



Making the difference

Trustees' Report

November 2016

Vranch House

(The Devon & Exeter Spastics Society Limited)

General Report of the Board of the Society for the year ended 31 March 2016

The Board of the Society presents its report and audited financial statements for the year ended 31 March 2016.

Reference and Administrative Information

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

Charity Registration Number: 1002700
Company Registration Number: 02599511

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

Mrs J Tolman-May	Chairman
Mr A J Griffin	Vice Chairman
Miss M Boon	
Miss P Hale	
Mrs S Mathieson	to 25 November 2015
Mr W Richards	to 25 November 2015
Mrs C Tailford	to 25 November 2015
Mrs R Pavitt	
Mr C Rendle	
Dr R Tomlinson	from 25 November 2015
Miss S Williams	from 25 November 2015
Mrs M Wood	from 25 November 2015

Col G Wheeler (*Secretary, ex officio as Chief Executive with no vote*)

Dr G Humphreys (*ex officio as Clinical Director with no vote*)

Mrs Kate Moss (*ex officio as Head of Therapies with no vote*)

Miss V Pavlics to 1 September 2015 & Mrs P Barnes to 23 May 2016 (*ex officio as Heads of Education*)

Company Secretary & Chief Executive

Colonel G Wheeler



Board of Governors

Mrs J Tolman-May	Chairman
Mr A J Griffin	Vice Chairman
Col G Wheeler	Secretary
Miss V Pavlics	Head of Education to 1 September 2015
Mrs P Barnes	Head of Education to 23 May 2016
Mrs K Moss	Head of Therapies
Miss V Lye	Staff member
Mrs M Wood	Parent Governor
Mr S Algarny	Parent Governor to 31 December 2015
Miss S Williams	Parent Governor
Miss S Tutinas	Parent Governor

Management Committee

Mrs J Tolman-May	Chairman
Col G Wheeler	
Mrs K Moss	
Miss V Pavlics	to 1 September 2015
Mrs P Barnes	to 23 May 2016

Structure, Governance and Management

Governing Document

The organisation is a Company 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 73 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 of Therapies and a Head of Education to oversee, direct and drive forward the Board's policies for the Clinic and the School (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 of Education 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 about 40% 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 Vranch House School, the review of pupil development, the inclusion of pupils in mainstream schools and the delivery of clinical therapies at Vranch 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 Vranch 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 funded Integrated Children's Service Specialist Children's Assessment Centre which it hosts in a purpose built facility on the Vranch House site. It is worth noting that the children at Vranch 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 Safeguarding, Health and Safety, Cash Handling, Legionella and Fire Risk Assessments are translated into operating policies which are available to all employees, together with all the other policy documents, on the Charity's website. 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 Vranch House School and the provision of paediatric therapies 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 50% of the total cost of the services it provides to the North, East & West Devon Clinical Commissioning Group (NEW CCG) 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 NEW CCG 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.

Strategic Report

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 1996, 2001, 2005, 2009, 2012 and 2015 (detail of the latest inspection is outside the scope of this report).
- **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 will provide for normal maintenance and some improvement of the main Vranck House building whilst building reserves for the re-build of the Hydrotherapy Pool.

The high quality of service delivery has been maintained despite significant increases in the number of out patient referrals and in the number of school pupils placed in the school with complex needs. There was an average of 24 children on the school roll and over 2,300 children on the clinical list. The uptake on provided services has been very encouraging, with growth in every area of activity and, particularly, the out-reach FunFit

programme which aims to train school staff to recognise and use intervention techniques for Developmental Coordination Disorder.

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 therapists, teachers and support staff are engaged in or have access to programmes of learning some of which will lead to first or second degrees. All the staff employed to have direct contact with children are trained to the very highest Safeguarding level (Level 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. The contribution made by the Mobility Project Manager and our Technical Consultant to many of the other Vbranch House projects is both invaluable and highly commended. In particular the Mobility Project Manager has taken on the technical development and subsequent management and operation of the new hydrotherapy pool.

The contract monitoring reports and meetings held quarterly across the year have revealed that Vbranch House is providing an excellent service. Median waiting times for this year across all services was 9.5 weeks against a national target of 18 weeks, all service development targets were met in the year under review and the poll of out-patient opinion shows that over 98% of our referrals place Vbranch House in the top category, 1.2% in the next one down and none at all in the lower three categories. Our record of never having received a formal complaint continues.

The charity embarked in January 2016 on the demolition and rebuild of the hydrotherapy pool. The new structure is designed to be a theatre for aquatic therapy. It will have a fully integrated multi-sensory suite, a complete capability for hoisting users from every part of the two large changing rooms into and out of the water, and a heat and water recovery air-conditioning system. The pool will be levelled so that it is useable throughout its length and photo-voltaic cells on the roof will more than provide for the electrical power requirements in daylight.

Plans for Future Periods

The new Service Led Agreement with Devon County Council and NEW CCG has operated since the 1st of April 2011. The Agreement set a target for charitable investment in these statutory services of no more than 35% of the total cost. The total contract value has not increased for 8 years despite considerable inflation in both the numbers and complexity of referrals made to the charity so that our contribution is now more than 50%. We have defined a new Core Offer for the school which has been agreed by Devon County Council. It offers significant value for money for the authority and yet will make the future of the school sustainable at the increased level of service provision required by the cohort of children educated in the school.

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 programmes of research led by our Clinical Director will inform the continuous development of our clinical services.



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 continuation of the need for retrenchment and for adopting new methods of working in order to sustain current activity levels at less cost.

Income & Service Risks

Notwithstanding the strategies for maintaining Public Benefit (q.v. Public Benefit Aims & Strategies above) the Trustees, having reviewed the strategic objectives of the charity in the light of possible obstructions to achieving them, have determined that;

1. **Income Growth** The next five years are likely to include a period of between 2 and 3 years in which national fiscal disciplines and retrenchment in public service investment continues. Despite this the charity is in discussion with its statutory partners to develop income commensurate with the service improvements we have demonstrated over the last 8 years. We have defined a Core Offer for the school which reflects the Special Educational Needs and Disabilities (SEND) process, allows for use of the Devon Assessment Framework and enables Educational, Health and Care Plans (EHCPs). This has facilitated an adjustment of the education component of the Agreement to meet the needs of the children in the school. As a result of these initiatives the Trustees believe that the charity will avoid structural imbalances between its service commitments and the funding it receives for them.
2. **Income Security** The combined contract is non-competitive because of the high amount of public benefit developed by it (now around 42% of the true costs of the statutory services provided by the charity is funded by the charity). The contract has a 25 year life (until 2036) and the only threat to it is a sustained or existential failure to meet the service quality standards. The charity contribution is largely met from the revenue charges and revenue it waives, principally for the use of capital facilities which the charity owns and the running costs of these facilities; thus there is a very low risk of this not continuing.
3. **Quality Standards** The Chief Executive is tasked with maintaining a continuous cycle of Risk Assessment reviews assisted and advised by the Heads of Department in the Senior Management Team (the Head of Therapies and the Head of Education). Principal amongst these are those relating to Safeguarding, Health & Safety and Financial Probity. The on-going review and development of these risk assessments and the policies and procedures that flow from them is of the highest priority as essential elements of the charity's strategic interest.

Financial Review

The Statement of Financial Activities shows total income for the year ending the 31st of March 2016 of £1,743,047 (£1,630,594 in 2015), an increase of £112,453. The Society's Net Current Assets stand at £1,245,166 (£1,311,460 in 2015). This decrease of £66,294 is the product of creditors and cash balances largely caused by investment in the new pool building. The Society has Net Assets amounting to £6,056,466 (£5,998,880 in 2015) the increase of £57,586 being the net movement in funds between the year under audit and the last. Adding back depreciation of £139,305 (a non monetary expense), the Society made a cash surplus in the year of £196,891 (£55,488 last year).



Important transactions in the year include the contract income of £1,449,236 (£1,431,790 in 2015) from the combined contract for clinical and educational services. Total income from charitable and all other sources was £290,305. The capital costs not charged to our contract partners is in excess of £600,000 which forms a substantial part of our charitable benefit. 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 2008.

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 & Going Concern

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 fiscal retrenchment and unprecedented low interest rates have proved the wisdom of establishing and maintaining this policy. The Trustees are unanimous in the opinion that the Charity remains a going concern.

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 invested in a state-owned Business Reserve but we will utilise opportunities for low-risk investment if interest rates improve.

Pay and Emolument Policy for All Staff

The Trustees serve as volunteers and eschew reward and expenses.

The policy established by the Trustees for setting and reviewing the pay for all employed staff is;

1. As the charity exists to provide services and these services are delivered by trained personnel, expenditure on pay is the largest part of all revenue spending. The rates and costs of staff expenditure are thus reviewed and approved by the Trustees at all their meetings.
2. Pay rates for all staff are set on the principal that the rates must be competitive within the local charitable sector so that the charity can continue to recruit high quality staff.
3. As the charity employs and relies on the services provided by a number of personnel without professional qualifications, pay at the lower level must exceed national benchmarks. The charity was thus one of the first to meet the national living wage rather than the national minimum wage.
4. The multiple between the lowest and the highest paid should not exceed a factor of five.
5. All staff must have access to appropriate pension schemes and these, again, must be competitive within the local charitable sector.

6. The Chief Executive is responsible for providing the Management Committee and the Board of Trustees with information on the annual pay and emoluments budget.

Asseverations

Trustees' Responsibilities in relation to the Financial Statements

The Trustees are responsible for preparing the Trustees' Report and financial statements in accordance with the applicable laws and regulations. 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.
- (d) Observe the methods and principles laid out in the applicable SORP for registered charities.
- (e) State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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.

Auditors

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



Approval of the Directors' and Strategic Reports

The Directors' and Strategic Reports were approved by the Board of the Society (the Board of Directors and Trustees) on the 16th of November 2016 and signed on its behalf.

J Tolman-May
Chairman

November 2016

