

COMPANY NO: 1089026
CHARITY NO: 502224
HCA NO: H3158

St Anne's Community Services

Report and financial statements

Year ended 31 March 2018



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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 2018. 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 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 Homes England (previously the Homes and Communities Agency). Details of Trustees and the Senior Management Team, and other corporate information, are set out below:

Board of Trustees as at 31 March 2018

Mr T Moran (Chairman)
Mr I McIntosh (Vice-Chair)
Mr P Brown
Mr S Durham
Ms R Farren
Mrs S Frier (resigned 20 December 2017)
Ms C Outram (resigned 29 November 2017)
Ms L Smith (resigned 29 November 2017)
Mr J Tait (resigned 27 September 2017)
Mr K Beckett (appointed 26 July 2017)
Mr J Dunmore (appointed 31 January 2018)
Mr P Roberts (appointed 28 February 2018)
Mr M Westwood (appointed 26 July 2017)

Senior Management Team as at 31 March 2018

Chief Executive	Mr D Bray
Director of Operations, Quality and Safety and Deputy Chief Executive	Ms S Maguire
Chief Finance Officer	Mrs H Simpson
Director of Human Resources	Mr A Mason
Interim Director of Housing and Estates	Ms A Raftery
Company Secretary	Mr J Baczkowski (resigned 20 December 2017) Ms P Hudson (appointed 20 December 2017)

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

Homes England Number:

H3158

External Auditors:

Grant Thornton UK LLP
No1 Whitehall Riverside
Leeds
LS1 4BN

ST ANNE'S COMMUNITY SERVICES
Trustees Report

Bankers:

Unity Trust Bank plc
Nine Brindley Place
Birmingham
B1 2HB

Solicitors:

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Toronto Square - 7th Floor
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LS1 2HJ

Walker Morris LLP
12, King Street,
Leeds
LS1 2HL

DAC Beachcroft LLP
23, Park Square South
Leeds
LS1 2ND

Browne-Jacobsen
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

REPORT OF THE CHIEF EXECUTIVE

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.

During 2017/18, due to the hard work and efforts of the staff and trustees, St Anne's has made great progress. In fact, by focusing on areas like agency costs, sickness and voids we have not only saved money but have also improved care as most of the people we support prefer consistency of staff.

We very much appreciated the staff working with the Senior Management Team to agree new terms and conditions to ensure the future viability of St Anne's.

We do genuinely believe that our staff are our greatest asset. I am really pleased that we can utilise funding from our apprenticeship levy to help staff to take a degree. I am also proud of the fact that an organisation like St Anne's has been referenced as 'demonstrating good practice in the end of life care strategy for people with learning disabilities for the NHS'; I think this is an amazing achievement.

I continue to be impressed by the high quality of our services and the overall levels of our CQC scores. The people we support will always be our highest priority and the reports from CQC demonstrate this. I am particularly proud of the recent 'Outstanding' scores received by the North Tyneside services in the caring domain of their inspection. It was a glowing report and one which reflects positively on all of us at St Anne's and demonstrates the values we hold. This adds to the two previous 'Outstanding' elements we have received in recent inspections and shows the progress we continue to make as an organisation.

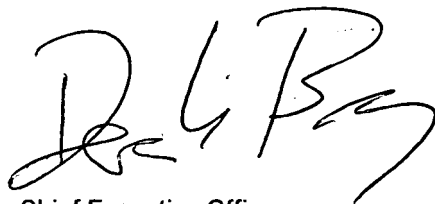
Our improved financial performance during 2017/18 led to some positive results. This performance enabled us to make a pay award in 2017/18 and we are now in discussions with the Board and our trade union colleagues about the possibility of pay awards for 2018/19. However, we also feel there is still a lot of work to be done to ensure the organisation can meet the financial challenges of the year to come such as increases in the National Living Wage and changes to employer pension contributions. A new savings programme has been agreed with directors to ensure we continue to reduce costs in the areas we can, such as agency costs and non-pay costs, allowing us to reinvest in the people we support, our services, our infrastructure and our people.

In the next year, I hope that we can work with our staff to develop our strategy, roll out an automatic rostering system, see more CQC-registered services move from 'Good' to 'Outstanding' and improve on our already good client/carer involvement.

As I am writing this piece we have several members of staff nominated for awards at both a local and regional level. We are also investing in an IT system developed by two staff in Leeds which, when fully rolled out, will allow for real time updating of records and relieve staff from having to carry files with them on visits.

Before I conclude, I would like to thank the trustees for the time, effort and energy they put into St Anne's. They do this at some risk as the role carries great responsibility and is unpaid. However, without them, St Anne's would not be in the strong position it now finds itself in. In particular, my thanks go to the current chair, Terry Moran, for his leadership during some challenging times and for all he has done for St Anne's over the last 12 years.

In conclusion I would like to thank staff and trustees for a successful year and I look forward optimistically to the next year being even more successful.



Derek Bray

Chief Executive Officer

12 September 2018

STRATEGIC REPORT

Our strategic objectives

Alongside our work on the mission and values during 2017 we also consulted with staff on a review of our core principles and strategic aims to make sure they reflect what matters most to the people we support and those who work with them. We made the decision to streamline them into one set of strategic objectives which would be more understandable and cohesive and better aligned with our values. As a result (and following a consultation with staff and people we support) we agreed the following strategic objectives at the beginning of 2018:

- 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 mission, 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 2017/18 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. While our achievements can be grouped under a number of different areas, all are ultimately intended to improve the lives of the people we support.

Making good use of technology

Modern information technology is a great enabler of improved communication. It can increase the independence and control that the people we support have over their own lives as well as maximising workplace efficiency. A priority for us during 2017/18 was to take full advantage of the benefits of such technology, helping us to improve the way our staff work and enabling us to offer improved access to technology for the people we support through a roll-out of Wi-Fi access in some locations.

We revolutionised the way our community-based staff work through the introduction of our own staff-developed St Anne's real-time records system (STARRS), an integrated care records/management module which provides secure access to client records in 'real time' through work phones. STARRS enables staff to access information and update records remotely, which means that colleagues working in the community no longer need to come into the office to complete administration tasks, so saving time and enabling them to focus more of their time on delivering support to our clients. The system also allows individual team members to communicate quickly and effectively with one another about the people they support, creating a consistent and up-to-date information flow and ultimately improving the care we are able to provide. Using the STARRS system, notes can also be securely co-produced with the people we support – enabling collaborative working and providing greater levels of integrated self-determining support.

We have trained our staff in using this new technology to gain the maximum benefit from the new ways of working enabled by the IT systems.

Assuring the quality of our housing

In 2017/18 a number of reviews were instigated to ensure an efficient and effective housing service. These included reviews of the maintenance service, housing structure and asset valuation as well as a review of office lease arrangements.

We also revitalised the Health and Safety Committee and reviewed all our health and safety policies and procedures. We achieved compliance with the Regulator of Social Housing (RSH) Home Standards in the areas of gas servicing, asbestos, monitoring water hygiene in communal schemes and fire safety, and achieved re-accreditation with the Contractors Health and Safety Assessment Scheme (CHAS).

Strengthening our governance

Our governance structure is designed to ensure that we offer the best possible support and protection to our clients and that our systems are robust and fit for purpose. During 2017/18 we developed and implemented a Board assurance framework that accurately captures risks, can be used to develop plans to mitigate those risks, ensures our trustees are well informed about the principal organisational risks and summarises the assurances obtained in the areas of risk.

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 on safeguarding and we have also developed and implemented a safeguarding group which looks at all aspects of safeguarding, considering good practice and ensuring that any lessons learned from incidents are shared across the organisation through our Quality and Safety Group and Safeguarding Assurance Group.

Our current track record in Care Quality Commission's (CQC) inspections (where safety is the first domain) demonstrates our commitment. We apply these same standards across our non CQC registered services via quality and safety audits carried out by a in house dedicated team.

All services within the organisation have been audited using the CQC key lines of enquiry (KLOEs), with action plans developed where required and managers supported to deliver high quality care, which has resulted in improved CQC scores and positive feedback from local authorities.

We also created a new client involvement strategy to enhance the voice and influence of the people we support across St Anne's and gain their feedback. As part of this work we launched a new client-focused newsletter designed to share best practice and positive news stories about the successes experienced by the people we support.

Looking after our staff

To deliver the best quality services for our clients, we need to take care of, empower and develop our staff. During 2017/18 we reduced our reliance on agency staffing and worked hard to recruit staff in areas with high vacancy levels.

We worked to ensure fair pay across the organisation through a new pay scale and terms and conditions, backed up by a new performance management and competencies framework based on our values.

We achieved a significant reduction in sickness days lost and sick pay costs across the organisation, with on-target reductions of 35 per cent and 50 per cent respectively.

To recognise the hard work and dedication of our teams we held an internal celebration of achievement event. We were also delighted to see our teams shortlisted in the National Learning Disability Awards and Tenfold Awards for people working in the field of learning disabilities in Leeds.

We were proud to exceed our previous Stonewall Workplace Equality Index score by 134 places, rising to 183rd out of 434 employers overall and being ranked 18th out of 60 social care organisations participating in the scheme. The Stonewall Workplace Equality Index measures organisations' progress on lesbian, gay, bi and trans inclusion in the workplace.

Our focus on delivering ongoing training and education to all staff has seen five young people take their first steps into work through our apprenticeship programme and more than 40 colleagues taking additional qualifications including degrees. We have also sourced a new online training provider, improving the accessibility of training and saving significant costs for the organisation, which can be re-invested into other areas of development.

Our priorities for 2018/19

During 2018/19 we will continue work on the positive initiatives begun in 2017/18 and also intend to focus on addressing a number of other key targets.

Key strategic priorities

Our key strategic priorities for the year are:

- Review our overarching organisational strategy and further develop our new strategy to take us beyond 2020.
- Review all the departmental strategies in the organisation in line with the overarching strategy.

Initiatives already started

Initiatives already started which will continue to be developed during 2018/19 include:

- Developing our IT programme with further provision of Wi-Fi for the people we support in more locations and increased focus on using technology to support remote working.
- Minimising our reliance on agency staff with further development of our own casual staff list, thus improving continuity of care.
- Continuing to action and develop a performance dashboard in order to monitor performance 'at a glance' and monitor our progress towards meeting targets.
- Embedding the Cost Improvement Programme (CIP) process to avoid financial waste and achieve savings in many areas.
- Introducing an improved financial ledger system to save time and improve efficiency within our finance team.
- Implementing an electronic staff rota system across the organisation which will save time and improve efficiency throughout the staffing management and payroll areas of the organisation.
- Redesigning our job evaluation scheme, which ensures fair rates of pay for all staff.

Additional priorities

In addition, we intend 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.
- Increase and re-energise our fundraising capabilities.
- Strengthen relationships with the university and industry sectors as well as other organisations operating in the health and social care sector to develop mutually beneficial outcomes for both our clients and staff.
- 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.

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.

We reaffirmed our commitment to equality, diversity and inclusion across the organisation with the appointment of a full-time equality and diversity lead in 2016 and we have now launched a new plan of priorities to help us create and sustain an inclusive environment for all our staff, the people we support and the communities we serve.

During 2017/18 we overhauled the learning materials that we offer staff in and outside of the classroom so that our workforce can confidently create an environment that is truly inclusive. Staff and the people we support have enjoyed new learning and development materials on the issues that matter and we've been able to explore crucial topics as diverse as the people we support. We also appointed our first young apprentices – adding to our multigenerational workforce – and designed a new multi-use faith space for all our staff at head office.

Our Diversity Action Group was launched as a staff network at the end of 2016 to encourage 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. In 2017/18 we helped to celebrate Leeds Pride and the West Indian Carnival for the first time, and our homeless service, RAISE, continued to build a truly special working relationship with volunteers from local Sikh communities.

We now have an interactive diversity calendar running year-round, 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 proud to have recommitted our efforts to quality mark the work that we're doing through our relationships with external charters including the Mindful Employer network, Disability Confident scheme and Stonewall Workplace Equality Index. We have ambitious plans as we strive to include our tenants and the people we support in everything that we do and deliver care in an environment that is centred around their unique needs and identities.

Our finances

Income and expenditure

The largest part of our income (£44.1m) 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 charity who donate and fundraise on our behalf, including sponsors and riders fundraising for St Anne's in the Tour de Yorkshire cycling event and those who took part in our Winter Giving Campaign. 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.

The underlying trading position has improved as a result of tighter controls, savings delivered through improved procurement and reduced sick pay and agency costs. A review of contracts was also undertaken and measures identified to improve the management of voids. The organisation continues to go through transformation which is reflected in improved financial results. The reserves position remains healthy and the Board and senior management are investing in new systems and process to embed these improvements. The costs of implementing the national living wage and inflation generally will remain a significant financial challenge exacerbated by the funding challenges of our commissioners. The Board and senior management are determined to build on the good progress delivered during 2017/18 to ensure we can continue to provide safe and good services supported by well trained and caring staff.

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

Comprehensive income for the five years ended 31 March 2018

	2018 £'000	2017 £'000	Restated 2016 £'000	Restated 2015 £'000	Under old UK GAAP 2014 £'000	Under old UK GAAP 2013 £'000
Turnover	44,153	43,387	42,460	41,146	40,208	36,396
Operating costs	(43,762)	(44,293)	(43,143)	(41,268)	(40,877)	(36,622)
Add back: Pension Service Costs *	816	236	555	(82)	221	164
Controllable trading surplus/(deficit)	1,207	(670)	(128)	(204)	(448)	(62)

(Deficit)/Surplus for the year Including pension scheme costs	(1,055)	(677)	(176)	1,515	47	195
Pension adjustments **	1,030	413	819	1,527	250	99
Controllable (Deficit)/Surplus for the year	(25)	(264)	643	3,042	297	294
This includes:						
Surplus on sale of fixed asset investment	-	300	181	18	14	-
Surplus on sale of freehold housing property	-	-	19	12	105	-
Impairment loss	(89)	-	-	-	-	-
Exceptional (costs)/gains	(1,199)	-	453	11	27	65
Interest receivable and similar income	56	106	118	74	99	92

* Pension service costs are included within operating costs

** Pension adjustments includes pension service costs and finance interest

Statement of financial position for the year ended 31 March 2018

	2018 £'000	2017 £'000	Restated 2016 £'000	Restated 2015 £'000	Under old UK GAAP 2014 £'000	Under old UK GAAP 2013 £'000
Tangible fixed assets	13,877	15,049	15,183	15,612	2,646	2,638
Fixed asset investments	1,510	1,510	3,512	4,512	4,339	4,823
Net current assets	11,209	10,343	8,751	7,192	8,041	7,689
Total assets less current liabilities	26,596	26,902	27,446	27,316	15,026	15,150
Creditors due after more than one year	12,377	12,658	12,938	13,451	1	2
Recycled capital grant fund	-	-	-	-	59	-
Net pension liability	8,397	8,959	5,717	8,774	8,718	14,146
Total net assets	5,822	5,285	8,791	5,091	6,248	1,002

Reserves: General Charity Fund	162	172	160	152	136	130
Investment revaluation	8	8	2	3	27	7
Designated reserves	-	-	-	-	2,712	2,712
Income and Expenditure reserves	14,049	14,064	14,346	13,710	12,091	12,299
FRS 102 pension liability	(8,397)	(8,959)	(5,717)	(8,774)	(8,718)	(14,146)
Total reserves	5,822	5,285	8,791	5,091	6,248	1,002

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. One of our major in-year savings schemes resulted from a negotiated change 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.
- Client value: The value for the people we support. This could be direct savings, or similarly reducing clients' dependency on benefits.
- 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 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 the people who work hard so that we can achieve our strategic goals, 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 enable the provision of quality services, which means we are providing good services to our clients, remain competitive and have the financial strength and resilience to mitigate financial risks now and in the foreseeable future.

Procurement

Value for money across the full life cycle of a supplier contract continues to be at the forefront of our procurement strategy. We have established a pipeline of procurement projects which delivered in-year and also future value for money benefits. Contract management activities continue to ensure that tender-driven savings are realised and contracts work effectively. Supplier relationship and contract management are key drivers to delivering additional savings as well as cost avoidance. These have complemented direct procurement savings and contributed to the corporate savings target. Notable in-year projects have included tenders for building contractors, utilities and mobile phones, and reduction in agency costs. We monitor our performance closely to ensure we are improving and identifying where performance is not at the level we would expect.

Value for money summary

Key requirements/metrics	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, 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 it supports the Board in meeting these objectives and demonstrates the delivery of VFM to our stakeholders.	Delivering improvements in value for money was one of the key deliverables of the financial and governance improvement implemented during the year and was a fundamental part of the cost improvement programme (CIP) which included a number of key savings schemes, including: <ul style="list-style-type: none"> • Changes to terms and conditions of staff, resulting in annualised saving of £510,000 • Reductions in agency costs of £374,000 • Specific focus to reduce void accommodation and improve asset utilisation across the organisation, resulting in savings of £104,000 • New procurement reviews including appointment of experienced procurement manager • Discounts negotiated with key suppliers and a review of tendering of all goods and services completed • Supplier engagement event held to review value for money provided by key contracts • Decision made to invest in a new procurement system as part of investment in new financial ledger
Through our strategic objectives articulate our strategy for delivering homes that meet a range of needs	The Board decided that it was timely to review the structure of the Senior Management Team, with a plan to appoint a director with extensive experience of housing associations and working with tenants to meet their housing needs. Although a substantive appointment has not been made at the time of writing this report, an interim director of housing and estates has been in post since 2 January 2018. 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.

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Ensure that optimal benefits are derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives	The CIP and the review of tendering and procurement has provided the governance structure and oversight of plans and where plans not on track mitigating measures have been implemented. Specific action has been taken on reduction of voids, sickness levels and absenteeism, cost of consumables, utilities, mobile phones, benchmarking of pay costs and review of underutilised/empty properties.
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, including task and finish groups and Senior Management Team, Finance and Performance Committee and the Board. All expenditure categories above an agreed level are reviewed and where VFM is not obtained, renegotiation or tendering is applied. VFM is reviewed at least annually as part of budget setting processes 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 there were several key contracts considered by the Board, including agency staff provision, improved management of voids, lease car provision to staff, pay and conditions specifically relating to sick pay costs and asset utilisation, in particular, potential disposal and costs relating to the maintenance and security of empty properties. Strategic asset review has been undertaken of empty properties and appraisals undertaken ensuring, improved use of assets and effective and efficient alternatives explored for alternative use or where there are no other viable alternative discussions on potential disposal of property. 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.
Commensurate to the risk involved and justification where this is not the case, that there are appropriate targets in place for measuring value for money in delivering our strategic objectives and that we regularly monitor and report performance against these targets	<p>Targets agreed with the Board as part of annual budget setting process. This is informed by benchmarking and feedback from managers and front-line staff. The work programme of our new procurement manager post has identified several workstreams which have successfully delivered improvements in VFM, including annualised mobile phone savings of £47,000.</p> <p>Utilities and maintenance is also significant areas of costs. Detailed review and tendering are undertaken with proactive management including new suppliers and the introduction of tighter controls and monitoring, for example the roll-out of smart meters across all of our services and direct feedback requested from all services on where further improvements could be made.</p>

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Trustees Report

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 including metrics. Review and decisions on services generating losses and decisions not to bid for new work or renew contracts where VFM cannot be demonstrated. Targets are in place to have cost reductions as agreed by the Board.
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, they are escalated 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 Board, there are clear lines of accountability and 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 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 recent improvements in the financial position.
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	The current development of a performance dashboard being implemented during 2018/19 and which will include KPIs enabling an overview of performance and highlighting key variances from plan.

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 the planned outcomes. As part of this process, reserves are maintained at a level that enables the organisation to manage financial risk and short-term volatility. This approach allows the organisation to sustain service delivery over the long-term, ensuring that financial commitments can be met as they fall due. At 31 March 2018 the organisation's reserves were £5.8m.

Unrestricted reserves, excluding those elements that can only be realised by disposing of tangible or intangible fixed assets or related investments, are known as 'free reserves' (as shown in the table below). These were identified through the organisation's risk management framework, weighted for likelihood and impact. Figures for 2017 and 2018 are shown in the table below.

	31 March 2018 £'000	31 March 2017 £'000
Total reserves	5,822	5,285
Add back pension provision	8,397	8,959
Free reserves	14,219	14,244

The organisation is also managing its pension deficit, which is taken into account in all our financial planning, including anticipated and targeted levels of reserves. As described in note 1 to the accounts, legal clarification is awaited around applying national minimum wage regulations to historic payments for 'sleep-in hours' (time that staff spend sleeping in a property in order to provide emergency support if needed).

The organisation has designated certain funds for specific purposes, including information technology and transformation funding including investment in a new financial ledger and electronic rota systems to further enhance efficiency and effectiveness across corporate and frontline services.

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. Investment performance during the year was in line with this objective. The organisation has established a pensions and investments committee 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 service. The organisation will retender the role of investment advisers during 2018/19.

Going concern

The organisation is well placed to manage the business risks we face. This position is supported by a strong cash flow, sufficient level of reserves and a good relationship with our key funders.

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 the foreseeable future. We believe that there are no known 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 have a clear strategy for the deficit.

Subsidiaries

The organisation owns 100 per cent of the issued share capital of one small subsidiary company, St Anne's Trading Ltd, whose principal activity is the provision of training. Further detail is shown in note 9 to the financial statements. The trustees reviewed this subsidiary during 2017/18 and it will be reviewed again during 2018/19.

Contingent liabilities

National living wage and sleep-ins

As at the date of this annual report, we are awaiting clarification on the law regarding the application of average national minimum/living wage (NMW/NLW) to non-contractual sleep-in hours for our support workers. Although the organisation has ensured that payments since 2016 meet the latest case law interpretation of NMW/NLW requirements, the current legal proceedings concern a potential liability for historic payments between 2014 to 2016. This could involve over 500 staff over the two-year period.

Due to the uncertainty over the 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 have been met. However, in order to provide stakeholders with guidance around the potential impact, an estimate has been made of the potential liability of between £400,000 and £600,000. At the date of signing the financial statements this is the best estimate of the potential liability, based on the available governmental guidance with regard to both the value and inclusion of elements within the liability calculation and reasonable assumptions concerning the way in which claims for back pay may be determined.

Principal risks and uncertainties

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

This responsibility is discharged through an annual review of the effectiveness of our risk management framework. Processes are in place to manage the key risks that could affect our ability to achieve our strategic objectives including the following:

- During 2017/18, a Board Assurance Framework (BAF), which identifies risks against strategic objectives, was developed. The BAF includes a comprehensive list of possible risks, including GDPR and Brexit considerations. The BAF is presented in full to the Board at least twice each year, with detailed reports on actions being taken on the top five risks presented at each meeting. It is also presented quarterly to the Quality Assurance and Risk Management Committee, including detail on escalating risk and emerging risks. The Senior Management Team has been implementing action plans to manage these risks included within the BAF.
- Operational risk registers have been developed and embedded in the organisation, including an escalation process.
- 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 audit reports.
- Further assurance regarding the control of risk are provided by local authority and Care Quality Commission inspections.
- The Quality and Risk Management Committee reviews internal controls and risk management across the organisation.
- A framework of delegated authority is 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 are made to the Quality and Risk Management Committee.
- During 2018/19 we will be reviewing our disaster recovery/business continuity plan so that we are well placed should the need for these arise.

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

Risk	Risk Management
CQC and/or Homes England action and/or measures due to not meeting current regulatory standards	There was a significant improvement in CQC scores during 2017/18, with over 90 per cent of services now in receipt of a 'Good' score – 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 such incidents. Progress against action plans is monitored by the Board's Quality and Risk Management 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 have not been changed or upgraded since 1992 and are no longer fit for purpose. A tender process has been completed and a ledger system has been procured and will be implemented during 2018/19. The business case for an online electronic rostering system will be considered by the Board during the coming year.
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. A number of 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 continue to retain contracts which 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 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 particular 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 at the moment, the pension's 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 and implement mitigation plans.

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 Homes England (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 2017/18 we completed a fundamental review of governance arrangements from the Board, its committees and the working groups that provide focus on key areas though to the procedures that are needed to ensure the charitable objectives are met. Our Articles of Association, which had not been changed since 1972, were revised and brought up to date not only to meet the needs of our current structures but also to 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.

St. Anne's is committed to maintaining the highest standards of governance and has determined that the organisation should comply with the principles outlined in the Charity Governance Code For Larger Charities. Our previous policy was a 12-year limit on trustees' services.

Board of Trustees 2017/18

Terry Moran (Chair)
Ian McIntosh (Vice-Chair)
Karl Beckett (from 26 July 2017)
Philip Brown
James Dunmore (from 31 January 2018)
Steven Durham
Rebecca Farren
Sandra Frier (to 25 April 2017)
Christine Outram (to 29 November 2017)
Paul Roberts (from 28 February 2018)
Lesley Smith (to 29 November 2017)
John Tait (to 27 September 2017)
Mark Westwood (from 26 July 2017)

Company Secretary

John Baczowski (to 20 December 2017)
Penny Hudson (from 20 December 2017)

Senior Management Team (at 31 March 2018)

Chief Executive – Derek Bray
Director of Operations, Quality and Safety and Deputy Chief Executive – Susie Maguire
Chief Finance Officer – Helen Simpson
Director of Human Resources – Andrew Mason
Interim Director of Housing and Estates – Angela Raftery

Our committees

The Board has delegated specific responsibilities to a number of 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, guidance and regulations governing the organisation. It also considers any significant issues arising in respect of either internal or external audit, or inspection arrangements, and has oversight of arrangements for the organisation's whistleblowing policy.

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.

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 to support the delivery of safe and high-quality systems and services across the organisation's services.

Pensions and Investments Committee

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

Our people

Our people carry out extraordinary work every day in our mission to enhance the lives of the people we support. We greatly appreciate the hard work and dedication of our workforce who embody the values of St Anne's and ensure the delivery of high quality services. This year the organisation consulted on changes to its mission statement, strategic objectives and core values with both staff and the people we support, ensuring our values were defined by our people. 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.

At 31 March 2018 St Anne's employed 1,475 members of staff, but only through the combined effort of employees, casual staff, volunteers and placements can we support so many vulnerable members of society. Communication with, and feedback from, our workforce are regarded as highly important as we look to create a better place to work, progress and develop for all our staff. Consulting with our people on changes to the organisation is very important to us. Regular workshops and events are held across the organisation, newsletters and briefings provide updates on the organisation's performance, our staff forum allows staff representatives to discuss a wide range of subjects directly with the Senior Management Team and our staff survey, St Anne's Have Your Say, has been reintroduced.

We recruit for values and ensure the people we support 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 continue to be able to attract talent to St Anne's, with 236 new colleagues joining us this year, and a staff turnover rate of 17 per cent, which is below the sector average of 27.8 per cent. We believe this is due to our dedication to supporting the development of our workforce through offering training courses, qualifications and degrees, and starting the St Anne's apprenticeship scheme, which allows young people to take their first steps in the world of work.

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.

Equality and inclusion

Equality and inclusion are innate parts of St Anne's and what we stand for. We are committed to being an inclusive organisation which creates a safe environment for everyone to be their whole self. Just as promoting inclusion and the equality of opportunity is essential to supporting vulnerable members of society, it is also 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.

ST ANNE'S COMMUNITY SERVICES

Trustees Report

Our HR policies ensure compliance with legislation and best practice and ensure that our staff can be free from discrimination, harassment and victimisation. We are committed to the 'Disability Confident' government scheme and ensure that our policies, procedures and practices support the employment of disabled people, making adjustments wherever necessary. The design and review of our policies include 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.

Our diversity action group has supported the organisation in climbing 134 places in our second year of participating in the Stonewall Workplace Index, rising to 183rd out of 434 employers. As we look to ensure inclusion remains high on our agenda, our client involvement work will help us to enhance the voice of people we support throughout the organisation and provide supported employment opportunities.

Remuneration policy

We recognise that the skills, knowledge and experience of our workforce are huge contributors in the delivery of high quality 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.

Our rates of pay are informed by sector-wide benchmarking through participation in benchmarking studies and comparison to charity and social care sector data. Where possible, we look to pay our workforce 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. The Board approves decisions on pay awards and considers affordability, benchmarking and economic trends in the sector. Any changes to the pay and terms and conditions of the workforce are then agreed with our recognised trade unions, Unison and the Royal College of Nursing (RCN). Remuneration of the executive team is determined by the Remuneration and Nominations Committee, a committee of the Board.

The Board believes it is important to build on the improvements which management have driven this year, including across finance, quality and safety, human resources and estates. We have therefore continued to strengthen our management team, including new senior posts in HR and Housing and Estates. As with other management appointments, these involved a competitive process, with remuneration packages informed by that process. The increase in total management remuneration reported this year is a direct consequence of the strengthening of our management team, an investment which the trustees consider has been necessary in securing the improved overall performance reported in these accounts.

No trustees are paid, although reasonable expenses are reimbursed.

In April 2018 we published our first report on the gender pay gap, showing an 8.45 per cent mean pay gap in favour of men. We are committed to eradicating gender inequality and will continue to make public statements on our corporate website about the steps we are taking to ensure fair pay, remuneration and reward for all staff, regardless of gender.

Compliance with the Charity Governance Code

As a charity we understand the importance of good governance and applying sound governance practices, including how decisions are made and how we monitor the activities of, and developments within, the organisation. During 2017/18 we undertook a comprehensive review of our governance and of the skills required of trustees and the Senior Management Team and we significantly improved our governance during the year.

We now have in place a new Board committee structure and we will shortly complete an exercise to recruit new trustees with a range of skills and diversity. The review and updating of our constitution during the year, which resulted in new Articles of Association being approved by the Charity Commission and adopted shortly after the year end, also demonstrates our commitment to good governance.

To support St Anne's in developing and maintaining high standards of governance the Board of Trustees has adopted the Charity Governance Code for Larger Charities. This Code, which was launched part way through our financial year in July 2017, 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.

Following the Code's publication, we have worked hard to implement it fully, recognising that governance is always likely to be a work in progress as we seek to improve continually in line with evolving best practice. 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. We are also now at a stage where our practices substantially comply with the recommendations of the Code. There are a small number of recommended practice areas with which we do not comply, principally: appointing a financially experienced trustee as chair of the Audit Committee; adopting systems for reviewing collective and individual trustee performance; adopting more tailored KPI management reporting; finalising our well-developed delegations framework and fully implementing the client involvement

strategy mentioned above. We are addressing these areas and we expect to report 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, an interim director of housing was appointed to ensure specialist leadership and advice to the Board on rents, value for money and economic standards. In addition to the change in senior management we can confirm that there are effective management and scrutiny functions in place including cost control and improved value for money, with regular reporting to the Finance and Performance Committee and the Board.

Compliance with the value for money standard

Summary of value for money metrics for registered social housing providers		
Reinvestment %	Not applicable for 2017/18	This metric looks at the investment in properties (existing stock as well as new supply) as a percentage of total properties held. As there was no new supply during 2017/18 this metric reflects only existing stock.
New supply developed %: A) Social housing units B) Non-social housing units	Not applicable for 2017/18	As there was no acquisition nor development of social or non-social housing units in the year, this metric is not applicable for 2017/18.
Gearing %	Not applicable for 2017/18	As the organisation does not have any loans nor finance leases, this metric is not applicable for 2017/18.
EBITDA interest cover %	Not applicable for 2017/18	No interest payments other than pension fees; cover not relevant for 2017/18.
Headline social housing cost per unit	2017: £20,181 2018: £22,767	This unit cost metric assesses the headline social housing cost per unit as defined by the regulator.
Operating margin %: A) Social housing lettings only B) Overall	2017: A) 15.5% B) (1.6%) 2018: A) 7.2% B) (2.4%)	The operating margin demonstrates the profitability of operating assets before exceptional expenses are taken into account.
Return on capital employed (ROCE) %	Not applicable for 2017/18	This metric compares the operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources. The ROCE metric is more relevant to providers with a wide range of capital investment programmes, which is not relevant to St Anne's for 2017/18.

Compliance with the rent standard

ST ANNE'S COMMUNITY SERVICES

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Although the organisation has fewer than 1,000 units, and is therefore considered a small provider of registered social housing, we are able to report our compliance with the guidelines stipulated by the regulator for social housing, the rent standard and also the Welfare and Reform at Work Act 2016. We ensured throughout the year that our rents were set at the appropriate levels as designated in that act and we continue to do so.

Internal controls assurance

Following a financial review during 2017/18, the Audit Committee increased the number of internal audit days to ensure that greater internal audit scrutiny was given to key areas highlighted by the review. This resulted in a wider range of audits and the resulting actions formed an important part of the work programme as part of our transition going forward.

The trustees are keen to ensure that financial procedures and controls were strengthened across the organisation to increase our financial and operational resilience, and that the improvements introduced during the year had been embedded, including:

- Updating and replacing the financial ledger and supporting systems.
- Improving our pensions procedures to improve the accuracy of our pension reporting.
- Developing a comprehensive and transparent internal audit plan with follow-up actions monitored by the Audit Committee.
- Establishing a Finance and Performance Committee to provide robust trustee oversight of these key areas.
- Recruiting trustees with relevant financial experience to strengthen the Audit Committee.

It was also agreed in-year that we would set up a Pensions and Investment Committee.

It is clear that significant improvements have already been made as part of a process of continual improvement and tested through an enhanced audit programme. The Internal Audit Annual Report presented to the Audit Committee confirms this improved position with an overall rating of 'significant assurance'. This is a much improved and a satisfactory position than the previous year's 'limited assurance' rating.

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 Charities Commission guidance on fundraising.

Statement of Board trustees' responsibilities

The Board 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.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Board 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 Board 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.

ST ANNE'S COMMUNITY SERVICES
Trustees Report

The Board 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 LLP is eligible to act as an auditor under the relevant section of the Companies Act 2006.

By order of the Board

A handwritten signature in black ink, appearing to read 'T Moran', with a long horizontal stroke extending to the left.

Terence Moran
Chair and Trustee

Date 12 September 2018

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 2018 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 2018 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 2015; 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.

Who we are reporting to

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.

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 Annual Report, set out on pages 4 to 19 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 Board trustees for the financial statements

As explained more fully in the Statement of Board Trustees' Responsibilities set out on pages 18 and 19, 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.

Grant Thornton UK LLP

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

21 ~~18~~ September 2018

ST ANNE'S COMMUNITY SERVICES
Trustees Report

Statement of Comprehensive Income
For the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Turnover	2	44,153	43,387
Operating costs	2	<u>(43,762)</u> 391	<u>(44,293)</u> (906)
Impairment loss	8	(89)	-
Exceptional costs	24	(1,199)	-
Operating deficit	7	<u>(897)</u>	<u>(906)</u>
Gain on sale of fixed asset investment	5	-	300
Interest receivable and similar income	6	56	106
Other finance interest	21	<u>(214)</u>	<u>(177)</u>
Deficit for the year		<u>(1,055)</u>	<u>(677)</u>
Actuarial gain / (loss)	21	<u>1,592</u>	<u>(2,829)</u>
Total comprehensive income / (deficit) for the year		<u>537</u>	<u>(3,506)</u>

The organisation's results relate wholly to continuing activities. The accompanying notes form part of these financial statements.

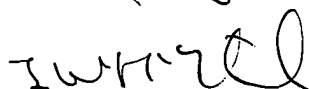
The financial statements were approved by the Board on 12 September 2018 and signed on its behalf by:

Mr T Moran



Chair

Mr I McIntosh



Vice Chair

ST ANNE'S COMMUNITY SERVICES
Trustees Report

Statement of Changes in Reserves
For the year ended 31 March 2018

	Investment revaluation reserve £'000	Income and Expenditure Reserve £'000	Total £'000
Balance as at 1 April 2016	2	8,789	8,791
Total comprehensive deficit	-	(3,506)	(3,506)
Transfer from investment revaluation reserve	6	(6)	-
Balance at 31 March 2017	8	5,277	5,285
Total comprehensive income	-	537	537
Balance at 31 March 2018	8	5,814	5,822

ST ANNE'S COMMUNITY SERVICES
Trustees Report

Statement of Financial Position
At 31 March 2018

	Note	2018 £'000	2017 £'000
Fixed Assets			
Housing properties	8	9,303	10,342
Other tangible fixed assets	9	4,574	4,707
Fixed asset investments	10	<u>1,510</u>	<u>1,510</u>
		15,387	16,559
Current assets			
Properties held for sale	11	678	-
Trade and other debtors	12	6,738	5,001
Investments	13	4,403	4,385
Cash and cash equivalents		<u>4,687</u>	<u>6,479</u>
		16,506	15,865
Creditors: amounts falling due within one year	14	(5,097)	(5,522)
Net current assets		<u>11,409</u>	<u>10,343</u>
Total assets less current liabilities		<u>26,796</u>	<u>26,902</u>
Creditors: amounts due after more than one year	15	(12,377)	(12,658)
Provisions for liabilities	18	(200)	-
Net pension liability	21	(8,397)	(8,959)
Total net assets		<u><u>5,822</u></u>	<u><u>5,285</u></u>
Reserves			
Investment revaluation reserve		8	8
Income and Expenditure reserve		5,814	5,277
Total reserves		<u><u>5,822</u></u>	<u><u>5,285</u></u>

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board on 12 September 2018 and signed on its behalf by:

Mr T Moran



Chair

Mr I McIntosh



Vice Chair

Statement of Cash Flows

For the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Net cash generated from operating activities	16	(1,532)	1,436
Cash flow from investing activities			
Acquisition and construction of housing properties		-	(105)
Purchase of other tangible fixed assets		(298)	(448)
Sale of fixed asset investment		-	2,302
Interest received and similar income		56	100
		(242)	1,849
Net change in cash and cash equivalents		(1,774)	3,285
Cash and cash equivalents and investments at beginning of the year		10,864	7,579
Cash and cash equivalents and investments at end of the year		<u>9,090</u>	<u>10,864</u>

The accompanying notes form part of these 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.

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 Annes Community Services is a public benefit entity in accordance with FRS 102.

Going Concern

The organisation's business activities, its current financial position and factors likely to affect its future development are set out in 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 twelve 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:

- Impairment – the recoverable value of the housing properties has been reviewed compared to future cash flows and/or depreciated replacement cost and an impairment charge of £89,000 has been recognised in 2017/18.
- 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 2018 was £11,397,000.
- Defined benefit obligation – management's estimate of the defined benefit pension valuation is based on a number of 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 21). The defined benefit pension liability at 31 March 2018 was £8,937,000.
- Revenue recognition on grant income – revenue from grant income is recognised in line with the costs incurred on the grant. Deferred revenue for grant income is included in the balance sheet to reflect the risk that repayments may be required for excess grant income and/or there may be recovery through future grant rates. There is judgement in assessing how much deferred income is required for grants at year-end. The deferred revenue from grant income at 31 March 2018 was £1,274,000.
- 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. Due to the uncertainty over the final outcome of the on-going 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 has been met. See note 19.

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 10.

Turnover and Revenue recognition

Turnover comprises rental income receivable, fees and grants from central and local government and the proceeds of fund raising activities. Revenue grants are recognised when the conditions for receipt of grant funding have been met. 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
Office and workshop equipment	5 years
Motor vehicles	4 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
Boilers, kitchens & bathrooms	15 years
Windows	30 years

Government Grants

Government grants include grants receivable from Homes England (previously the Homes and Communities Agency (the HCA)), local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure 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.

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 estimated time spent.

General Charity Fund

The General Charity Fund has been created from donations and the proceeds of fund raising 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 are 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 have been agreed at below market rate, and where material, the balance is shown at the present value, discounted at a market rate.

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.

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 income and expenditure account includes 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).

Properties held for sale

Properties that are being actively marketed for sale or are being held for sale are included in current assets and valued at the lower of cost and net realisable value.

Cost comprises net book value when properties are transferred from fixed assets. Net realisable value is based on estimated sales after allowing for all further costs of completion and disposal.

2. TURNOVER OPERATING COSTS AND OPERATING SURPLUS

	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)
Fund raising & Publicity	16	(98)	(82)
Other	313	(822)	(509)
	<u>24,313</u>	<u>(25,217)</u>	<u>(904)</u>
Non-social housing activities			
Lettings	7,694	(7,168)	526
Other	345	(426)	(81)
	<u>8,039</u>	<u>(7,594)</u>	<u>445</u>
Total	<u>44,153</u>	<u>(43,762)</u>	<u>391</u>

	Turnover £'000	2017 Operating costs £'000	Operating Surplus £'000
Social housing lettings	12,417	(10,494)	1,923
Other social housing activities:			
St Anne's Centre	207	(237)	(30)
Respite Services	2,493	(2,509)	(16)
Tenancy support - Supporting People	2,053	(2,378)	(325)
Tenancy support - Other funding	17,222	(17,701)	(479)
Funded projects	2,016	(1,996)	20
Fund raising & Publicity	31	(31)	-
Other	126	(1,454)	(1,328)
	<u>24,148</u>	<u>(26,306)</u>	<u>(2,158)</u>
Non-social housing activities			
Lettings	6,496	(7,139)	(643)
Other	326	(354)	(28)
	<u>6,822</u>	<u>(7,493)</u>	<u>(671)</u>
Total	<u>43,387</u>	<u>(44,293)</u>	<u>(906)</u>

2. TURNOVER OPERATING COSTS AND OPERATING SURPLUS (continued)

PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	Hostels & Supported Housing £'000	Residential Care Homes £'000	2018 Total £'000	2017 Total £'000
Turnover from social housing lettings				
Rent receivable net of identifiable service charges	1,540	5,086	6,626	7,362
Service income	2,338	-	2,338	1,949
Charges for Support Services	677	-	677	2,087
Net rental income	<u>4,555</u>	<u>5,086</u>	<u>9,641</u>	<u>11,398</u>
Revenue grants	13	1,200	1,213	814
Other income	645	118	763	-
Amortisation of government grants	129	55	184	205
Turnover from social housing lettings	<u>5,342</u>	<u>6,459</u>	<u>11,801</u>	<u>12,417</u>
Expenditure on social housing lettings				
Management and care	2,053	3,508	5,561	4,725
Services	1,703	3,255	4,958	5,475
Routine maintenance	281	203	484	262
Bad debts	(52)	-	(52)	32
Operating costs on social housing lettings	<u>3,985</u>	<u>6,966</u>	<u>10,951</u>	<u>10,494</u>
Operating surplus / (deficit) on social housing lettings	<u>1,357</u>	<u>(507)</u>	<u>850</u>	<u>1,923</u>
Void losses	<u>294</u>	<u>274</u>	<u>568</u>	<u>672</u>

ACCOMMODATION IN MANAGEMENT AND DEVELOPMENT

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

	2018 No.	2017 No.
Social housing		
Supported housing and hostels	272	311
Residential care homes	<u>142</u>	<u>142</u>
Total owned	<u>414</u>	<u>453</u>
Accommodation managed for others	67	67
Total managed	<u>481</u>	<u>520</u>
Non-social housing		
Registered nursing homes	<u>97</u>	<u>97</u>
Total owned	<u>97</u>	<u>97</u>
Accommodation managed for others	5	5
Total managed	<u>102</u>	<u>102</u>

2. TURNOVER OPERATING COSTS AND OPERATING SURPLUS (continued)

2(a) FUND RAISING AND PUBLICITY

	2018 £'000	2017 £'000
Gifts and donations received	16	31
Direct charitable expenditure	<u>(26)</u>	<u>(19)</u>
Transfer (from) / to general charity fund	<u>(10)</u>	<u>12</u>
Fund raising and publicity costs	<u>10</u>	<u>10</u>

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.

	2018 £'000	2017 £'000
Emoluments of the Organisation's key management personnel: (salary, pension contributions, employer's national insurance and benefits in kind)	<u>630</u>	<u>342</u>
Compensation for loss of office	<u>-</u>	<u>30</u>
Emoluments of the highest paid employee (excluding national insurance contributions)	<u>158</u>	<u>125</u>

The full time equivalent number of staff, including directors, who received emoluments (salary, pension contributions and benefits in kind)

	2018 No.	2017 No.
£30,001 - £40,000	1	-
£40,001 - £50,000	1	-
£60,001 - £70,000	1	2
£70,001 - £80,000	1	1
£80,001 - £90,000	1	1
£110,001 - £120,000	1	-
£130,001 - £140,000	-	1
£150,001 - £160,000	1	-

The Chief Executive is an ordinary member of one of the organisation's pension schemes. No enhanced or special terms apply and there is no individual arrangement to which contributions are made. The numbers above include elements of pay that are not received by Key Management Personnel such as N.I costs of £43,357.

The highest paid substantive director in the year was the Chief Executive.

In addition to the above emoluments, £108,228 inclusive of VAT was paid to a consultant for the services of a full time Interim Finance Director, a full time consultant was paid £79,000 to provide advice on Quality and Safety matters and a full time consultant for part of the year was paid £30,780 exclusive of VAT for the services of an Interim Property Director effective from January 2018. These amounts are included within the emoluments of the Organisation's directors above helping to explain the movement in total emoluments from 2017 to 2018.

	2018 £	2017 £
Total expenses* reimbursed to the directors of the organisation	<u>9,702</u>	<u>6,944</u>

*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:

	2018 No.	2017 No.
Finance and administration staff	49	48
Maintenance and development staff	7	7
Care staff	1,322	1,345
	<u>1,378</u>	<u>1,400</u>

Employee costs:

	2018 £'000	2017 £'000
Staff costs (for the above persons)		
Wages and salaries	33,275	32,539
Social security costs	2,454	2,316
Other pension costs	2,452	2,462
	<u>38,181</u>	<u>37,317</u>

Agency staff costs are included within employee costs. Agency Costs in the year were £2,509,000 (2017: £2,883,000). Staff costs include a one-off payment in 2018 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 exceptional costs within the Statement of Comprehensive Income and Expenditure.

5. SURPLUS ON SALE OF FIXED ASSET INVESTMENT

	2018 £'000	2017 £'000
Disposal proceeds	-	1,300
Carrying value of asset	-	(1,000)
	<u>-</u>	<u>300</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018 £'000	2017 £'000
Release of provision made to reduce bank deposit	14	6
Bank and building society interest receivable	42	100
	<u>56</u>	<u>106</u>

7. OPERATING DEFICIT

Operating deficit is arrived at after charging:

	2018 £'000	2017 £'000
Depreciation of freehold housing property	272	251
Depreciation of other tangible fixed assets	431	432
Impairment of housing property	89	-
Exceptional costs	1,199	-
Auditors' remuneration (excluding VAT):		
- Fees payable for the financial statement audit	19	29
- Fees for other audit services: audit of subsidiary accounts	2	1
Total audit services	<u>21</u>	<u>30</u>
- Tax compliance services	1	1
- Total non-audit services	<u>1</u>	<u>1</u>
Operating leases		
- Land & buildings	70	67
- Other	<u>307</u>	<u>298</u>

8. TANGIBLE FIXED ASSETS – Housing Properties

	Freehold housing property £'000
Cost	
1 April 2017	16,269
Additions to existing properties	-
Transfer to properties held for sale	(1,205)
31 March 2018	<u>15,064</u>
Depreciation and Impairment	
1 April 2017	5,927
Depreciation charge for the year	272
Impairment charged in year	89
Transfer to properties held for sale	(527)
31 March 2018	<u>5,761</u>
Net book value at 31 March 2018	<u>9,303</u>
Net book value at 31 March 2017	<u>10,342</u>

The cost of freehold property at 31 March 2018 includes interest capitalised of £270,000 (2017: £270,000).

	2018 £'000	2017 £'000
Expenditure on works to existing properties:		
Improvement works capitalised	-	105
Amount charged to income and expenditure account	187	262
	<u>187</u>	<u>367</u>

Social housing assistance

	2018	2017
	£'000	£'000
Total accumulated Social Housing Grant and other grants:		
Capital grant received and released to Statement of Comprehensive Income	8,393	8,171
Capital grant received and shown in Statement of Financial Position	12,656	12,937
	<u>21,049</u>	<u>21,108</u>

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 £89k has been identified in the current year (2017: £nil).

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	Total £'000
Cost					
1 April 2017	6,463	33	736	2,680	9,912
Additions	19	-	58	221	298
31 March 2018	<u>6,482</u>	<u>33</u>	<u>794</u>	<u>2,901</u>	<u>10,210</u>
Depreciation					
1 April 2017	2,259	33	577	2,336	5,205
Charge for the year	72	-	81	278	431
31 March 2018	<u>2,331</u>	<u>33</u>	<u>658</u>	<u>2,614</u>	<u>5,636</u>
Net book value					
31 March 2018	<u>4,151</u>	<u>-</u>	<u>136</u>	<u>287</u>	<u>4,574</u>
31 March 2017	<u>4,204</u>	<u>-</u>	<u>159</u>	<u>344</u>	<u>4,707</u>

10. FIXED ASSET INVESTMENTS

Investment in subsidiary:

Total fixed asset investments comprise:

	2018	2017
	£'000	£'000
Interest in subsidiary	-	-
Investment Fund Plans, at valuation	1,510	1,510
Net book value at 31 March 2018	<u>1,510</u>	<u>1,510</u>

ST ANNE'S COMMUNITY SERVICES
Trustees Report

- The historical cost of fixed asset investments is £1,500,000 (2017: £1,500,000).
10. FIXED ASSET INVESTMENTS (continued)

Investment Fund Plans

	£'000
Market value at 1 April 2017	1,510
Disposals	-
Additions	-
Market value at 31 March 2018	<u>1,510</u>

The organisation owns the whole share capital (two £1 ordinary shares) of St Anne's Trading Limited, a company registered in England and Wales.

The trading results are consolidated numbers of St Anne's Community Services and St Anne's Trading Limited, whose results are presented and audited in their own annual report.

11. PROPERTIES HELD FOR SALE

	2018 £'000	2017 £'000
Net book value at 31 March	<u>678</u>	<u>-</u>

This asset is currently being sold following the decision by Leeds City Council to decommission the service provided from this building.

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Arrears of rent	743	660
Less: Provision for bad and doubtful debts	(39)	(91)
	<u>704</u>	<u>569</u>
Invoiced debtors	3,875	3,148
Other debtors	92	126
Prepayments and accrued income	2,065	1,154
Amounts owed by subsidiary company	2	4
	<u>6,738</u>	<u>5,001</u>

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 nine years ended 31 March 2018 £934,000 was repaid. The latest administrators report dated May 2018 states that it is the administrators 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 2018/2019 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.

13. CURRENT ASSET INVESTMENTS

	2018 £'000	2017 £'000
Money market deposits	<u>4,403</u>	<u>4,385</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Social housing allowances	6	6
Trade creditors	693	686
Capital expenditure on housing properties	11	11
Pension contributions	146	261
Other creditors	1,151	1,300
Deferred income- revenue grant	1,274	1,474
Accruals and deferred income	1,053	1,033
Other taxation and social security	483	472
Deferred capital grant income	280	279
	<u>5,097</u>	<u>5,522</u>

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

	2018 £'000	2017 £'000
Other loan	1	1
Deferred capital grant income	12,376	12,657
	<u>12,377</u>	<u>12,658</u>

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.

Deferred Capital Grant Income:

	£'000
As at 1 April	12,936
Received in year	-
Released to income	(280)
As at 31 March	<u>12,656</u>
Released in one year	280
Released in more than one year	12,376
	<u>12,656</u>

16. NET CASH GENERATED FROM OPERATING ACTIVITIES

	2018 £'000	2017 £'000
Deficit for the year	(1,055)	(677)
Gain on sale of fixed asset investments	-	(300)
Interest receivable	(56)	(106)
Interest payable	214	177
Depreciation	703	683
Impairment	89	-
Increase in provisions	200	-
Loss on disposal of fixed assets	-	4
Amortisation of grants	(280)	(281)
(Increase) / decrease in debtors	(1,737)	2,484
Decrease in creditors	(426)	(784)
FRS102 Pension Adjustment	816	236
	<u>(1,532)</u>	<u>1,436</u>

17. CAPITAL COMMITMENTS

There were no capital commitments at 31 March 2018 (2017: nil).

18. PROVISION

At 31 March 2018, there was a provision of £200,000 in respect of furniture and equipment in tenancies funded by Housing Benefit. It is anticipated that this will be released during 2018/19.

19. 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. 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 on-going 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. In order to provide stakeholders with guidance around the potential impact, a contingent liability between £0.4m and £0.6m has been calculated. At the date of signing the financial statements, this is the best estimate of the potential liability; based on the available governmental guidance with regard to both the value and inclusion of elements within the liability calculation and reasonable assumptions concerning how claims for back pay may be determined.

20. LEASING COMMITMENTS

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

	2018		2017	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Leases expiring:				
In one year or less	64	193	8	48
Between one and five years	15	279	94	417
	<u>79</u>	<u>472</u>	<u>102</u>	<u>465</u>

21. PENSIONS

The organisation operates two pension schemes, Scottish Widows and the West Yorkshire Pension Fund. The West Yorkshire pension scheme is a defined benefit schemes. 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

NHSPS 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 £275,539 (2017: £312,999). Member's 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.nhs.gov.uk.

The Peoples Pension – Auto Enrolment Pension Scheme

Contributions were made at 1% during 2017/18. The total payments to The People's Pension auto enrolment pension scheme during the period were £7,315.

Scottish Widow – Auto Enrolment Pension Scheme

Contributions were made 4% & 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 £625,550.

West Yorkshire Pension Fund (WYPF)

The 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.

The market value of the scheme's assets at 31 March 2016 was £11,211.5 million against scheme liabilities of £11,954.8 million, a deficit of £743.3 million. The main actuarial assumptions used in the valuation were:

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Trustees Report

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 2018 at 22.8% of pensionable pay were £1,476,044 (2017: £1,578,000). The employers' contribution rate has been fixed at 24.8% of pensionable pay for the year ending 31 March 2019. 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 2019 are estimated to be £1,600,000.

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 2018 % per annum	31 March 2017 % per annum	31 March 2016 % per annum	31 March 2015 % per annum
Rate of increase in salaries	1.6	2.6	3.3	3.4
Rate of increase in pensions in payment	2.1	2.0	1.8	1.9
Discount rate	2.6	2.6	3.5	3.3
Inflation assumption - RPI	3.2	3.1	2.9	3.0
Inflation assumption - CPI	2.1	2.0	1.8	1.9

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 2018 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.

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:

	2018 % per annum	2017 % per annum
Retiring today:		
Males	22.1	22.1
Females	25.3	25.2
Retiring in 20 years:		
Males	23.1	23.0
Females	27.1	27.0

Amounts recognised in the Statement of financial position

	2018 £'000	2017 £'000
Present value of funded obligations	(91,176)	(89,156)
Fair value of plan assets	82,779	80,197
Net pension liability	<u>(8,397)</u>	<u>(8,959)</u>

Amounts recognised in surplus or deficit

	2018 £'000	2017 £'000
Current service cost	2,288	1,805
Past service cost	-	-
Amounts charged to operating costs	<u>2,288</u>	<u>1,805</u>
Interest on net defined benefit liability	214	177
Amounts charged to other finance costs	<u>214</u>	<u>177</u>

Amounts recognised in other comprehensive income

	2018 £'000	2017 £'000
Actuarial gain/(losses) on liabilities	1,006	(15,221)
Actuarial gain on assets	586	12,392
Net amount recognised in other comprehensive income	<u>1,592</u>	<u>(2,829)</u>

Changes in present value of defined benefit obligations

	2018 £'000	2017 £'000
Opening defined benefit obligation	89,156	71,229
Current service cost	2,288	1,805
Past service cost	-	-
Interest cost	2,298	2,466
Actuarial (gains)/losses on liabilities	(1,006)	15,221
Benefits/transfers paid	(1,963)	(2,021)
Member contributions	403	456
Closing defined benefit obligation	<u>91,176</u>	<u>89,156</u>

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

	2018 £'000	2017 £'000
Opening fair value of assets	80,197	65,512
Interest income on scheme assets	2,084	2,289
Actuarial gains on assets	586	12,392
Contributions by employer	1,472	1,569
Member contributions	403	456
Net benefits paid	(1,963)	(2,021)
Closing defined benefit obligation	<u>82,779</u>	<u>80,197</u>

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

	2018	2017
Equities	77.3%	77.2%
Bonds	13.1%	14.0%
Property	4.5%	4.3%
Cash /liquidity	1.8%	1.2%
Other	3.3%	3.3%
	<u>100.0%</u>	<u>100.0%</u>

	2018 £'000	2017 £'000
Actual return on plan assets	<u>2,670</u>	<u>14,681</u>

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.

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.

22. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption available under Section 33 of FRS102 to not disclose related party transactions with other group entities, where the other group entity is wholly owned.

23. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

	2018 £'000	2017 £'000
Financial Assets at amortised cost		
Rent and Service Charges receivable	704	569
Invoiced Debtors	3,875	3,148
Other Debtors	92	126
Accrued Income	1,681	913
	<u>6,352</u>	<u>4,756</u>
Financial Liabilities at amortised cost		
Trade Creditors	693	686
Other Creditors	819	978
Deferred income – revenue grant	1,274	1,474
Accruals and deferred income	835	1,004
Other taxation and social security	483	472
Pension Contributions	146	261
	<u>4,250</u>	<u>4,875</u>

24. EXCEPTIONAL COSTS

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.

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. The terms of the buy-out were negotiated with staff and their trade union representatives.