surveys and assessments should be used to determine future spend and to develop an Asset Management Strategy. St Anne's are committed to continued improvement and, as a result, are carrying out a full review of the Repairs and Maintenance operation to deliver a high quality service within a Value for Money framework. The organisation has achieved re-accreditation with the Contractors Health and Safety Assessment Scheme (CHAS).

St Anne's are committed to driving improvements in Health and Safety and have commissioned an independent Health and Safety consultant to review our services. A service improvement plan has been developed and will be implemented as a priority.

Strengthening our governance

St Anne's Community Services has adopted the Charity Governance Code for Large Charities and its accompanying code of practice. The code supports an established governance framework that ensure the Board and management receive the right information, which is accurate and relevant, at the right time and with an acceptable level of assurance.

St Anne's also uses the Board Assurance Framework adopted in 2018/19 to support the organisation in managing risk and gaining assurance over the effectiveness of controls that St Anne's relies upon to achieve its objectives.

Within the charity sector the focus on safeguarding continues to grow in importance, and St Anne's has always taken its responsibilities in this area very seriously. We liaise with all our commissioners to implement each local authority's safeguarding policies and have our own safeguarding adults and children policies which are rigorously applied. The Director of Operations is the Executive Lead for Safeguarding, and we have also established a Safeguarding Assurance Group which looks at all aspects of safeguarding, considers good practice and ensures that any lessons learned from incidents are shared across the organisation through our Quality and Safety Group and Safeguarding Assurance Group. In addition to this, one of our Trustees has been appointed as Trustee Safeguarding Lead.

St Anne's is regulated by the Health and Social Care Act 2008 and 49 of our services are registered with the Care Quality Commission. Overall, 95.8% of our services have received a rating of 'Outstanding' or 'Good' compared with the national average of 82%. Our Quality and Safety Team undertake regular audits throughout the year to ensure that all elements of the Health and Social Care Act 2008 and St Anne's Policies and Procedures are being adhered to. Where improvements are identified, action plans are formulated and implemented. The outcome of Care Quality Commission inspections is shared both publicly on our website and internally for staff to read. St Anne's has also received positive feedback from Local Authorities with regards to improvements made within its services. St Anne's is very proud of the achievements of its staff and clients in respect of its quality standards.

We are continuing to strengthen our Client Involvement Strategy to enhance the voice and influence of the people we support across St Anne's and gain their feedback. Our regular client-focused newsletter shares best practice and positive news stories about the successes experienced by the people we support.

Our priorities for 2019/20

During 2019/20 we will continue work on the positive initiatives begun in 2018/19 and also intend to focus on addressing a number of other key priorities.

Key strategic priorities

Our key strategic priorities for the year are:

- To review our overarching organisational strategy and identify medium and long term priorities, and
- To identify the key areas of the organisation that require investment in order to achieve our overarching strategy.

Initiatives already started

Initiatives already started which will continue to be developed during 2019/20 include:

- Implementation of new Vacancy Fulfilment software ensuring St Anne's can reduce reliance on agency staff and increase the number of shifts covered by St Anne's staff and casuals in services carrying vacancies,
- To complete the design of a full job evaluation scheme across St Anne's, undertaking sector wide benchmarking and creating 'job families' for benchmarking roles internally dependent on seniority, skill, knowledge and specialism which also includes a structured process for requesting and undertaking salary reviews,
- To enhance St Anne's Performance Management Framework, including focusing on increasing Black, Asian and Minority Ethnic (BAME) representation amongst managers and senior managers, and designing a suite of training courses for managers,
- To continue to focus on key HR metrics and performance indicators. The organisation aims to reduce its vacancy rate to an average of 6%, reduce staff turnover to 16% per annum and reduce sickness to 9 days per employee per annum,
- To support the physical and mental wellbeing of our workforce by developing an organisational Health and Wellbeing sub-strategy which encourages colleagues to manage their health and wellbeing and offers support from St Anne's,
- To implement a new e-learning provider, streamlining and simplifying the process of managers booking their staff on to online courses and enhancing the oversight they have of training compliance,

- To launch formally our partnership with the Care Workers Charity, to support staff who may experience financial hardship, and
- Following the stock condition survey, to target and prioritise investment in our property stock.

Additional priorities

In addition, we continue to:

- Develop a Quality Strategy which includes aspirations to be in the top five per cent of Health and Social Care organisations in the country for CQC measures,
- Increase and re-energise our fundraising capabilities,
- Strengthen relationships generally with the university and industry sectors and other organisations operating in the Health and Social Care sector to develop mutually beneficial outcomes for our clients and staff; specifically, we aim to increase our recruitment from these sources,
- Review our approach to asset management and investment to ensure we appraise, invest and dispose of assets effectively, enabling St Anne's to provide homes which are fit for the future, are safe and secure and meet the needs of the people we support,
- Review and, where appropriate, strengthen our procedures and processes, including financial and operational, to ensure that we can continue to provide safe and good quality services, supported by well trained, enthusiastic and engaged staff.
- Invest in our Business Development and fundraising capabilities, and
- Review options for addressing our final salary pension fund deficit and ongoing levels of pension contributions.

Our finances

Income and expenditure

The largest part of our total income in 2018/19 of £44.8m, broadly unchanged from the previous year of £44.2m, is made up of receipts for the provision of direct service delivery to the people we support and includes, in the main, income from both local government contracts and the NHS. This directly funds our work with people with learning disabilities, mental health issues and substance misuse issues through services that range from support for those living independently in the community to 24 hour care. We also provide services and support to people who are homeless in Sheffield, Kirklees and Leeds and provide care and support through our alcohol detoxification and rehabilitation service in Leeds. We are also funded to provide support to carers in Kirklees.

We are immensely grateful to supporters of our organisation who donate and fundraise on our behalf. Every single penny is greatly appreciated. We are also most appreciative of donations of clothes, toiletries, towels and food for the people we support in our homeless services.

Deferred Revenue Grants of £845,000 (2018: £200,000) have been released to the Income and Expenditure Account as we believe that these provisions no longer meet the criteria to allow them to be retained on the balance sheet.

A review of contracts is undertaken regularly and at the year-end it was considered necessary to include contract provisions totalling £466,000 to allow both for certain outstanding debts (£256,000) and future losses on certain contracts (£210,000). These provisions together with pension service costs for non-current members of the defined benefit scheme of £793,000 (2018: £816,000) have resulted in a net operating deficit before non-recurring costs of £381,000 (2018: surplus £391,000).

During the year measures have been identified to improve the management of voids. A new Scheme of Delegation detailing levels of authority for purchases was agreed. The organisation continues to go through transformation, and a period of investment with the objective of securing a sustainable future and improved financial results.

The reserves position remains healthy and the Board and senior management are investing in new systems and processes to embed the improvements. The costs of implementing the national living wage and inflation generally will remain a significant financial challenge exacerbated by the funding challenges for our commissioners. The Board and senior management are determined to build on the steps we have taken during 2018/19 to ensure we can continue to provide safe and good services supported by well-trained and enthusiastic and engaged staff.

Our focus continues to be on delivering support to the highest quality standard that we can, using our resources as effectively as possible.

Balance Sheet

Our balance sheet reserves have increased from £5,822,000 to £7,996,000 as a result of an actuarial gain on the valuation of the defined benefit pension scheme.

Comprehensive income for the five years ended 31 March 2019

	2019 £'000	2018 £'000	Restated 2017 £'000	Restated 2016 £'000	Restated 2015 £'000
Turnover	44,833	44,153	43,387	42,460	41,146
Operating costs	(45,214)	(43,762)	(44,293)	(43,143)	(41,268)
Add back: Pension Service Costs *	793	816	236	555	(82)
Controllable trading surplus/(deficit)	**412**	**1,207**	**(670)**	**(128)**	**(204)**

* *Pension service costs are included within operating costs*

Statement of financial position for the five years ended 31 March 2019

	2019 £'000	2018 £'000	Restated 2017 £'000	Restated 2016 £'000	Restated 2015 £'000
Tangible and intangible fixed assets	13,619	13,877	15,049	15,183	15,612
Fixed asset investments	1,510	1,510	1,510	3,512	4,512
Net current assets	11,856	11,209	10,343	8,751	7,192
Total assets less current liabilities	**26,985**	**26,596**	**26,902**	**27,446**	**27,316**
Creditors due after more than one year	(12,310)	(12,377)	(12,658)	(12,938)	(13,451)
Net pension liability	(6,679)	(8,397)	(8,959)	(5,717)	(8,774)
Total net assets	**7,996**	**5,822**	**5,285**	**8,791**	**5,091**

Reserves: General Charity Fund	161	162	172	160	152
Investment revaluation	8	8	8	2	3
Income and Expenditure reserves	14,506	14,049	14,064	14,346	13,710
FRS 102 pension liability	(6,679)	(8,397)	(8,959)	(5,717)	(8,774)
Total reserves	**7,996**	**5,822**	**5,285**	**8,791**	**5,091**

Value for Money

Value for Money is a key focus for the Board and as an organisation we are continuously striving to improve the way we work so that we can provide better services for the people we support. Value for Money is central to this and underpins our strategy. We take a balanced approach to Value for Money that considers performance and investment through three lenses:

- Financial value: The value to the charity. This could be savings through efficiencies, increased income, or delivering more with the same resource,
- Client value: The value for the people we support. This could be direct savings, or similarly reducing clients' dependency on benefits, and
- Social value: The value to the wider society and the economy. This could be savings to the public purse or benefits to the community and local environment. We are committed to our charitable purpose and determined to meet our cost savings targets while continuing to have a positive impact on the people we support and our social value.

Our assets provide the foundation for our success. These include our hard working staff, and our homes and infrastructure, which enable us to efficiently provide services and run the business. Improved asset utilisation and management of voids are key projects that have continued from the previous financial year.

By ensuring we manage our assets effectively and efficiently, we provide high quality services, which means we serve our clients well, remain competitive and have the financial strength and resilience to mitigate financial risks now and in the foreseeable future.

Procurement

In 2018 St Anne's made the strategic decision to establish a centralised procurement function. This has generated both qualitative and quantitative benefits by negotiating organisation-wide savings for bulk purchased goods and services. Total savings for the financial year were in excess of £334,000, of which £138,000 were recurring. Centralising purchasing of goods and services also enables sourcing of goods from reputable suppliers who meet the standards we expect. There have been several significant tenders, including utilities, managed IT services, grounds maintenance, recruitment software and decoration.

Value for Money summary

Key requirements	Summary of evidence
Clearly articulate strategic objectives	Value for Money (VFM) in everything we do is integral to supporting the organisation to deliver its key objectives. We are fully committed to maximising the value of all spending, in terms of the types of services we deliver, the efficiencies in our processes, and in protecting public assets for future generations. We believe that all our objectives help us to deliver social value and VFM to the communities we work in and the taxpayer at large. We are committed to providing good quality housing, care and support services to meet local needs and to contribute to the development of sustainable communities.
The Board has agreed an approach for VFM, how VFM supports the Board in meeting its objectives and demonstrates its delivery to our stakeholders.	Delivering improvements in VFM continues to be one of our key objectives. During the year we: • Installed a new financial ledger system which went 'live' shortly after the year end. • Tested a new procurement system which also went 'live' shortly after the year end. • Identified ways to produce electronic timesheets. • Further developed our in-house STARRS system. • Secured procurement savings in excess of £334,000.
Through our strategic objectives articulate our strategy for delivering homes that meet a range of needs	Following a review of the Senior Management Team, the Board made a decision to appoint a Director of Housing and Estates, bringing in an executive with extensive experience of Housing Associations and working with tenants to meet their housing needs. Some of the key objectives of this appointment are to continue to deliver continuous improvements in VFM, improvements in the quality and cost effectiveness of our maintenance team, asset utilisation including reduction of voids and improvements in client satisfaction with the standard of accommodation we provide.

Ensure that optimal benefits are derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of strategic objectives	The Cost Improvement Programme (CIP) and the review of tendering and procurement has improved the governance structure and oversight of plans and, where plans were not on track, mitigating measures have been implemented. Specific action has been taken to further reduce voids, sickness levels and absenteeism, cost of consumables, utilities and mobile 'phones, the benchmarking of pay costs and review of underutilised/empty properties and loss-making contracts.
Have a robust approach to achieving VFM, including a robust approach to decision-making and a rigorous appraisal of potential options for improving performance	The approach for identifying and monitoring VFM is through clear plans and regular monitoring. This involves task and finish groups, the Senior Management Team, the Finance and Performance Committee and the Board. All expenditure categories above an agreed level are reviewed and VFM is achieved through renegotiation or tendering as appropriate and VFM is reviewed at least annually as part of the budget setting and business and corporate planning processes.
Regular and appropriate consideration by the Board of VFM gains, including full consideration of costs and benefits of alternative commercial, organisational and delivery structures	During the year we have invested in our organisational structure for the enhanced management of our housing activities. A strategic asset review has been undertaken of empty properties, various options have been considered including redevelopment where there are no realistic possibilities for cost effective use and opportunities for disposal are considered. There has also been significant progress with the support of our commissioners on asset utilisation and the potential future options for the accommodation we provide.
Consideration of VFM across the whole of our business and when investing in non-social housing activity consider whether this generates a return	VFM is considered as part of the overall strategy and the financial strategy agreed by the Board. There has not been any investment in non-social housing.
There are appropriate targets in place for measuring VFM in delivering our strategic objectives and we regularly monitor and report performance against these targets	Targets are incorporated in our annual budgets. This is informed by benchmarking and feedback from managers and front-line staff. Individual service performance is regularly monitored, and remedial actions taken as deemed necessary.
Performance against our own VFM metrics, including metrics set out by the regulator and how that performance compares to peers	Performance is reported against sickness costs, voids, agency expenditure and metrics. The Board reviews these metrics, and decisions are taken in relation to services generating losses, including considering whether not to bid for new work or renew contracts where VFM cannot be demonstrated.
Measurable plans to address any areas of underperformance, clearly stating any areas where improvements would not be appropriate and the rationale for this	Plans are agreed by the Board. Where plans are not delivering the expected improvements there is escalation to the Chief Executive, Finance and Performance Committee and the Board. Plans for savings are regularly monitored through SMT. As well as overarching review and reporting to the Board, there are clear lines of accountability with risks identified and monitored.
Statement of different activities and types of assets that are appropriate to our business priorities	The Annual Report contains narrative on different activities and assets including properties, people, resources and places.
State and compare actual performance, previous year's performance, future forecasts and targets against forecasts in relation to strategic objectives	Included in the Annual Report narrative, past performance is summarised and demonstrates performance at the operating level. A financial model has been identified that forms the financial target underpinning the strategic objectives.
Report any additional measurements that the Board consider would aid understanding of performance. Explanation of underlying factors influencing performance must be factual, concise and easily identifiable	A performance dashboard including KPIs was introduced shortly after the year end enabling an overview of performance and highlighting key variances from plan.

Summary of Value for Money metrics for registered social housing providers		
Reinvestment %	2019: 2.2% 2018: 2.0%	This metric looks at the investment in properties (existing stock as well as new supply) as a percentage of total properties held. A significant investment programme commenced after the year end, starting with a comprehensive stock condition survey. Our target for re-investment for 2019/20 is 4.0%.
New supply developed %: A) Social housing units B) Non-social housing units	Not applicable for 2018/19	As there was no acquisition nor development of social or non-social housing units in the year, this metric is not applicable for 2018/19.
Gearing %	Not applicable for 2018/19	As the organisation does not have any loans or finance leases, this metric is not applicable for 2018/19.
EBITDA interest cover %	Not applicable for 2018/19	No interest payments other than pension fees; interest cover not relevant for 2018/19.
Headline social housing cost per unit	2019: £22,868 2018: £22,767	The organisation is unique in the range of services it provides and it is therefore difficult to compare these figures with other providers. This unit cost metric assesses the headline social housing cost per unit as defined by the regulator. We have consulted with Supported Housing in Partnership and the National Housing Federation and we have been unable to identify any reasonable comparison with other Social Housing Providers.
Operating margin %: A) Social housing lettings only B) Overall	2019: A) 10.6% B) (0.8%) 2018: A) 7.2% B) 0.9%	The operating margin is one of our two key performance metrics and it demonstrates the profitability of operating assets before exceptional expenses are taken into account. As a not for profit organisation, we look to achieve values better than zero on the two key performance metrics.
Return on capital employed (ROCE) %	2019:(1.4%) 2018: 1.5%	The second key performance metric of return on capital employed compares the operating (deficit) / surplus to total assets less current liabilities It is a common measure in the commercial sector to assess how efficiently capital resources are used.

Reserves policy

Each year, the Board of Trustees considers the resources required to meet its long-term objectives and obligations and identifies the potential risks to meeting the planned outcomes.

The reserves policy states that the level of free reserves should be enough to cover planned and unforeseen variations in operational expenditure (excluding expenditure on acquisitions, one off pension payments and other funded projects) on a rolling twelve-month basis.

The organisation has also designated certain funds for specific purposes, including information technology, to further enhance efficiency and effectiveness across corporate and frontline services and investment in property stock. These designated funds are also taken into account in arriving at net reserves.

The calculation of net reserves commences with free reserves, which comprises net current assets excluding properties held for sale.

	31 March 2019 £'000	31 March 2018 £'000
Free reserves	11,178	10,731
Allowance for unforeseen variations	(1,000)	(1,000)
Designated Funds	(1,500)	(400)
Adjusted Net Reserves (before pension deficit)	8,678	9,331

The pension deficit of £6.7m (2018: £8.4m) is a longer-term liability that will fluctuate over time, both up and down, and therefore is not taken into account in calculating net reserves. However, this is a liability that needs to be considered when assessing the sufficiency of net reserves. The Trustees are of the view that the adjusted net reserves are sufficient for the next twelve months, when a further assessment will be made.

Investment policy and performance

The investment policy is designed to support the reserves policy. The organisation has adopted a prudent investment policy to balance potential returns with appropriate levels of risk. An investment objective was set for the year for the assets to maintain value and, despite fluctuations in equity values, investment performance has meant that this objective has been achieved. The work of the Pensions and Investments Committee continues to support the Trustees in regularly benchmarking and monitoring portfolios and performance to ensure the assets will be sufficient to meet the needs of the organisation. At 31 March 2019, Fixed Asset investments were valued at £1,510,000 (2018: £1,510,000).

Going concern

The organisation is well placed to manage the business risks we face. This position is supported by a strong cash flow, an appropriate level of reserves and a good relationship with those commissioning our services.

Taking into consideration that the organisation holds reserves which are in excess of operating requirements, we have a reasonable expectation that we have sufficient resources to continue in operational existence for at least 12 months after these financial statements are signed. We believe that there are no material uncertainties that call into doubt the ability of the organisation to continue as a going concern.

Our planning processes, including financial projections, take into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. We acknowledge our pension fund obligations and are developing a clear strategy to manage the deficit.

Subsidiaries

As at 31 March 2019 and during the financial year preceding 31 March 2019, the organisation held legal ownership of one of the two £1 ordinary shares issued by St Anne's Trading Limited, a company registered in England and Wales. The remaining share was held by an individual with the interest in the share being held on bare trust for St Anne's Community Services. On the basis of the bare trust arrangement, it is considered that St Anne's Trading Limited was effectively wholly owned by St Anne's Community Services. On 24th November 2019, the ownership of this remaining share was transferred to St Anne's Community Services.

Trustees risks and uncertainties

The St Anne's Board of Trustees has responsibility for ensuring that there is effective risk management and that internal control systems and processes are in place to manage the organisation's strategic risks and to support the achievement of its strategic objectives.

This responsibility is exercised through an annual review of the effectiveness of our risk management framework including the following:

- During 2018/19, a Board Assurance Framework (BAF), which identifies risks against strategic objectives, was submitted to the Board. The BAF includes a comprehensive list of potential risks, including GDPR and Brexit considerations. The BAF is presented in full to the Board at least twice a year, with detailed reports on actions being taken on the top five risks. It is also presented regularly to the Quality Assurance and Risk Management Committee (QuARM), including detail on escalating risk and emerging risks. The Senior Management Team has been implementing action plans to manage those risks included within the BAF.

- Operational risk registers have been developed and embedded in the organisation and there is a plan in place to move towards an electronic system (Datix). The Datix system will allow the risk description, controls, impact and likelihood, and action plans to be recorded. The risk management system will send out notifications to the Senior Management Team if a risk is entered and is scored at 15 or above on a 25 point scale. This will allow early notifications for risk and enable a speedy response and actions.
- The organisation's risk management policy, which describes how the organisation is managing risk including the setting up and management of risk registers, is reviewed on an annual basis and ratified by the Board
- The Audit Committee approves the annual risk-based internal audit plan and reviews regular internal audit reports.
- Further assurance regarding the control of risk is provided by local authority and Care Quality Commission inspections.
- QuARM reviews internal controls and risk management across the organisation on a bi-monthly basis.
- A framework of delegated authority has been established, with procedures setting out the governance and decision-making processes for key corporate decisions.
- A whistleblowing policy is in place, which is communicated to, and accessible by, all St Anne's employees and volunteers. Reports on whistleblowing will be submitted to QuARM moving forward.
- During 2018/19 we have reviewed our Business Continuity Plan, and this will be strengthened further during the next 12 months.

The current principal risks to St Anne's objectives and how these are managed are set out in the table below.

The organisation continues to operate in a challenging financial climate and in an extremely competitive sector. The attraction and retention of staff remains a key risk for the organisation, particularly with the uncertainties of how Brexit may impact on the social care workforce. There remains uncertainty regarding the case law surrounding sleep-ins and National Minimum Wage, and although the organisation applies a system of top-ups, any future decisions are likely to continue to have an unsettling effect on the sector. The sector faces pressures to do more for less, with increased regulatory scrutiny but less funding to train and develop its workforce, despite having to respond to the increasingly complex needs of clients.

Risk	**Risk management**
CQC and/or Social Housing Regulator action and/or measures due to not meeting current regulatory standards	There was a significant improvement in CQC scores during 2018/19, with 95.8 per cent of services now in receipt of a score of 'Outstanding' or 'Good' – well above the national average. This risk remains in place due to the potential for regulatory action, which would have a detrimental effect should it ever occur. All serious incidents are investigated, root cause analysis undertaken, and robust action plans put in place at an organisation and service specific level to mitigate risks and implement learning from any such incidents. Progress against action plans is monitored by the Board's QuARM Committee after detailed consideration at the Quality and Safety Group. The organisation's internal Quality and Safety Team undertakes thorough audits of all St Anne's services on an annual basis and more frequently as needed.
Administrative and financial systems and processes unfit for purpose, outdated, bureaucratic or unnecessary, resulting in excessive burden on managers	The finance IT systems had not been changed or upgraded since 1992. A ledger system has been procured which was implemented during 2018/19 with a 'go live' date of 1st April 2019. Work commenced during the year on streamlining the Neutral Vendor agency staff system and on the introduction of electronic timesheet systems, and processes are being continually reviewed and updated as appropriate.

Loss of income due to loss of existing contract/service e.g. through re-tendering or through poor performance	There is always an underlying risk of losing contracts or of contracts being put out to tender. Several high value contracts will be retendered by commissioners in the next 12 months. There have been several meetings with commissioners of all services to maintain close working relationships and to monitor at a senior level the performance against contract. Senior management have also had conversations with commissioners about the value of contracts as St Anne's will only be able to continue to retain contracts that are financially viable. This risk is high on St Anne's radar and management are continually mindful of protecting income (though not at the expense of providing safe, high quality services).
Inability to recruit and retain appropriate staff leading to carrying vacant posts in services and increased agency costs	There is an action plan in place and work is ongoing to highlight the areas where vacancies have been longstanding and do some in-depth work with those teams and areas. Agency costs are reducing and are being monitored carefully. Benchmarking against the sector takes place to ascertain competitiveness as an employer of choice.
West Yorkshire Pension Fund contribution rates rise to unmanageable level	In common with many other organisations in the UK currently, the pensions environment is challenging and pension liabilities increasing. There is uncertainty relating to market conditions and corporate bonds, and general uncertainty regarding investment performance now and for the future. There is also a potential knock-on effect on pension funds from the outcomes of the Brexit negotiations. A Pensions and Investments Committee has been established by the Board to provide focus on these matters, implement mitigation plans and keep the Board informed. To support its work, the Committee has appointed expert advisers.

Impact of risks and accounting considerations post Grenfell

Introduction

St Anne's Community Services takes the safety and wellbeing of our tenants as a priority; fire safety is paramount and several internal and external controls have been implemented to increase the safety of our tenants. Our housing stock of just over 300 units is made up of shared and self-contained units which are all 3 storeys or fewer.

Internal Controls

Fire Safety training is delivered to operational staff which is both bespoke to meet the needs of a particular client group and to meet a minimum mandatory set criteria, thus giving the organisation confidence that all front line staff are equipped to deal with fire safety in an appropriate and consistent way whilst also being adaptable to meet the diverse needs of our clients. Personal emergency evacuation plans are developed and implemented for tenants who are deemed to be at risk and these plans are included in the training programmes.

Our Quality and Safety Team carry out annual Quality and Safety Audits of our services and fire safety is a key focus of these audits; any areas of concern are addressed as a priority and good practice is disseminated across the charity.

Our Area Managers hold and maintain a live fire risk register for their services and Front-Line Managers provide valuable information for these registers in the form of live fire risk assessments and evacuation risk assessments.

Routine checks

A specialist organisation tests our fire alarms, emergency lighting and Redcare system (central alarm control system) every six months and our fire extinguishers annually.

External Controls

The organisation has commissioned an external company to complete a stock condition survey and fire risk assessments of our properties. The findings of these surveys and assessments will feed into our programme for short term priority work and longer term planned work.

Our insurance company annually inspects several of our properties to ensure we are effectively maintaining them and preventing any major risks or potential hazards.

An independent Health and Safety Consultant has reviewed our systems and provided external challenge.

Planning for Brexit including the possibility of a 'hard Brexit'

St Anne's Community Services has carefully considered the risks regarding the uncertainty of Brexit. The Department of Health and Social Care has published guidance for organisations to prepare contingency plans and has established a national operational response centre to lead on responding to any disruption to the delivery of health and care services.

The Health and Social Care sector has long relied on EU and other foreign nationals to bridge the gap with nursing and care worker vacancies and will continue to do so in the future. Whilst it is important to recognise that Brexit has the potential to compound workforce pressures, the recruitment and retention problems being experienced within Health and Social Care predate the UK's decision to leave the EU.

St Anne's employs less than the national average number of EU workers in its services. The organisation has a proactive recruitment policy and has brought in external expertise to minimise the impact on its nursing workforce with the aim of filling all nurse vacancies in the near future.

There are concerns that supplies of medicines may be interrupted following both a Brexit decision and a no-deal Brexit. The vast majority of medicines and medical devices that the NHS utilises are imported into the UK via the EU. The government has made plans to reduce the risk of disruption and given instructions to pharmaceutical companies to ensure that adequate stock is in place which will resolve any potential delays at the border. In addition to this, the Department of Health and Social Care has set up a Logistics Hub in Belgium to transport critical supplies and medications should this be required. Major UK pharmaceutical companies have been asked to stockpile up to six weeks' worth of medications.

In common with other social care providers, St Anne's has been instructed not to stockpile medications. In any case, all but one of its services are prescription only, therefore this would be very difficult to do in practice in any event. St Anne's are ensuring that all prescription renewals are with GPs in a timely manner. St Anne's Alcohol Services operations have a small stock of medication that is not supplied by prescription.

St Anne's has not been provided with any specific guidance regarding non-clinical supplies. However, the organisation has considered the risks relating to the supply of medical gloves, sanitary products, maintenance and supply of beds. To mitigate this risk, St Anne's has agreed the following measures:

- Purchase three months of critical products from its key suppliers, and
- In the event of a no-deal Brexit the supplier will maintain stock for six months, until the impact of a no-deal Brexit is understood.

These risks have been articulated and included within St Anne's Corporate Risk Register.

Risks arising from rent arrears and impact of Universal Credit

St Anne's Community Services seeks to ensure that all tenants have an excellent experience whilst living in a St Anne's property. To deliver this, employees work closely with tenants both before and during their tenancy, to ensure that they have the necessary capability, skills, guidance and resources to successfully manage their tenancy, and, where appropriate, to move on to long term accommodation. Part of this process is helping clients maximise their income, by assisting them with their claim for benefits. Each client has a dedicated worker to support them in making their claim for Housing Benefit. Our team aim to assist clients to submit their application within the first week of their tenancy, to prevent any delays in entitlement and to reduce the client's rental payments. We also work with the Welfare Rights Department at Leeds City Council to receive additional advice to ensure tenants are receiving all their benefit entitlement. In addition, we run training workshops with our teams in Leeds on Universal Credit.

As St Anne's only provide supported accommodation, the organisation's tenants are exempt from the housing element of Universal Credit and continue to make claims directly to the relevant Local Authority for Housing Benefit. Housing Benefit is paid directly to the organisation in 4 weekly intervals, in arrears. As at the end of March 2019 over 95% of tenants were in receipt of Housing Benefit. The Rental Income Manager has an excellent relationship with the Councils in our operating areas. These effective partnerships minimise the number of tenants in rent arrears.

Structure, governance and management

St Anne's Community Services is a company limited by guarantee. It is registered with the Charity Commission and is also a registered housing provider regulated by The Regulator of Social Housing (previously the Homes and Communities Agency).

It is governed by its Articles of Association, which set out the charitable purposes for public benefit in the following terms:

- To relieve those in need by reason of youth, age, ill-health (including those persons suffering from alcohol, drug and other substance misuse), disability, financial or other hardship by the provision of welfare and support (financial or otherwise), health and social care, employment, housing and education support; and
- To further such other exclusively charitable purposes according to the law of England and Wales as the Trustees in their absolute discretion from time to time determine

In 2018/19 we further developed governance arrangements from the Board, its committees and the working groups that provide focus on key areas through to the procedures that are needed to ensure the charitable objectives are met. Our Articles of Association meet the needs of our current structures but also incorporate flexibility to allow for future development.

Our Board of Trustees

The Board of Trustees, comprising the legal directors of St Anne's, holds all the charity's powers and authorities under St Anne's Community Services' Articles of Association.

There are clear distinctions between the roles of the Trustees and the Executive Team. The Board is ultimately responsible for the overall control and strategic direction of the organisation and for the protection of its assets. Day-to-day management is the responsibility of the Chief Executive and the Executive Directors, who comprise the Senior Management Team. Matters such as strategy, policy and budgets are prepared by the Executive Team for consideration and approval by the Trustees, who then monitor the implementation of these plans.

Under the current Articles of Association, members of the Board of Trustees serve an initial term of between 3 and 4 years, and can then be reappointed for further such terms, but may not serve for more than 9 years unless the organisation agrees otherwise. New Trustees are selected through an open recruitment process, which usually includes advertising in the national press and online, and a targeted recruitment search.

New appointees are given an induction programme tailored to their areas of expertise and governance obligations, and all Trustees are provided with training opportunities to help them meet their responsibilities. The Board of Trustees meets every two months with occasional ad hoc meetings for exceptional business. The balance of Trustees is kept under review with regard to expertise, diversity and geographical spread. The Board of Trustees also places particular emphasis on appointing individuals who bring specific identified skills.

Our committees

The Board has delegated specific responsibilities to several committees, each of which reports to the Board and has detailed terms of reference which are reviewed annually. The committees meet regularly throughout the year, in accordance with their terms of reference. The committees are:

- Audit
- Remuneration and Nominations
- Quality Assurance and Risk Management
- Pensions and Investments
- Finance and Performance.

Audit Committee

The Audit Committee provides the Board with an independent and objective review of the organisation's financial systems, financial information and compliance with laws and regulations governing the organisation. It also considers any significant issues arising in respect of either internal or external audit.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee considers the membership of the Board and recommends potential new Trustees for election to the Board. This committee also keeps under review succession planning in respect of the Chief Executive and oversees Board effectiveness reviews and action plans resulting from such reviews. It determines and recommends to the Board the overall policy for the remuneration of the Chief Executive and Senior Management Team. It also has an oversight role for governance.

Quality Assurance and Risk Management Committee

The Quality Assurance and Risk Management Committee has prime responsibility for advising the Board on the suitability and adequacy of the organisation's quality and risk management systems and processes. It also exists to oversee the development, implementation and monitoring of the organisation's integrated governance arrangements by providing assurances relating to the governance systems and processes by which the organisation leads, directs and controls its functions. It monitors and reviews the implementation of the Board assurance framework, governance framework and risk registers, all supporting the delivery of safe and high-quality services across the organisation.

Pensions and Investments Committee

The Pensions and Investments Committee exists to oversee and make recommendations to the Board on all pension and investment matters. It also provides assurance that these are being effectively managed.

Finance and Performance Committee

The Finance and Performance Committee exists to oversee and make recommendations to the Board on financial and operational performance issues. It also provides assurance that these are being effectively managed.

Our people

At St Anne's, we strive to make a difference to the lives of the people we support every day. In doing so the organisation supports some of the most vulnerable members of society, all of whom have their own stories, struggles, talents, passions and goals. We are truly a people focused business and in order to deliver services of the highest quality, we must ensure that supporting and developing our people is at the heart of every decision we take.

St Anne's is proud of its workforce. Every day our staff work in pressurised, challenging environments which are highly scrutinised by regulators. They work long shifts, work over nights and weekends, face the realisation of funding cuts on the front line of services in a sector which is continuously asked to do more for less. They do so because of their drive and passion to support and care for people, and this is truly inspiring. Our values are defined by our people, and they are lived out every day in our services. Being Person Centred, showing Dignity and Respect, ensuring Quality and being Caring are truly at the heart of the people who make up our workforce. Only through the combined effort of employees, casual staff, volunteers and placements can we support so many vulnerable members of society.

As of 31 March 2019, St Anne's employed 1,325 members of staff. It was with great sadness that we saw our Doncaster Supported Living and Kirklees COAST service TUPE transfer to other providers during the course of the year, changes which saw a noticeable decrease in overall headcount.

A key focus of the SMT has been to utilise the feedback and results of our staff survey, St Anne's Have Your Say, which we re-introduced in 2018 to make St Anne's a better place for everyone. This has enabled us to focus on things that matter to our people, finding ways to improve communication, taking a more holistic approach to the health and wellbeing of our workforce and ensuring the amazing work of staff teams and individuals is recognised.

We recruit for values and ensure our clients play an active role in the recruitment of staff that will be supporting them. High importance is placed on a thorough induction to St Anne's for new staff, as we look to instil our ethos and culture in people who join the organisation. We are aware that without having the right people in post, the quality of care received by the people we support will reduce. St Anne's has also intensified its focus on reducing vacancy rates throughout the organisation, as we look to reduce agency usage, and we continue to be able to attract talent to St Anne's, with 246 new colleagues joining us this year. Staff turnover has remained relatively static at an average of 19% throughout the year but is now on a downward trend along with levels of sickness and vacancy rates. The organisation has however identified that staff leaving the sector, and retention of staff within the first 2 years of employment is a challenging area that it must work to address.

We are dedicated to ensuring our workforce is well supported, well trained and has the opportunity to develop. The introduction of our new Performance Management Framework enables St Anne's to identify its high performers, and work with those that have an interest in developing their long-term career in social care. We have successfully utilised our apprenticeship levy to offer qualifications to staff at Level 3 and 5 and offer 5 staff the opportunity to complete Masters' degrees with York St John University.

Equality, diversity and inclusion in all that we do

At St Anne's, we appreciate that we are privileged to be supporting people who are very often vulnerable and marginalised from society and we understand that our support workers and nurses make a real difference to people's lives – whether we support them for one afternoon or for many years. That's why we've redoubled our commitment to delivering care that is truly person-centred, culturally informed and appropriate for the diverse communities that we serve across Yorkshire and the North East. Our plans continue to be ambitious as we strive to include our tenants and the people we support in everything that we do and to deliver care in an environment that is centred around their unique needs and identities.

Equality and Inclusion is an innate part of St Anne's and what we stand for. We are committed to being an inclusive organisation that creates a safe environment, enabling everyone to be their whole self. Just as promoting inclusion and equality of opportunity is essential to support vulnerable members of society, it is vital in allowing our people to be happy and engaged in their work. We strive to create a culture of openness, dignity and respect through our Dignity at Work and Equality and Inclusion Policies.

Our Diversity Action Group continues to thrive, encouraging colleagues from all backgrounds to champion our inclusive journey in every part of our organisation. The group has helped us to be visible and build relationships with the diverse communities that we work in. We again published our interactive annual diversity calendar, with many of the people we support leading their own multi-faith celebrations, special parties, awareness campaigns and projects to recognise Mental Health Awareness Week, the International Day of Older People, Learning Disability Week and many others.

We are immensely proud of our continual improvement in the Stonewall Equality Index, where we now rank 113 out of 445 employers, an improvement of a further 70 places from the previous year. We also ranked in the top 10 of Health and Social Care employers participating in the index. In October 2018 we held our first event celebrating Black History month and were joined by colleagues and clients throughout St Anne's. St Anne's also continued its association with Leeds Pride, marching in the parade in recognition and support of our LGBT staff and clients.

Our HR policies ensure compliance with legislation and best practice to ensure our staff can be free from discrimination, harassment and victimisation. We are Disability Confident committed and ensure our policies, procedures and practices support the employment of disabled people, making adjustments wherever necessary. The design and review of our policies includes completion of Equality Impact Assessments and our HR policies include detailed guidance on supporting people with underlying health conditions, or disabilities, and making reasonable adjustments for them. We are proud to have recommitted our efforts to quality mark the work that we're doing through our relationships with external charters.

We continue to use learning materials on equality and diversity, thereby enabling our workforce to confidently create an environment that is truly inclusive. Staff and the people we support have enjoyed learning about issues that matter, and we've been able to explore crucial topics as diverse as the people we support.

Remuneration policy

We recognise that the skills, knowledge and experience of our workforce is a huge contributor in the delivery of high-quality services and a key factor in our achievement of 95.8% 'Outstanding' or 'Good' in our registered services. In support of our objective to attract, recruit and retain quality staff, we are committed to ensuring that we pay fair and competitive salaries.

Our policy on remuneration is to ensure that St Anne's remains sustainable, whilst also offering an attractive reward package which includes both financial and non-financial benefits. The provision of our Employee Assistance Programme allows access to free counselling to maintain the wellbeing of our workforce and staff can receive recognition via our individual and team awards. Our rates of pay are informed by sector wide benchmarking through the participation in benchmarking studies and comparison to charity and social care sector data. Where possible, we look to pay above the median rate when considering rates of pay offered by our direct competitors.

We continue to take steps to ensure we can meet future National Living Wage obligations and pay regular cost of living awards following a restructure of terms and conditions. It is these changes that have enabled the organisation to agree a pay award in 2018/19 for the first time in a number of years. The Board approves decisions on pay awards after considering affordability, benchmarking and economic trends in the sector. The Board seeks to agree any changes to the pay and terms and conditions of the workforce with our recognised trade unions, Unison and the RCN. Remuneration of the executive team is determined by the Remuneration and Nominations Committee, a sub-committee of the Board. No Trustees are paid, and may only claim reasonably incurred expenses.

The organisation complies with the requirements of the Gender Pay Gap Regulations and is committed to eradicating gender inequality. In March 2019, St Anne's published its second gender pay gap report, showing a marginal 0.7% mean pay gap in favour of Male staff. We will continue to make public statements on our corporate website with the steps we are taking to ensure fair pay, remuneration and reward for all staff, regardless of gender.

Compliance with the Charity Governance Code

We believe in good governance, which has a key role in our organisation, influencing how we make decisions and facilitating the Board's role in monitoring activities and developments. Following the comprehensive review of our governance in the previous year and the adoption of new Articles of Association, we have continued to improve our governance during the current year.

Our Board committee structures have bedded-in and are proving effective. The three new Trustees appointed during the year have been appointed to appropriate committees, where they are making a significant contribution. The committees are required annually to review their performance and identify priorities for the following year. This in turn informs the annual review of the committees' terms of reference, to ensure they continue to be appropriate.

In 2017 the Board agreed to adopt the Charity Governance Code for Larger Charities to guide and support us in developing and maintaining good governance standards and practices. This Code sets out seven principles, along with key outcomes for each principle, which Boards are encouraged to meet. The principles are: leadership; integrity; decision-making, risk and control; Board effectiveness; diversity; and openness and accountability – all underpinning organisational purpose. The Code, which describes itself as 'deliberately aspirational' and 'a tool for continuous improvement' also includes a number of detailed practice recommendations.

Since adopting the Code, we have worked hard to implement its guidance and, recognising that governance is a proactive and ongoing work in progress, we continually strive to meet evolving best practice. Monitoring and reporting on compliance with the Code is part of our structured governance procedures, culminating in an annual review by the Board which considers compliance, progress and areas for future focus.

The Board believes that in all material respects St Anne's complies with the seven principles in the Code and achieves the Code's key outcomes. In the previous financial year, we identified several areas where we did not comply. We have responded to these by, for example, appointing a financially experienced Audit Committee Chair, improving our KPIs and using meeting evaluations and feedback to evaluate Board effectiveness. Work on the Client Involvement Strategy has also been developed, enabling the introduction of a revised Client Involvement Policy in January 2019. Nevertheless, the Board appreciates that further strengthening of our work will also be necessary, and has approved a plan for specific improvements. The main areas of focus in this plan relate to further development of our overarching corporate strategies strengthening and standardising our risk management approach and more robust systems for inducting Trustees and assessing Board and Trustee performance.

We remain focussed on strengthening our governance, and we anticipate reporting a further improved governance position next year.

Compliance with Regulator of Social Housing standards

Compliance with governance and financial viability standards

The Board considers that it complies with the Governance and Financial Viability Standards for registered social housing providers. Our system of internal control is designed to manage key risks and provide reasonable assurance that planned business objectives and outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the organisation's assets and interests. Our planning framework contains stress-testing of risks and assumptions to ensure objectives and viability are fully deliverable.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which are embedded within the normal management and governance process. This approach includes the regular evaluation and assessment of the nature and extent of risks to which the organisation is exposed.

The required returns, such as financial forecasts and statistical data, are submitted in an accurate and timely manner. The Board also considers that effective controls are in place to ensure security of assets, the proper use of public funds and that effective systems are in place to monitor and accurately report delivery of our plans. The risks of delivery to financial plans are identified and effectively managed.

During the year, following a review of the senior management structure, a full-time Director of Housing and Estates was appointed to ensure specialist leadership and advice to the Board on rents, Value for Money and Economic and Consumer Standards. The Chief Finance Officer monitors compliance with the Economic Standards, and the Director of Housing and Estates monitors compliance with the Consumer Standards. There is effective management and scrutiny in place including cost control and improving Value for Money, with regular reporting to the Finance and Performance Committee and the Board.

Internal controls assurance

Following a financial review during 2018/19, the Audit Committee revised the internal audit programme to ensure that greater internal audit scrutiny was given to key areas highlighted by the review. The resulting actions formed an important part of the work programme as part of our focus on risk management, governance and operational performance.

The Trustees were keen to ensure that financial procedures and controls continue to be strengthened across the organisation to increase our financial and operational resilience, and that the improvements introduced during the year had been embedded. These include:

- Introducing focussed KPIs,
- Introducing longer term financial modelling,
- Establishment of a Pensions and Investment Committee,
- Improving our risk management processes and procedures,
- Strengthening controls over our payroll and pension administration, and
- Improving our accounting processes.

St Anne's retendered its contract for internal audit services during 2018/19, leading to the appointment of a new internal auditor in September 2018. This exercise, together with a review of organisation and financial risk during 2018/19, led to the Audit Committee revising the internal audit programme to give greater internal audit scrutiny of the priority areas identified.

Given the change of internal auditor midway through the year, the Trustees' assessment of the assurance available was based on the work undertaken between April 2018 and September 2019 to allow the incoming internal auditor time to undertake a comprehensive programme of work.

Through this combined work programme, it is clear that improvements have already been made through the implementation of actions which have addressed recommendations made in previous financial years. However, the widening of the internal audit work programme's review including additional areas of focus has identified recommendations in both the operation and design of our internal controls environment.

The Trustees regard the internal controls position as satisfactory.

Statement of public benefit

The Trustees confirm that they have complied with the duty in Section 17 of the Charities Act 2011 to have regard to the Charity Commission's general guidance on public benefit, "Charities and Public Benefit".

The organisation's charitable objects are enshrined within its Articles of Association and as such the Trustees ensure that the organisation's activities are carried out for the public benefit through its strategic priorities. This report allows us to show how our charitable funds are spent and the impact that has on those using our services, as well as the wider impact on society.

Any fundraising activities we conduct are compliant with the Charity Commission guidance on fundraising.

Statement of Trustees' responsibilities

The Trustees (who are also directors for the purposes of company law) are responsible for preparing the Annual Report, which incorporates the strategic report and financial statements in accordance with the Companies Act 2006 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the organisation and of the incoming and outgoing resources and application of resources, including income and expenditure for the period.

In preparing these financial statements the Trustees are required to:

- Select suitable accounting policies and apply them consistently.
- Observe the methods and principles in the Housing Statement of Recommended Practice (SORP).
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records that can disclose with reasonable accuracy at any time the financial position of the organisation and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Trustees confirm that, insofar as they are aware:

- There is no relevant audit information of which the organisation's auditor is unaware, and
- They have taken all steps that they ought to have taken as Trustees to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

External auditors

Grant Thornton UK LLP is eligible to act as an auditor under the relevant section of the Companies Act 2006.

By order of the Board

Ian McIntosh
Chair and Trustee

6 December 2019

Independent auditor's report to the members of St Anne's Community Services

Opinion

We have audited the financial statements of St Anne's Community Services (the 'charitable company') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position, Statement of Cash Flows, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Report, set out on pages 3 to 22 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken during the course of the audit:

- the information given in the Strategic Report and the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Trustees' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of the Trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities set out on page 22, 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our Report

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

Grant Thornton UK LLP

Deborah Watson FCA BSc (Hons)
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
6 December 2019

Statement of Comprehensive Income
For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Turnover	2	44,833	44,153
Operating costs	2	(45,214)	(43,762)
		(381)	391
Impairment loss		-	(89)
Non recurring costs	25	-	(1,199)
Surplus on disposal of housing properties	5	20	-
Operating deficit	7	(361)	(897)
Interest receivable and similar income	6	24	56
Other finance interest	22	(199)	(214)
Deficit for the year		(536)	(1,055)
Other comprehensive income on defined benefit pension scheme	22	2,710	1,592
Total comprehensive income for the year		2,174	537

The organisation's results relate wholly to continuing activities.

The accompanying notes on pages 29 to 46 form part of these financial statements.

The financial statements were approved by the Board on 6 December 2019 and signed on its behalf by:

Mr I McIntosh — Chair

Miss J Riley — Vice Chair

Company Registration Number 1089026

Statement of Changes in Reserves
For the year ended 31 March 2019

	Investment revaluation reserve	Income and Expenditure Reserve	Total
	£'000	£'000	£'000
Balance as at 1 April 2017	8	5,277	5,285
Total comprehensive income	-	537	537
Balance at 31 March 2018	8	5,814	5,822
Total comprehensive income	-	2,174	2,174
Balance at 31 March 2019	8	7,988	7,996

The accompanying notes on pages 29 to 46 form part of these financial statements.

Statement of Financial Position
At 31 March 2019

	Note	2019 £'000	2018 £'000
Fixed Assets			
Housing properties	8	9,041	9,303
Other tangible fixed assets	9	4,453	4,574
Intangible fixed assets	10	125	-
Fixed asset investments	11	1,510	1,510
		15,129	15,387
Current assets			
Properties held for sale	12	678	678
Trade and other debtors	13	5,707	6,738
Investments	14	4,391	4,403
Cash and cash equivalents		5,040	4,687
		15,816	16,506
Creditors: amounts falling due within one year	15	(3,960)	(5,097)
Net current assets		11,856	11,409
Total assets less current liabilities		26,985	26,796
Creditors: amounts due after more than one year	16	(12,100)	(12,377)
Provisions for liabilities	19	(210)	(200)
Net pension liability	22	(6,679)	(8,397)
Total net assets		7,996	5,822
Reserves			
Investment revaluation reserve		8	8
Income and Expenditure reserve		7,988	5,814
Total reserves		7,996	5,822

The accompanying notes on pages 29 to 46 form part of these financial statements.

The financial statements were approved by the Board on 6 December 2019 and signed on its behalf by:

Mr I McIntosh — Chair

Miss J Riley — Vice Chair

Company registration number: 1089026

Statement of Cash Flows

For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Net cash generated / (utilised) from operating activities	17	669	(1,532)
Cash flow from investing activities			
Acquisition and construction of housing properties		(77)	-
Purchase of other tangible fixed assets		(269)	(298)
Purchase of intangible fixed assets		(125)	-
Proceeds from sale of fixed assets		119	-
Net cash used in investing activities		(352)	(298)
Cash flow from financing activities			
Interest received and similar income		24	56
Net change in cash and cash equivalents		341	(1,774)
Cash and cash equivalents and investments at beginning of the year		9,090	10,864
Cash and cash equivalents and investments at end of the year		9,431	9,090

The accompanying notes on pages 29 to 46 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Legal status

St Anne's Community Services is a registered housing provider, a charity and a company limited by guarantee. The registered office is 6 St Marks Avenue, Leeds LS2 9BN. The organisation is incorporated in England and Wales.

Basis of accounting

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS102) and the Housing SORP 2014: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015. The financial statements are presented in Sterling (£). St Anne's Community Services is a public benefit entity in accordance with FRS 102. The financial statements have been prepared on the historical costs basis except where specified in the accounting policies.

Going concern

The organisation's business activities, its current financial position and factors likely to affect its future development are set out in the Report of the Trustees (incorporating the Strategic Report). The organisation has cash and investment balances which provide adequate resources to finance the organisation's day to day operations and committed expenditure. The organisation has a plan which shows that these resources are sufficient to continue to fund operations.

Our planning processes, including financial projections, take into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. We acknowledge our pension fund obligations and have a clear strategy to manage the deficit. The Audit Committee and the Board have carefully considered the relevant conditions and performed an assessment. The Trustees have concluded, based on a review of forecasts and budgets, that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the organisation to continue as a going concern.

On this basis, the Board has a reasonable expectation that the organisation has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the financial statements are signed. For this reason, the organisation continues to adopt the going concern basis in the financial statements.

Significant judgements and estimates

The preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Judgements

Revenue recognition on grant income – many of the contacts are long term contracts and some of these are funded by way of grant income. Typically grant income is received in line with the costs incurred on the contract. However, there are some exceptions, mostly historic, where deferred revenue for grant income has been held on the balance sheet to reflect the risk that repayments may be required for excess grant income received and/or there may be recovery through future changes in grant rates and/or to act as a contingency for unexpected one-off contract costs. There is judgement in assessing how much deferred income is required for grants at year-end. The deferred revenue from grant income in the balance sheet at 31 March 2019 was £429,000 (2018: £1,274,000) and the amount released to the income and expenditure account in the year was £845,000 (2018: £200,000).

Contingent liability – as at the date of this annual report, we are waiting on clarification on the law on the application of average national minimum/living wage (NMW/NLW) to non-contractual sleep-in hours for our support workers. See note 20. Due to the uncertainty over the final outcome of the ongoing legal proceedings and limitations over the ability to assess and reliably measure the value of potential liabilities, the Trustees do not consider that the criteria for making a provision have been met.

Estimates

Useful economic lives of depreciable assets – management reviews its estimate of the useful economic lives of depreciable assets at each reporting date based on the expected use of the assets. Uncertainties in these estimates primarily relate to changes in improvement programmes for components and the decent home standards, which may require more frequent replacement of key components. Accumulated depreciation at 31 March 2019 was £12,482,000.

Defined benefit obligation – management's estimate of the defined benefit pension valuation is based on several critical underlying assumptions such as the standard rate of inflation, mortality, discount rate and anticipation of future salary increases. Variations in these assumptions may significantly impact on the valuation of the defined benefit obligation and the annual defined benefit expenses (as analysed in note 22). The defined benefit pension liability at 31 March 2019 was £6,679,000.

Basis of consolidation

The organisation has taken advantage of the exemption from preparing group financial statements contained in Section 402 of the Companies Act 2006 on the grounds that its subsidiary undertaking is immaterial to the Group under section 405(2) of the Act. Details of the subsidiary undertaking are set out in note 11.

Turnover and revenue recognition

Turnover comprises rental income receivable, fees and grants from central and local government and the proceeds of fundraising activities. Revenue grants are recognised as income when the conditions for receipt of grant funding have been met and/or they no longer meet the criteria to allow them to be retained on the balance sheet. Rental income is recognised when properties become available for letting, net of any voids. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with administering authorities.

Other tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged by equal annual instalments over the expected useful lives of the assets. The useful economic lives applied are as follows:

Improvements to leasehold premises	Period of lease
Furniture, fixtures and fittings	2 years
Computer equipment	3 years
Motor vehicles	4 years
Office and workshop equipment	5 years

Housing Properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings and development costs.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Depreciation of Housing Properties

The organisation separately identifies the major components which comprise its properties held for social housing and non -social housing lettings and charges depreciation, so as to write down the cost of each component to its estimated realisable value, on a straight-line basis, over its estimated useful economic life.

The organisation depreciates the major components of its properties held for social and non-social housing lettings using the following useful lives:

Structure	75 years
Roof	50 years
Electrics	40 years
Heating, ventilation and plumbing	30 years
Windows	30 years
Boilers, kitchens & bathrooms	15 years

Intangible Fixed Assets: Software Development Costs

St Anne's is implementing new operating software which is used to support the organisation's activities and as a management tool for monitoring and evaluating performance. Design and content development costs are capitalised to the extent that they deliver demonstrable benefits to the Organisation and are amortised over five years.

Government Grants

Government grants include grants receivable from Homes England, local authorities, and other government organisations. Government grants received for housing properties are recognised in income over 50 years under the accruals model.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once reasonable assurance has been gained that the organisation will comply with the conditions and that the funds will be received. Grants due from government organisations or received in advance are included as current assets or liabilities.

Other Grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the organisation is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Impairment

Annually housing properties are assessed for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the scheme's carrying amount to its recoverable amount. Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure. Where a scheme is currently deemed not to be providing service potential to the organisation, its recoverable amount is its fair value less costs to sell.

Investments

Non-quoted investments are accounted for on a historical cost basis less any provision for impairment. Quoted investments are accounted for at market value at the balance sheet date. Any upward movement in valuation is taken to the investment revaluation reserve and shown in the statement of Comprehensive Income except to the extent that an upward revaluation is in respect of a previous reduction charged as impairment to the Income and Expenditure account. In this event the upward revaluation is credited to the Income and Expenditure account to the extent of the previously impaired value. Any reduction in investments value is charged to the investment reserve and shown in the statement of total recognised surpluses and deficits, to the extent that there has been a previous upward valuation. Any excess reduction in market value over previous upward valuations is charged to the income and expenditure account.

Financial Instruments

Basic and non-basic financial instruments (as defined in Section 11 of FRS102) are shown at market value (for quoted investments) or at transaction value less any provision for impairment. The organisation has not adopted hedge accounting for any financial instruments.

Allocation of head office expenses

Head office salaries and overhead expenses are charged to the various housing and non-housing activities of the organisation on the basis of direct staff costs.

General Charity Fund

The General Charity Fund has been created from donations and the proceeds of fundraising activities and is available to meet expenditure within the organisation's objectives for which no other finance is available. The Fund is included within Income and Expenditure Reserves in the Statement of Financial Position.

Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the organisation. All other leases are classified as operating leases. All assets leased are regarded as operating leases. Rentals payable under operating leases are charged to income and expenditure on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

Debtors

Short-term debtors are measured at transaction price, less any impairment. Where deferral of payment terms has been agreed at below market rate, and where material, the balance is shown at the present value, discounted at a market rate.

Cash and Cash equivalents

Cash is represented by cash in hand and deposits within financial institutions.

Creditors

Short-term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Provision for liabilities

Provisions are recognised when the organisation has an obligation as a result of a past event. The organisation recognises a provision for future losses on contracts entered into before the year end. The amount recognised as a provision is the best estimate of the expected losses over the remaining term of these contracts.

Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred. The organisation recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period absence.

Pensions

The organisation participates in two funded multi-employer defined benefit schemes, the National Health Service Pension Scheme and the West Yorkshire Pension Fund. For the National Health Service Pension, it has not been possible to identify the share of underlying assets and liabilities belonging to individual participating employers. The income and expenditure charge represents the employer contribution payable to the scheme for the accounting period. The NHS Pension is in respect of those specific employees who have transferred their employment into the organisation via a TUPE agreement agreed with commissioners in relation to specific contractual and legal agreements.

For the West Yorkshire Pension Fund, scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the statement of financial position. A net surplus is recognised only to the extent that it is recoverable by the organisation through reduced contributions or through refunds from the plan. The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income.

The government introduced auto enrolment pension schemes when employers were phasing out their provision of pension schemes for employees due to cost. The auto enrolment scheme allows eligible employees access to a pension scheme that is contributed to by their employer as well as themselves. Scottish Widows is the auto enrolment pension scheme for the organisation's contracted staff with The People's Pension chosen as the provider for our non-contracted (casual) staff. Eligibility to be automatically enrolled on the Scottish Widows scheme is that the member of staff must be over 21 years old but under state pension age and earn over £10,000 per annum. Contributions to the scheme are four per cent from St Anne's and four per cent from the employee. Eligible staff will automatically be enrolled but will then have the option to opt out. Any employee that exercises their option to opt out of the scheme will be automatically re-enrolled every three years (as part of the tri-annual assessment) if they are eligible, to allow them the opportunity to become a member of a pension scheme and make a provision for their retirement. They will be given the option to opt out each time.

Supported housing managed by agencies

Social housing capital grants are claimed by the organisation as developer and owner of the property and included in the balance sheet of the organisation as appropriate.

The treatment of other income and expenditure in respect of supported housing projects depends on the nature of the partnership arrangements between the organisation and its managing agents and on whether the organisation carries the financial risk.

Where the organisation holds the support contract with the Supporting People Administering Authority and carries the financial risk, the entire project's income and expenditure is included in the organisation's income and expenditure account (see note 2).

Where the organisation holds the support contract with the Supporting People Administering Authority and carries the financial risk, the income and expenditure account include only that income and expenditure which relates solely to the organisation. Other income and expenditure of projects in this category is excluded from the organisation's income and expenditure account (see note 2).

2. TURNOVER, OPERATING COSTS AND OPERATING (DEFICIT) / SURPLUS

	Turnover £'000	2019 Operating costs £'000	Operating (deficit) £'000
Social housing lettings	12,767	(11,411)	1,356
Other social housing activities:			
St Anne's Centre	194	(241)	(47)
Respite Services	2,623	(2,952)	(329)
Tenancy support - Supporting People	913	(838)	75
Tenancy support - Other funding	18,314	(18,994)	(680)
Funded projects	1,301	(1,828)	(527)
Fundraising & Publicity	19	(34)	(15)
Other	1,117	(1,229)	(112)
	24,481	(26,116)	(1,635)
Non-social housing activities			
Lettings	7,178	(7,340)	(162)
Other	407	(347)	60
	7,585	(7,687)	(102)
Total	44,833	(45,214)	(381)

	Turnover £'000	2018 Operating costs £'000	Operating surplus £'000
Social housing lettings	11,801	(10,951)	850
Other social housing activities:			
St Anne's Centre	250	(218)	32
Respite Services	2,598	(2,827)	(229)
Tenancy support - Supporting People	1,881	(1,687)	194
Tenancy support - Other funding	17,855	(17,949)	(94)
Funded projects	1,400	(1,616)	(216)
Fundraising & Publicity	16	(98)	(82)
Other	313	(822)	(509)
	24,313	(25,217)	(904)
Non-social housing activities			
Lettings	7,694	(7,168)	526
Other	345	(426)	(81)
	8,039	(7,594)	445
Total	44,153	(43,762)	391

2. TURNOVER OPERATING COSTS AND OPERATING (DEFICIT) / SURPLUS (continued)

PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	Hostels & Supported Housing £'000	Residential Care Homes £'000	2019 Total £'000	2018 Total £'000
Turnover from social housing lettings				
Rent receivable net of identifiable service charges	1,943	5,777	7,720	6,626
Service income	2,501	-	2,501	2,338
Charges for Support Services	690	-	690	677
Net rental income	5,134	5,777	10,911	9,641
Revenue grants	188	984	1,172	1,213
Other income	389	111	500	763
Amortisation of government grants	129	55	184	184
Turnover from social housing lettings	5,840	6,927	12,767	11,801
Expenditure on social housing lettings				
Management and care	2,337	3,646	5,983	5,561
Services	1,785	3,025	4,810	4,958
Routine maintenance	385	201	586	484
Bad debts	29	3	32	(52)
Operating costs on social housing lettings	4,536	6,875	11,411	10,951
Operating surplus on social housing lettings	1,304	52	1,356	850
Void losses	333	291	624	568

ACCOMMODATION IN MANAGEMENT AND DEVELOPMENT

At the end of the year accommodation in management was as follows:

	2019 No.	2018 No.
Social housing		
Supported housing and hostels	308	272
Residential care homes	130	142
Total owned	**438**	**414**
Accommodation managed for others	61	67
Total managed	**499**	**481**
Non-social housing		
Registered nursing homes	90	97
Total owned	**90**	**97**
Accommodation managed for others	5	5
Total managed	**95**	**102**

2. TURNOVER OPERATING COSTS AND OPERATING (DEFICIT) / SURPLUS (continued)

2(a) FUNDRAISING AND PUBLICITY

	2019 £'000	2018 £'000
Gifts and donations received	19	16
Direct charitable expenditure	(20)	(26)
Transfer from general charity fund	(1)	(10)
Fund raising and publicity costs	1	10

3. KEY MANAGEMENT PERSONNEL

Key management personnel comprise the members of the Board, the Chief Executive and other members of the Senior Management Team. No emoluments were paid to members of the Board during the year.

	2019 £'000	2018 £'000
Emoluments of the Organisation's key management personnel: (salary, pension contributions, employer's National Insurance and benefits in kind)	688	630
Emoluments of the highest paid employee (salary, pension contributions, employer's National Insurance and benefits in kind)	146	158

During the year, the aggregate compensation for loss of office of key management personnel was £nil (2018: £nil)

The full time equivalent number of Directors and Senior Management Team members who received emoluments (salary, pension contributions and benefits in kind, excluding employers' National Insurance contributions):

	2019 No.	2018 No.
£20,001 - £30,000	3	-
£30,001 - £40,000	1	1
£40,001 - £50,000	-	1
£60,001 - £70,000	-	1
£70,001 - £80,000	-	1
£80,001 - £90,000	2	1
£90,001 - £100,000	1	-
£110,001 - £120,000	-	1
£120,001 - £130,000	2	-
£150,001 - £160,000	-	1

The full-time Chief Executive and four other Key Management Personnel were ordinary members of one of the organisation's pension schemes. No enhanced or special terms applied and there were no individual arrangements to which contributions are made.

The highest paid director in the year was the full-time Chief Executive.

The numbers above include elements of pay that were not received by Key Management Personnel such as N.I costs of £55,259.

The above emoluments include £29,434 inclusive of VAT was paid to a consultant for the services of an Interim Chief Executive and £24,080 inclusive of VAT to a consultant for the services of an Interim Chief Finance Officer, both effective from February 2019 as mentioned on Page 3. A full-time consultant for part of the year was paid £85,931 exclusive of VAT for the services of an Interim Property Director.

	2019 £	2018 £
Total expenses* reimbursed to the directors of the organisation	13,413	9,702

* *The Trustees (all of whom are directors) receive only essential expenses.*

4. EMPLOYMENT INFORMATION

Average monthly number of employees expressed in full time equivalent of 35 hours:

	2019 No.	2018 No.
Finance and administration staff	68	49
Maintenance and development staff	6	7
Care staff	1,258	1,322
	1,332	1,378

Employee costs:

	2019 £'000	2018 £'000
Staff costs (for the above persons)		
Wages and salaries	32,214	33,275
Social security costs	2,406	2,454
Other pension costs	2,383	2,452
	37,003	38,181

Agency staff costs are included within employee costs. Agency Costs in the year were £2,380,580 (2018: £2,509,000). Staff costs in 2018 include a one-off payment for changes to the pay terms and conditions for staff which has reduced the cost of sickness and the use of agency staff. To facilitate this contractual change, the Board agree to pay staff a one-off non-pensionable lump sum dependent on the length of service of each member of staff. The buy-out lump sum staff costs were wages and salaries of £1,053,596 and social security costs of £145,396. This is included with non-recurring costs within the Statement of Comprehensive Income and Expenditure.

5. SURPLUS ON DISPOSAL OF HOUSING PROPERTIES

	2019 £'000	2018 £'000
Disposal proceeds	119	-
Carrying value of asset	(99)	-
	20	-

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £'000	2018 £'000
Release of provision made to reduce bank deposit	3	14
Bank and building society interest receivable	21	42
	24	56

7. OPERATING (DEFICIT) / SURPLUS

Operating (deficit) / surplus is arrived at after charging:

	2019 £'000	2018 £'000
Depreciation of freehold housing property	240	272
Depreciation of other tangible fixed assets	390	431
Impairment of housing property	-	89
Exceptional costs	-	1,199
Auditors' remuneration (excluding VAT):		
- Fees payable for the financial statement audit	28	19
- Fees for other audit services: audit of subsidiary accounts	2	2
Total audit services	30	21
- Tax compliance services	1	1
- Total non-audit services	1	1
Operating leases		
- Land & buildings	86	70
- Other	406	307

8. TANGIBLE FIXED ASSETS – Housing Properties

	Freehold housing property £'000
Cost	
1 April 2018	15,064
Additions to existing properties	77
Disposals	(171)
31 March 2019	14,970
Depreciation and Impairment	
1 April 2018	5,761
Depreciation charge for the year	240
Disposals	(72)
31 March 2019	5,929
Net book value at 31 March 2019	9,041
Net book value at 31 March 2018	9,303

The cost of freehold property at 31 March 2019 includes interest capitalised of £270,000 (2018: £270,000).

	2019 £'000	2018 £'000
Expenditure on works to existing properties:		
Improvement works capitalised	77	-
Amount charged to income and expenditure account	136	187
	213	187

8. TANGIBLE FIXED ASSETS – Housing Properties (continued)

Social housing assistance

	2019 £'000	2018 £'000
Total accumulated Social Housing Grant and other grants:		
Capital grant received and released to Statement of Comprehensive Income	8,670	8,393
Capital grant received and shown in Statement of Financial Position	12,379	12,656
	21,049	21,049

Impairment

The organisation considers individual schemes to be separate Cash Generating Units (CGU's) when assessing for impairment, in accordance with the requirements of FRS102 and SORP 2014. An impairment charge of £nil has been identified in the current year (2018: £89k).

9. TANGIBLE FIXED ASSETS – Other fixed assets

	Other freehold properties £'000	Additions to leasehold premises £'000	Office and workshop equipment £'000	Furniture fixtures and fittings £'000	Motor Vehicle £'000	Total £'000
Cost						
1 April 2018	6,482	33	794	2,901	-	10,210
Additions	10	-	75	180	4	269
31 March 2019	6,492	33	869	3,081	4	10,479
Depreciation						
1 April 2018	2,331	33	658	2,614	-	5,636
Charge for the year	101	-	96	192	1	390
31 March 2019	2,432	33	754	2,806	1	6,026
Net book value						
31 March 2019	4,060	-	115	275	3	4,453
31 March 2018	4,151	-	136	287	-	4,574

10. INTANGIBLE FIXED ASSETS

As part of the upgrade of the finance system and new purchase ordering system, costs attributable to bringing the asset into existence have been capitalised. At 31 March 2019 costs of £125k (2018: £nil) are held in work in progress with no amortisation charged in the year.

11. FIXED ASSET INVESTMENTS

Total fixed asset investments comprise:

	2019 £'000	2018 £'000
Interest in subsidiary	-	-
Investment Fund Plans, at valuation	1,510	1,510
Net book value at 31 March 2019	1,510	1,510

The historical cost of fixed asset investments is £1,500,000 (2018: £1,500,000).

Investment Fund Plans

	£'000
Market value at 1 April 2018	1,510
Disposals	-
Additions	-
Market value at 31 March 2019	1,510

As at 31 March 2019 and during the financial year preceding 31 March 2019, the organisation held legal ownership of one of the two £1 ordinary shares issued by St Anne's Trading Limited, a company registered in England and Wales. The remaining share was held by an individual with the interest in the share being held on bare trust for St Anne's Community Services. On the basis of the bare trust arrangement, it is considered that St Anne's Trading Limited was effectively wholly owned by St Anne's Community Services. On 24th November 2019, the ownership of this remaining share was transferred to St Anne's Community Services. The financial results for St Anne's Trading Limited are not consolidated on the basis that the impact on the financial statements for St Anne's Community Services would be immaterial. The results of St Anne's Trading Limited are presented and audited in their own financial statements.

At 31 March 2019, St Anne's Trading Limited was owed £75,000 by St Anne's Community Services. In the year ended 31 March 2019, St Anne's Community Services paid total costs of £68,000 on behalf of St Anne's Trading Ltd (2018: £74,000).

12. PROPERTIES HELD FOR SALE

	2019 £'000	2018 £'000
Net book value at 1 April	678	-
Transfer from Tangible Fixed Assets – Housing Properties	-	678
Net book value at 31 March	**678**	**678**

This asset is currently being sold following the decision by Leeds City Council to decommission the service provided from this building. It is expected that the sale proceeds will be in excess of the net book value.

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Arrears of rent	686	743
Less: Provision for bad and doubtful debts	(113)	(39)
	573	704
Invoiced debtors (net of provision)	3,174	3,875
Other debtors	187	92
Prepayments and accrued income	1,771	2,065
Amounts owed by subsidiary company	2	2
	5,707	6,738

The total value of debtors on payment plans is not considered to be material and therefore discounting has not been applied. At 31 March 2009, a deposit of £1,092,198 with Kaupthing Singer & Friedlander Limited a bank in administration was written down to its then estimated realisable value of £529,000. During the ten years ended 31 March 2019 £937,000 was repaid. The latest administrators report dated March 2019 states that it is the administrator's current intention to declare and pay a dividend and an update on the timing and quantum of the dividend will be provided on the Kaupthing Singer & Friedlander Limited website during first half of 2019/2020 financial year. This has not been recognised as a year-end debtor due to the level of uncertainty surrounding the receipt of any future dividends.

14. CURRENT ASSET INVESTMENTS

	2019 £'000	2018 £'000
Money market deposits	4,391	4,403

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Social housing allowances	-	6
Trade creditors	594	693
Capital expenditure on housing properties	-	11
Pension contributions	261	146
Other creditors	1,065	1,151
Deferred income - revenue grant	429	1,274
Accruals and deferred income	868	1,053
Other taxation and social security	463	483
Deferred capital grant income	280	280
	3,960	5,097

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £'000	2018 £'000
Other loan	1	1
Deferred capital grant income	12,099	12,376
	12,100	12,377

The loan is repayable at varying rates of interest by instalments over more than 5 years and is secured by a special charge on a housing property.

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

Deferred Capital Grant Income:	£'000
As at 1 April 2018	12,656
Released to income	(277)
As at 31 March 2019	12,379
Released in one year	280
Released in more than one year	12,099
	12,379

17. NET CASH GENERATED FROM OPERATING ACTIVITIES

	2019 £'000	2018 £'000
Deficit for the year	(536)	(1,055)
Interest receivable	(24)	(56)
Interest payable	199	214
Depreciation	630	703
Impairment	-	89
Increase in provisions	10	200
Surplus on disposal of fixed assets	(20)	-
Amortisation of grants	(277)	(280)
Decrease / (increase) in debtors	1,031	(1,737)
Increase / (decrease) in creditors	(1,137)	(426)
FRS102 Pension Adjustment	793	816
	669	(1,532)

18. CAPITAL COMMITMENTS

There were no capital commitments at 31 March 2019 (2018: nil).

19. PROVISION

At 31 March 2019, following a review by Management, and in accordance with Accounting Standards, there was a provision of £210,000 (2018: £nil) in respect of loss-making contracts.

At 31 March 2019, there was a provision of £nil (2018: £200,000) in respect of furniture and equipment in tenancies that are funded by Housing Benefit. This provision was released during 2018/19.

20. CONTINGENT LIABILITIES

National living wage and sleep-ins

As at the date of this annual report, we are waiting on clarification on the law on the application of average national minimum/living wage (NMW/NLW) to non-contractual sleep-in hours for our support workers. An appeal in the case concerned is due to be heard in the Supreme Court in February 2020. Although the organisation has ensured that payments since 2014 meet the latest case law interpretation of NMW/NLW requirements, the current legal proceedings concern a potential liability for historic payments between 2012 to 2014. This could involve over 500 staff over a two-year period.

Due to the uncertainty over the final outcome of the ongoing legal proceedings and limitations over the ability to assess and reliably measure the value of potential liabilities, the Trustees do not consider that the regulatory criteria for making a provision has been met. However, in order to provide stakeholders with guidance around the potential impact, a contingent liability of between £0.2 million and £0.4 million is noted. At the date of signing the financial statements, this is the best estimate of the potential liability, based on the available governmental guidance regarding both the value and inclusion of elements within the liability calculation and reasonable assumptions concerning how claims for back pay may be determined.

21. LEASING COMMITMENTS

The future minimum lease payments to be made by the organisation are as follows:

	2019		2018	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Leases expiring:				
In one year or less	65	17	64	193
Between one and five years	21	389	15	279
	86	406	79	472

22. PENSIONS

The organisation utilises two pension schemes – Scottish Widows and the West Yorkshire Pension Fund. The West Yorkshire Pension Fund is a defined benefit scheme. Membership of the West Yorkshire Pension Fund was closed to new employees with effect from 31 March 2012. We have a number of TUPE staff who are members of the National Health Service Pension Scheme.

National Health Service Pension Scheme

The National Health Service (NHS) Pension Scheme is a multi-employer defined benefit scheme. The scheme is unfunded. It is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers and, due to the nature of the scheme, the income and expenditure account charge for the period under FRS102 represents the employer contribution payable.

Employer contributions were made at the rate of 14.38% during the accounting period. Payments to the scheme in the period amounted to £26,356 (2018: £275,539). Members' contributions are banded according to earnings. The scheme is subject to full valuations every four years (previously every five years). The last valuation took place as at 31 March 2017. Between valuations, the Government Actuary provides an update of the scheme liabilities on an annual basis. The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published every October. These accounts can be viewed on the NHS Pension Agency website at www.nhspa.gov.uk.

The People's Pension auto enrolment pension scheme

Contributions were made at 1% during 2018/19. The total payments to The People's Pension auto enrolment pension scheme during the period were £15,662 (2018: £7,315).

Scottish Widow auto enrolment pension scheme

Contributions were made at 4% and 7% (7% for members of the Scottish Widow Group Personal Pension that preceded the auto enrolment scheme). The total payments to the Scottish Widow auto enrolment pension scheme during the period were £632,267 (2018: 625,550).

West Yorkshire Pension Fund

The West Yorkshire Pension Fund (WYPF) is a multi-employer scheme with more than one participating employer, which is administered by the City of Bradford Metropolitan District Council under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme. Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit credit method. The most recent formal actuarial valuation was completed as at 31 March 2016 and rolled forward to 31 March 2018, by a qualified independent actuary.

22. PENSIONS (continued)

The market value of the scheme's assets at 31 March	
Implied price inflation	
Retail Prices Index (RPI)	3.3%
Consumer Prices Index (CPI)	2.4%
In service discount rate	
Admission bodies	5.2%
Left service discount rate	
Admission bodies	3.6%
Rate of pay increases	3.9%
Rate of pension increases	
Benefits in excess of GMPs	2.4%
Post 5 April 1988 GMPs	2.0%

Contributions

The employers' regular contributions to the WYPF by St Anne's for the year ended 31 March 2019 at 24.8% of pensionable pay were £1,514,650 (2018: £1,476,044). The employers' contribution rate has been fixed at 26.8% of pensionable pay for the year ending 31 March 2020. Employees' contribution rates have been fixed at rates between 5.5% and 8.5% dependant on salary levels. The employers' regular contributions to the Fund for the accounting period ending 31 March 2020 are estimated to be £1,910,000.

As the scheme is closed to new members, under the projected unit method of valuation, the current service cost will increase as the members of the scheme approach retirement.

Assumptions

The major assumptions used by the actuary in assessing scheme liabilities on an FRS 102 basis were:

	31 March 2019 % per annum	31 March 2018 % per annum	31 March 2017 % per annum	31 March 2016 % per annum
Rate of increase in salaries	2.0	1.6	2.6	3.3
Rate of increase in pensions in payment	2.1	2.1	2.0	1.8
Discount rate	2.5	2.6	2.6	3.5
Inflation assumption - RPI	3.2	3.2	3.1	2.9
Inflation assumption - CPI	2.1	2.1	2.0	1.8

St Anne's Community Services employed a building block approach in determining the rate of return on Fund assets. Historical markets were studied and assets with higher volatility were assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class for the years ended 31 March 2015 to 31 March 2019 is set out within this note. The overall expected rate of return on assets was then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 March 2019.

22. PENSIONS (continued)

Mortality assumptions

The post retirement mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements. The sample life expectancies at age 65 resulting from these mortality assumptions are:

	2019 % per annum	2018 % per annum
Retiring today:		
Males	22.2	22.1
Females	25.1	25.3
Retiring in 20 years:		
Males	21.2	23.1
Females	24.3	27.1

Amounts recognised in the Statement of financial position

	2019 £'000	2018 £'000
Present value of funded obligations	(94,144)	(91,176)
Fair value of plan assets	87,465	82,779
Net pension liability	(6,679)	(8,397)

Amounts recognised in surplus or deficit

	2019 £'000	2018 £'000
Current service cost	1,983	2,288
Past service cost	299	-
Amounts charged to operating costs	2,282	2,288
Interest on net defined benefit liability	199	214
Amounts charged to other finance costs	199	214

Amounts recognised in other comprehensive income

	2019 £'000	2018 £'000
Actuarial (losses)/gains on liabilities	(197)	1,006
Actuarial gain on assets	2,907	586
Net amount recognised in other comprehensive income	2,710	1,592

22. PENSIONS (continued)

Changes in present value of defined benefit obligations:

	2019 £'000	2018 £'000
Opening defined benefit obligation	91,176	89,156
Current service cost	1,983	2,288
Past service cost	299	-
Interest cost	2,347	2,298
Actuarial losses/(gains) on liabilities	197	(1,006)
Benefits/transfers paid	(2,214)	(1,963)
Member contributions	356	403
Closing defined benefit obligation	94,144	91,176

Reconciliation of opening and closing balances of the fair value of scheme assets:

	2019 £'000	2018 £'000
Opening fair value of assets	82,779	80,197
Interest income on scheme assets	2,148	2,084
Actuarial gains on assets	2,907	586
Contributions by employer	1,489	1,472
Member contributions	356	403
Net benefits paid	(2,214)	(1,963)
Closing defined benefit obligation	87,465	82,779

Major categories of plan assets as a percentage of total plan assets:

	2019	2018
Equities	74.0%	77.3%
Bonds	15.2%	13.1%
Property	4.7%	4.5%
Cash /liquidity	2.3%	1.8%
Other	3.8%	3.3%
	100.0%	100.0%

	2019 £'000	2018 £'000
Actual return on plan assets	5.055	2,670

Admission Agreement for admission to West Yorkshire Pension Fund

In connection with a contract between City of Bradford Metropolitan Council and the organisation, an agreement for admission to a new section of WYPF was entered into with effect from 20 December 2011. The agreement is specific to eligible staff transferred to St Anne's by virtue of the contract and will terminate on the expiry or earlier termination of the contract. This section of the WYPF was fully funded at the start of the agreement. Subject to the organisation complying with specific clauses in the agreement, any deficit relating to this section of the fund will be subsumed by the council. Following the scheme valuation as at 31 March 2013, employer contributions of £46,937 were required for the year ending 31 March 2018.

22. PENSIONS (continued)

Due to the subsumption arrangements in place, assets and liabilities relating to this section of the WYPF have not been included in the organisation's balance sheet.

The McCloud judgement

In December 2018, the Court of Appeal ruled that the transitional protection offered to some members of public sector pension schemes as part of reforms to those schemes amounted to unlawful discrimination, as a result an allowance should be made for the McCloud Judgement in accounts, however the allowance is highly dependent on the salary increase assumption. As the assumed rate of CPI for St Anne's salary increases is less than CPI, McCloud will not have an impact and no allowance is therefore included in these financial statements.

23. RELATED PARTY TRANSACTIONS

The organisation paid £68,000 (2018: £74,000) on behalf of St Anne's Trading Ltd (see note 11). There were no other related party transactions in the year (2018: £nil).

24. CATEGORIES OF FINANCIAL ASSETS AND LIABILITES

	2019 £'000	2018 £'000
Financial Assets at amortised cost		
Rent and Service Charges receivable	573	704
Invoiced Debtors	3,174	3,875
Other Debtors	187	92
Accrued Income	1,773	1,681
	5,707	6,352
Financial Liabilities at amortised cost		
Trade Creditors	594	693
Other Creditors	1,065	819
Deferred income – revenue grant	429	1,274
Accruals and deferred income	1,148	835
Other taxation and social security	463	483
Pension Contributions	261	146
	3,960	4,250

25. NON-RECURRING COSTS

2018:

This exceptional cost relates specifically to the cost of a negotiated buy-out of a contractual change of conditions on sick pay. The change was agreed with staff and their trade union representatives and agreed by the Board in accordance with an approved business case. The terms of the buy-out were negotiated with staff and their trade union representatives.

Following benchmarking and a review of sick pay costs for our sector, the Board supported the negotiation of new terms and conditions which reduced the level of sick pay cover. The buy-out costs are shown separately in the accounts and amount to £1.2 million. The payment is non-pensionable with individual permanent members of staff receiving a one-off payment dependent on their length of service. The objective of the buy-out was to reduce the level of sick-pay and the cost of agency cover. The objectives of the business case proved to be successful during 2017/18 and this will help the organisation remain competitive in a sector which continues to face ongoing financial challenges both in terms of costs and also funding.