



Making the difference

Trustees' Report

November 2012

Vranch House

(The Devon & Exeter Spastics Society Limited)

Report of the Board of the Society for the year ended 31 March 2012

The Board of the Society presents its report and audited financial statements for the year ended 31 March 2012.

Reference and Administrative Information

Registered Charity Name: The Devon & Exeter Spastics Society
(Working Title): Vranch House

Charity Registration Number: 1002700
Company Registration Number: 2599511

Registered Office and
Operational Address: Vranch House School & Centre
Pinhoe Road
EXETER
DEVON
EX4 8AD

Auditors Kirk Hills, 5 Barnfield Crescent, Exeter, Devon, EX1 1RF
Bankers NatWest, St Thomas Branch, Exeter, Devon, EX4 1DB
Solicitors Foot Anstey, Senate Court, Exeter, EX1 1NT

Board of the Society

Mr Andrew Barge	Chairman
Mr Clive Rendle	Vice Chairman
Mrs A Ballman	
Mr D Barnes	
Mr A J Griffin	
Miss P Hale	
Mrs S Mathieson	
Mrs J Morgan	
Mr W Richards	
Mrs C Tailford	
Mr Sidney Torlot	
Mrs J Tolman-May	

Col G Wheeler (*Secretary, ex officio as Chief Executive with no vote*)
Mrs J Parsons (*ex officio as Head Teacher with no vote*)
Dr G Humphreys (*ex officio as Head of Therapy with no vote*)

Company Secretary & Chief Executive

Colonel G Wheeler



Board of Governors

Mr Andrew Barge	Chairman
Mr Clive Rendle	Vice Chairman
Col G Wheeler	Secretary
Mrs J Parsons	Head Teacher
Dr G Humphreys	Head of Therapy
Miss V Parsons	Staff member
Mrs J Tolman-May	Parent Governor
Mrs M Wood	Parent Governor

Management Committee

Mr Andrew Barge	Chairman
Col G Wheeler	
Mrs J Parsons	
Dr G Humphreys	

Structure, Governance and Management

Governing Document

The organisation is a Charity limited by guarantee (Registered Number 2599511), incorporated on the 9th of April 1991, and an independent charity (Registered Number 1002700) registered with the Charity Commission on the 15th of May 1991. It is governed by its Memorandum and Articles of Association and the Instrument of Management. Any person over the age of 18 can become a member of the charity on payment of an annual fee of £2 (for those not in work) or £5 (for those in employment). There are currently 79 members each of whom are liable to the extent of their membership fee in the event of the company being wound up. All members have the right to vote at General Meetings.

Appointment of Trustees

The number of Trustees can be set at any General Meeting but has never varied from a mean of 12 between the minimum of 8 and maximum of 16 stated in the Governing Document. Invitations to nominate Trustees are circulated every year to the membership and these nominations are ratified at the Annual General Meeting. The senior officers (Chairman and Vice Chairman) are elected every year and the Chief Executive acts as Company Secretary. Employees of the charity may be members of the charity and the three senior employees are *ex officio* members of the Board of Trustees but no employee is entitled to vote at any meeting of the Trustees. The Executive Committee of the charity is known as the Board of the Society and the Board may co-opt any member of the charity to fill a specialist role.

Trustee Induction & Training

Trustees are briefed frequently on their obligations under charity and company law, the structure of the charity and its operating procedures as set out in the Memorandum and Articles of Association and in those changes in statute which bear directly on the work of the charity (principally legislation in the areas of Education and Health). A briefing document has been prepared alongside a more formal induction and training process. Trustees are usually

appointed because of specialist skills but the charity will meet any identified need for specialist training.

Organisation

The Board of the Society has strategic oversight of the charity and meets three times a year. The Board establishes all policy for the general direction and operation of the charity and meets to review those policies and to hear a record of operations. The Board employs a Chief Executive to work with a Head Teacher and Head of Therapy to oversee, direct and drive forward the Board's policies for the School and the Clinic (the principal operations of the charity). The Chief Executive has delegated powers for the day-to-day operation of the Board's policies for employment, finance, contracts, legal compliance (including Equal Opportunities), buildings and acquisitions, risk assessment and mitigation, Health and Safety and business development. To assist the Head Teacher and meet statutory obligations for maintained schools, the Board has established a Board of Governors for the school. The Board of Governors has direct control of those matters bearing on the delivery of educational services; matters relating to finance, employment and resources, if not within the competence of the Governors, are referred to the Board of Trustees. The Head of Therapy is responsible to the Trustees for the full delivery of the clinical contract which includes professional and service delivery standards. In this she is assisted by the Chief Executive who retains direct control of all matters relating to the contract.

Related Parties

The Society has formal and informal arrangements and relationships with many other statutory and voluntary bodies. Principal amongst these is the 25-year Strategic Partnership Agreement with NHS Devon and Devon County Council under which the charity is joint-funded for 65% of the costs of the statutory educational and clinical services it provides. These services include the assessment of potential pupils, the education of pupils at Vranth House School, the review of pupil development, the inclusion of pupils in mainstream schools and the delivery of clinical therapies at Vranth House and in the community all over Devon.

The network of national and local charities and voluntary bodies is too complex and numerous to describe adequately but the Society retains active links with The Exeter Foundation, DreamAway, Whizz Kids, Children in Need, CEDA, A Brighter Tomorrow and the Norman Family Trust. A similar network of local groups and individuals continues to assist the Society in raising funds for children at Vranth House and this incredibly generous and loyal support provides a much-needed and indispensable resource. The charity has also forged close links with the NHS Devon Specialist Children's Assessment Centre which it hosts in a purpose built facility on the Vranth House site. It is worth noting that the children at Vranth House School raise money each year for other charities which have included Comic Relief and the Royal British Legion.

Risk Management

As a normal part of the annual business cycle the Society reviews its Risk Assessments. These include financial management, accounting, security of cash and removable assets, insurances, fire and Health & Safety. The outcome of these assessments is reported to the Trustees by the Chief Executive. The Health and Safety and Fire Risk Assessments are translated into operating policies which are available to all employees. Employees at every

level are encouraged to contribute to the continuous business of risk assessment through the Staff Meetings held every month.

Objectives and Activities

The charity's objects and principal activities continue to be those of:

- i Promoting and providing facilities for the care, education, training, treatment and welfare in their respective aspects of people with physical difficulties.
- ii Advising, helping or catering for the needs of the parents or others having the care of people with physical difficulties.

The core activities arising from these aims are the education of children with physical difficulties from the age of 2 to 12 at Vbranch House School and the provision of paediatric therapy and clinical treatment to children as outpatients at locations throughout Devon. The charity has also developed Opportunity Technology, a not-for-profit service which designs and installs assisted mobility tracks and robotic vehicles throughout England and Wales.

Public Benefit – General Statement

The Trustees have established a policy to review continuously all the charity's activities and the development of services to ensure that they remain consonant with the requirements of the 2006 Charities Act, and particularly with Section 4 of the Act, (the need to demonstrate Public Benefit). The charity operates in partnership with statutory bodies under guidance from the Office for the Third Sector in order to provide expertise, treatment and enhanced services to children with physical disabilities. It does not charge fees but receives about 65% of the total cost of the services it provides from NHS Devon and Devon County Council. Referrals to the service are made by Local Authorities and all referrals are seen for assessment and the majority of assessed referrals are retained for treatment or given a place in the school. The referral process, whether as a therapy outpatient or potential school pupil, is not controlled by the charity but by NHS Devon and Devon County Council. A school placement or therapy intervention might be deemed inappropriate at the assessment stage but only for reasons that are cogent, demonstrable and compliant with benchmarked national practice. The charity is as public a body as its statutory partners and enters into no private arrangements for individual treatment. No member of the public is denied the services provided by the charity provided those services are assessed to be suitable and appropriate for the individual concerned.

Public Benefit - Aims and Strategies

In order to direct the activities of the charity in such a way that Public Benefit can be identified clearly, the Trustees have set out the following Aims and Strategies;

- **School Aim** The school is to be organised, equipped, staffed, managed and operated to the highest national standards.
 - **Strategy to Achieve Aim** The Governing Body will monitor the established Continuous Improvement Programme and the School Audit Cycle with the intention of maintaining the high OFSTED gradings of "outstanding" and "good" achieved in 2005, 2009 and 2012.

- **Clinic Aim** The charity's clinical activities are to be organised, equipped, staffed, managed and operated to the highest national standards.
 - **Strategy to Achieve Aim** The Trustees will monitor clinical operations with the intention of maintaining its unbroken record of meeting the targets set by the NHS and for satisfying its clients. To do this, the Trustees will use tools such as reports and standards set by the National Service Framework and quality audits conducted in alliance with our statutory partners.
- **Financial Performance Aim** The charity's financial affairs are to be conducted to the highest levels of public probity and according to the policies and procedures established for service and capital development consistent with the need to demonstrate Public Benefit.
 - **Strategy to Achieve Aim** The Trustees will consider financial Performance Indicators, other financial records and Risk Assessments at all their meetings to ensure that all our financial processes meet the requirements of both the Statements of Recommended Practice of the Charity Commission and Companies House. They will look at the record of expenditure to ensure that public monies are used exclusively for the Public Benefit.

Public Benefit - Achievements and Performance

The Trustees are pleased to note that the record of operations for the year under review complied with the aims and strategies set out by the Board and in all respects have exceeded expectations. The Trustees approved an investment program for the year that provided for the completion of the new Specialist Children's Assessment Centre to replace the old NHS Honeylands (estimated at a total project cost of £1.8m including purchase of the freehold). An additional allowance was set aside for normal maintenance and some improvement of the main Vranch House building but the investment plan also aimed at developing a surplus for the following year.

Service delivery remained at the same levels as the preceding 7 years with an average of 24 children on the school roll and nearly 2,000 children on the clinical list. The uptake on provided services has been very encouraging, with growth in every area of activity and, particularly, outreach clinical. The tenants of the old residential hostel at Hill Barton House are now holding over on a concluded three year lease. This is acceptable to the Trustees because it offers the charity maximum flexibility for the generation of either capital or revenue income.

The multi-disciplinary Inclusion Advisory Service continues to make a substantial and remarkable difference to the inclusion of Vranch House Pupils into mainstream schools. This service provides advice and support to receiving mainstream schools and programs of extensive training to mainstream school staff, much of which will be tailored to the specific needs of the individual child. The rate of Inclusion of Vranch House School children into mainstream schools at over 80% is the best in the country. No charge to the Authority is made for this service.

The Trustees are pleased to report the effectiveness of the charity's ongoing and significant investment in Continuous Professional Development for its staff. All the teachers are engaged in programmes leading to Master's degrees and the school is one of a very few in the country in which all its Teaching Assistants are either already qualified or training to qualify to at least GQAL Grade 3.

Optech, a non-profit making service run by the charity which designs, manufactures and installs guided mobility equipment throughout England and Wales, had its best year in 2008. The recession has contracted the education and domestic markets and activity levels have been challenging. Nevertheless, around 50% of the operating costs are being recovered through maintenance activity and some new installations. The contribution made by the Mobility Project Manager and our Technical Consultant to many of the other Vranch House projects is both invaluable and highly commended.

Plans for Future Periods

The new Service Led Agreement with Devon County Council and NHS Devon came into effect from the 1st of April 2011. Planned changes to the structure of the NHS mean that some of the commissioning arrangements for services will change to reflect the inception of Clinical Commissioning Groups but the overall structure of the 25-year agreement will remain unaltered. The long-term aim of increasing the geographical cover, depth and level of resource of these services is recognised in the Agreement.

The charity continues to establish benchmarks in clinical and educational practice in order to meet its goal of not just meeting but exceeding service delivery standards. Preparations for the new OFSTED regime continue and the work of the NHS Heads of Professions Team – in which our Head of Therapy plays a leading role as the lead Physiotherapist for the NHS in Devon – informs the continuous development of our clinical services. The charity has been involved in the combined agency review of the local Children's Development Centre and this has led to a re-validation of centre-based expertise, novel methods for delivering this expertise into the community and new, far more integrated, ways of working.

The onset of the present recession and its effect on investment in public services will have an effect on this charity. The Trustees have established a conservative policy for future capital spend and for the revenue development of all the charity services. Whilst our statutory partners are actively engaged in establishing new ways of delivering services, in which this charity will play a significant part, there will be a need for retrenchment and for adopting new methods of working in order to sustain current activity levels at less cost.

Financial Review

The Statement of Financial Activities shows total income for the year ending the 31st of March 2012 of £2,127,670 (£2,006,039 in 2011). The Society's Net Current Assets stand at £770,739 (£764,574 in 2011). The Society has tangible Fixed Assets reflecting the purchase of the Freehold of £5,392,718 (£1,653,464 in 2011 when the charity did not own the site on which the Vranch House buildings had been constructed). It has Total Funds Employed of £6,163,457 (£2,418,038 in 2011). £475,000 of the Fixed Assets is the market valuation of Hill Barton House as of March 2009 and a further £4.8m is the market valuation of the Vranch House site. £333,500 of the total Incoming Resources (shown as Restricted Funds) was a grant from a single donor for the new Assessment Centre. Adding back depreciation, (a non monetary expense), the Society made a cash surplus in the year of £831,632.

Important transactions in the year include the contract income of £876,352 from NHS Devon in respect of the outpatient and clinical work. Total income from charitable (not contracted) and all other sources was £486,734, (excluding the £333,500 donation mentioned above), compared with a total of £138,133 in 2011. The income from school fees was much as predicted at £431,084 (compared with £479,308 in the preceding year).

The strong financial performance of the charity is remarkable considering that the contract sums for the original educational and clinical work has not changed at all since 2009.

The Trustees are content that all expenditure made in the accounting period met with the Public Benefit aims and strategies as set out in an earlier section of this report.

Reserves policy

The Trustees have established a liquid reserves policy so that it is consonant with the revenue interests of a service charity. By setting the development of liquid reserves to the equivalent of annual operating costs, revenue will be developed from interest which will enable further development in our services. The forecast level of funding is such that an operating surplus is expected for the current year and the maintained reserve is such to provide a cushion in the event that either of the largest sources of income is threatened. The current recession and unprecedented low interest rates have proved the wisdom of establishing and maintaining this policy.

Investment Policy

The Memorandum and Articles provide the Trustees with the power to make investments as they choose but consonant with current Charity Commission advice. The charity's cash assets are spread between the Business Reserve and two Mutual Society investment accounts in accord with the stated policy of low-risk diversity.

Trustees' Responsibilities in relation to the Financial Statements

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and at the end of the financial year and of its incoming resources and application of resources, including income and expenditure for the financial year. In preparing those financial statements the trustees are required to:

- (a) Select suitable accounting policies and apply them consistently;
- (b) Make judgements and estimates that are reasonable and prudent;
- (c) Prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Charity will continue in operation.

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

In accordance with Company Law and as the Company's Directors, we certify that:

- So far as we are aware there is no relevant audit information of which the Company's auditors are unaware; and

- As the Directors of the Company we have taken all the steps that we are required to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Compliance

This report has been prepared in accordance with the small company regime Section 419(2) of the Companies Act 2006.

Auditors

A resolution proposing Kirk Hills to be re-appointed as auditors of the Charity will be put to the Annual General Meeting.

Approval

This report was approved by the Board of the Society (the Board of Directors and Trustees) on the 13th of November 2012 and signed on its behalf.

A Barge
Chairman

November 2012