

The Connection
at St Martin-in-the-Fields

Annual Report 2016-2017

Registered charity number: 1078201
Company number: 3852519

Trustees

Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Diana Brittan	Chair (resigned 6/12/16)
Tim Jones	Chair (appointed 6/12/16)
Philippa Langton	Vice Chair
Ian Watson	Treasurer
Rod Beadles	
Jeff Claxton	
Revd Dr Sam Wells	
Bally Sappal	
Octavia Williams	
Lucy McNulty	
Jenny Williams	Resigned 6/12/16
Gail Elkington	Resigned 31/3/17
Prem Goyal	Resigned 22/3/17
Gay Longworth	Resigned 6/12/16

Key management personnel:

Colin Glover: Chief Executive - Retired: 31/05/17

Pam Orchard: Chief Executive - Appointed: 18/04/17

Mick Baker: Deputy Chief Executive & Director of Services - Retired: 31/07/17

Charlotte Talbott: Director of Service Development - Appointed: 04/09/17

Kath Lee: Director of Fundraising

Philip Blandford: Head of Finance, Premises & IT

Maggie Newell: Head of HR, Admin & Catering - Resigned: 31/10/17

Statutory Information:

Company number: 3852519

Registered charity number: 1078201

About us

The Connection at St Martin's, located next to Trafalgar Square, supports rough sleepers away from the streets in London.

We are a charity providing, under one roof, a range of specialist services that help homeless people make the necessary steps away from the streets so they can re-enter society and live fulfilling lives.

Vision

To end street homelessness in London.

Mission

- To prevent rough sleeping by working with people at risk of street homelessness.
- To help newly homeless and long term homeless people get off the streets.
- To help people who have been homeless to lead fulfilling independent lives.

Activities

- Day and Night centre providing social and practical services seven days a week, helping people stabilise their lives.
- Outreach service providing proactive street support to rough sleepers, encouraging engagement and responding to people's immediate problems.
- Support services providing advice, assistance with finding accommodation, mental health support and reconnecting people home.
- Education, Training & Employment service providing support into work, training and volunteering, delivered by qualified careers advisors.
- St Martin's House providing supported accommodation to 16 former rough sleepers in Clapham.

Public benefit statement

The trustees review the aims, objectives and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work in the reporting period.

The trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the trustees ensure the charity's aims, objectives and activities remain focused on its stated purposes.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

Statutory Information:

Company number: 3852519

Charity number: 1078201

Registered office and operational address: 12 Adelaide Street
LONDON WC2N 4HW

Country of registration: England & Wales

Country of incorporation: United Kingdom

Disclose any other name that the charitable company uses: The Connection at St Martin's

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Introduction from our Chief Executive

2016/17 has been an eventful year in which the charity has been preparing for significant changes. In December 2016 The charity's Chair of Trustees, Diana Brittan, stood down. The Connection's CEO, Colin Glover, retired in May after nearly 27 years of developing the charity from its humble roots, to the comprehensive service it is today. We are incredibly grateful to both Colin and Diana for their dedication and commitment to the charity over the years, helping tens of thousands of homeless people transform their lives.

A careful succession plan led to the appointment of a new Chair – Tim Jones – and I was appointed as Chief Executive in April 2017, coming with extensive experience of homelessness, innovation and change. I'm very excited to bring this skill set to the charity as we embark on the next chapter.

It's no surprise that homelessness continues to increase because of a lack of affordable housing, changes to benefit entitlements and a reduction in specialist support services. All of this combined means that our services are needed more than ever before by people in London, from across the UK and the world. During the year we have seen approximately 4,450 people come through our doors needing support and care to address and recover from trauma.

Homelessness cannot be solved with housing alone but it's an important part of the jigsaw puzzle. Alongside our existing activity, we have piloted a scheme to link employment support with housing. We have also undertaken research and development to increase links for clients into the private rented sector. There have been many lessons learned from this work, which we will take forward into future initiatives.

The year also saw an investment in our work with vulnerable migrants. With more than half of Westminster's rough sleepers from outside of the UK, it is increasingly important that we can offer services to people from many different countries and cultures. We have started to collaborate with colleagues from other agencies through the Westminster Homelessness Action Together network, to draw the different strands of work across the borough together.

I'd like to take this opportunity to thank all those who have supported The Connection during the year. Over the coming months, I hope to meet many of the individuals, trusts and organisations who do so much to make our work possible.

Pam Orchard
Chief Executive Officer

Over the last year we have been working towards five goals, which will be reported on throughout this document

Goal 1: Evaluate and adapt our services to respond to the growing number of people needing our help

What's been happening?

Homelessness has increased for the sixth successive year. We responded to 4,450 individuals in crisis during the year. Nearly 50% of people accessing our day centre are new to our service. This means the demand for our drop in service remains extremely high and the teams are operating at full capacity.

Everyone accessing the centre for the first time receives an in-depth assessment with a caseworker to understand how we can practically help. On many days the waiting list reached full capacity before everyone could be seen. While we are working hard to clear this backlog and respond to people more quickly when they arrive, we recognise the need for additional resources.

Helping people from outside of the UK

Over 50% of people needing our support are not from the UK and are represented by 114 nationalities. Over the year we have been developing what we can do for this group of people. The advice and entitlements available varies depending on where a person is from and cases are often complex and time intensive to resolve.

To increase what we can do for people, we've been working in conjunction with specialist support services including Refugee Action. This partnership means we can provide high quality immigration advice.

However, there are still limitations in what we can do when it comes to housing. This is more difficult when people are waiting for immigration applications as they are not able to work or entitled to benefit support. We have been finding creative solutions by building relationships with family hosting schemes which provide free housing to people for an allocated period of time.

For people who are entitled to work we have been running a scheme with our in-house Education, Employment & Training division which helps people secure employment first, so they have the option of accessing private rented accommodation.

Language barriers

Over 38% of people we see do not speak fluent English. This compounds people's social disadvantage and was a barrier to us being able to help people. We have created a series of advisory leaflets in commonly spoken languages including Romanian, Spanish, Polish and Italian.

These leaflets explain what rights and entitlements people have to stay in the UK as well as warning people about the risk of exploitation at work.

Exploitation and trafficking

Homeless people from outside of the UK are at an increased risk of exploitation at work. People are vulnerable to being paid below the minimum wage, and sometimes not at all. Modern day slavery, where people are forced to work, is increasingly common as people accept offers on the street which they believe to be legitimate.

We have been running exploitation awareness workshops with clients within our Education, Training & Employment service supported with multi-lingual leaflets. This has helped people understand the risks and what to do if they are worried. When people have been victim of exploitation we have been advocating on each client's behalf, notifying relevant agencies, which has resulted in compensation.

Goal 2: Become a Psychologically Informed Environment (PIE)

What is PIE?

A Psychologically Informed Environment "... is one that takes into account the psychological makeup – the thinking, emotions, personalities and past experience - of its participants in the way that it operates."

Why is PIE important?

The majority of our clients have experienced multiple traumas in their life. These traumatic experiences have a lasting effect on people's emotions and can result in challenging behaviour. Our clients can have difficulty expressing themselves, appear withdrawn and be reluctant to engage with services.

PIE helps understand the root cause of this behaviour and finds creative ways of helping people out of homelessness, while taking in to account the psychological needs of frontline workers.

What we've been doing

While we've been making progress towards becoming a PIE, this is not something which can be introduced overnight. It is a philosophy and way of working which requires a shift in our organisational culture. During the year significant developments to develop PIE included:

Investing in staff

- **Staff support & training** - All front line workers received a full day's training on 'Trauma Informed Care'. This explored the physiological and psychological effects of trauma and how it continues to affect people long term. Understanding the impact trauma has on clients is a useful first step and helps staff create a compassionate and supportive environment. The training provided useful tips on how to empower survivors, and prevent re-traumatising people which can be common in social care environments.

- **Reflective practice** – Looking after the emotional well-being of our staff is vital. Frontline workers receive regular reflective practice sessions which are led by a psychologist. The sessions give staff the space to talk about difficult client relationships and reflect on how they have supported the person, and explore alternative ways of working. This extra support has helped staff work more effectively with people who have experienced trauma.

Developing relationships

- **Client inductions** – New clients can feel anxious when accessing our service for the first time. Our in-house client Step Up volunteers induct new people into the service on Mondays and Thursdays. Being shown around the centre by someone who has experienced homelessness helps people to use our services more quickly and effectively. We have also re-designed our welcome leaflet so it is clear for everyone using simple icons to illustrate the services and a map of where they are located in the building.
- **Client feedback** – We have introduced comments boxes in the centre so clients can give us feedback on a more regular basis about what we can improve. This feedback is discussed at service meetings. Where possible we incorporate client feedback as this is empowering for clients and adds value to our service.
- **Increased access to psychological therapies workshop** – Every month we have a workshop for clients led by the NHS. Each session focuses on improving people's well-being and uses cognitive behavioural therapy techniques to help people manage difficult feelings. Themes explored include 'how to deal with stress and worry' and 'how to be assertive'. During the year 46 people have benefited from the sessions and on average the group attracts 4 people at a time.

Physical environment & social spaces

- **'Homely' touches** – We know that spaces which look and feel clinical can re-traumatise people. We have introduced homely touches throughout our centre such as fresh flowers in the main service areas. We have also redecorated assessment rooms to feel less clinical.

Beneficiaries of our services

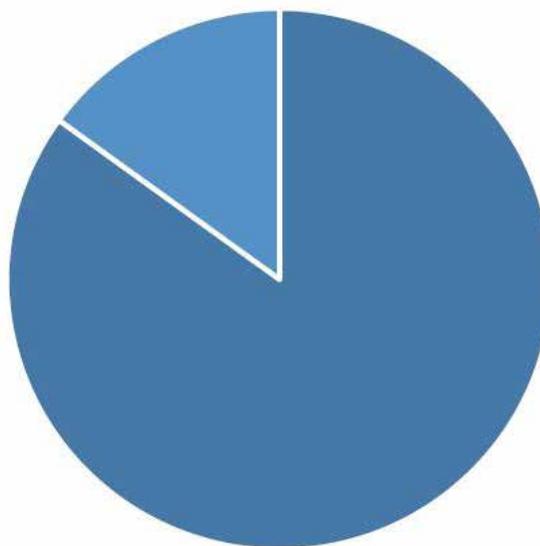
The infographics throughout this document provide information about the numbers of people we have helped during the year and the support services people have accessed.

It can be difficult clearly showing the impact we are having as the majority of the data we capture is outputs, not outcomes. Our outputs show that people are engaging with a service, or specific activity at our centre which aims to address people's homelessness. While this will have a positive effect on someone's situation, we do not always find out what happens to the individual as a consequence of that support.

For example, in some cases people only access our service for a short period of time. This is not uncommon with our client group who often lead transient lives and do not stay in one place for very long. In other cases where we reconnect people back into support services in their local area we do not always find out what happens as our efforts are then invested in helping new people in crisis.

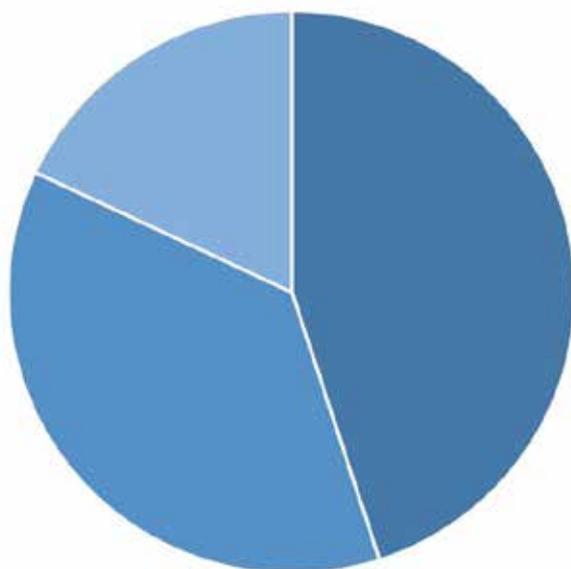
Who we work with

Gender



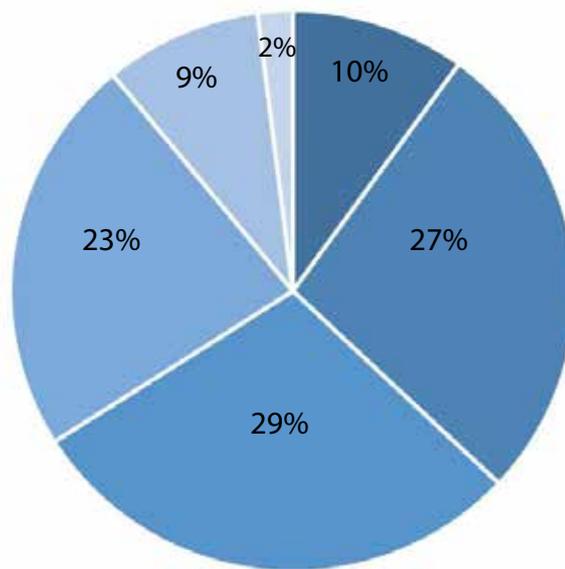
- 85% Male
- 15% Female

Area of Origin



- 45% UK/Irish
- 37% EEA (excl. UK & Ireland)
- 18% Non EEA

Age



- 10% Under 26
- 27% 26 - 35
- 29% 36 - 45
- 23% 46-55
- 9% 56-65
- 2% Over 65%

Day Centre

On average our Day Centre sees

139

people every week day with

5

who are newly in crisis

Health Support

Onsite NHS nurse and podiatrist, emotional support and signposting

Facilities

Cafe, Computers, Laundry, Showers, Lockers and Art Room

Our kitchen serves over

150

hot meals every day

Activity Groups:

Art, Digital Literacy, Spiritual Space, Stop Gambling, Anger Management, Mindfulness, Women's group and more.

481

people attended

14

activity groups

Support

Provides advice, finds suitable accommodation, reconnects people home, provides mental health support, helps people at risk of homelessness, helps people who are newly homeless, helps people that have returned to homelessness and access private rented sector (PRS) scheme

This year our Advice and Housing team assessed and supported

911
people

The team referred

320
people into hostels and accommodation

Advice and Housing

121

people were supported to reconnect into services in their local area

199

people received support with their mental health

Goal 3: Help more clients to access the private rental sector (PRS)

What's been happening?

The majority of the people we work with are single men without a local connection to Westminster which makes them a low priority for statutory housing. Often our only option is to support people to access private rented accommodation but there is very limited affordable stock available for people on low incomes and claiming housing benefit. We're continuing to maintain existing relationships with property owners and develop new ones to increase the options available for people.

In last year's impact report we were hopeful that two new projects would be underway which would create more opportunities to help clients into private rented accommodation. The first was in conjunction with Westminster City Council who would provide initial deposits for clients, and the second was similar to the existing 'Two Step' scheme where we act as a guarantor for clients securing tenancies with the landlord.

Unfortunately, neither of these projects came to fruition because the cost for clients to access private rented sector housing was too high. We have learnt from this process and are developing an alternative approach which will overcome these barriers and we'll pilot the project in 2017.

What we've been doing

Building Prospects

We are coming to the end of Building Prospects, a three year supported housing project in partnership with the Dolphin Square Charitable Foundation. Building Prospects provided affordable housing to 10 clients across 5 shared properties in Westminster.

The scheme helped formerly homeless people who were 'job ready' to transition into work with support from our in-house Education, Training & Employment service. The ultimate goal was to help people escape the 'benefits trap' and become sufficiently financially independent so that they could rent a property of their own.

There were some excellent outcomes as a result of this partnership with a proportion of tenants securing full time employment. However, there were challenges which prevented the project from continuing beyond the three year period. Below we've highlighted the key learning outcomes which will shape future housing projects we develop:

1. **Support** – Tenants required more support than we initially anticipated to secure stable employment. We've learnt that while people are 'work ready' the transition from homelessness to the responsibilities which come with holding down a job and a tenancy are significant.
2. **Shared accommodation** – Each flat had 2 or 3 bedrooms and required tenants to live together. We discovered that tenants need more support to live harmoniously together.
3. **Low incomes** – The majority of our clients are accessing entry level positions in catering or hospitality which are generally low paid, and often come with temporary contracts. Irregular income meant the risk of people falling into rent arrears was high.
4. **Deposits** – Once in work the aim was for tenants to be able to save for a deposit and move in to their own private rented accommodation. Rent levels in combination with low incomes meant that for the majority this wasn't possible.

54

people attended employability workshops

60

people attended interviews

Support

Qualified careers advisors support people to find work, training and volunteering. In-house certified IT training & Step Up volunteering, Post-employment support, employability workshops and smart clothing for interviews

845

people were assessed to establish what they want to do next

Education, Training & Employment

105

were supported into work

356

were supported to achieve their career and training goals

Richard in work

"I went into the IT room to bone-up on my skills, because I was woefully behind. I did the European Computer Driving Licence. The good thing is I'll be using all the skills I learnt at the job I gained!"

On average our Outreach workers engage with

20

rough sleepers every shift

Support:

Daily street support to rough sleepers, responds to referrals from StreetLink, encourages engagement, reduces numbers of people sleeping rough & anti-social behaviour

Street Outreach

Our Outreach team supported

2599 during the year

186

people were referred to No Second Night Out to prevent long term rough sleeping

Support:

Emergency short term accommodation for 40+ people a night, open seven days a week, hot meal on arrival, access to showers, computers & laundry, emotional support, extended capacity in cold weather

775

clients stayed in our night centre last year for an average of

18

nights before being supported into longer term accommodation or reconnected to their home area

Emergency Night Centre

Geoffrey in housing



“What I liked about her [keyworker] is she’d tell me if I was wrong. She wouldn’t fanny round the houses. She was tough sometimes and maybe that’s what I needed to address things. She come down to my housing and helped me sort out all the paperwork too.”



Dorothee Step Up volunteer

"I volunteer 3 times a week at The Connection. I take the names for people to see the nurse. Sometimes people are scared to see the nurse. This is my job. I go to them, I talk, I listen, listen, listen. A lot of listening. Until they open up and follow us to see the nurse."

Goal 4: Work in partnership with other organisations to ensure our aims are achieved

What's been happening?

We have continued to strengthen relationships with existing partners to maximise what we can do for homeless people. Significant developments included:

Spotlight on trafficking

We have been improving awareness and reporting of trafficking with clients and staff, which has led to the development of a partnership with the Metropolitan Police's Human trafficking and kidnap unit.

In May, alongside police trafficking officers we held a labour exploitation awareness workshop for clients in our Day Centre using multi-lingual leaflets kindly provided for us by the Gangmaster Licensing Authority. The one-hour workshop was extremely well attended and led to a participant disclosing that they had been trafficked and agreed to give a statement to the trafficking unit officers. We are continuing to gather intelligence about criminal networks for the unit by supporting clients to give statements and talk through their options with trafficking unit officers.

Finally, in June, street outreach staff members developed and delivered training on trafficking and the Tri-borough Outreach Trafficking Protocol to their colleagues as well as St Mungo's Hammersmith and Fulham Outreach Team.

The Metropolitan Police & Westminster City Council

We have been working with the police and council to reduce instances of antisocial behaviour which can arise from taking the drug spice, street drinking and begging. Notable improvements included the government's ban on novel psychoactive substances (NPS) – formerly known as legal highs – which came into effect in May. This has enabled the police to arrest people caught in possession of the drug and has reduced its availability.

With instances of begging the council is now able to issue Community Protection Notices, rather than arrests, which is a less punitive approach and acts as a warning to the individual. This has been effective at encouraging the person to work with our service to address support needs like alcohol and drug addictions, which are often the motivational force behind begging.

The Passage

The Passage homelessness service is located in Victoria. We have joint street shifts and regular meetings with The Passage team as this helps us case work mutual clients. In the summer we agreed that we would formalise this approach. We now co-run a drop in service with The Passage at our centre on a Monday morning which helps us jointly case work rough sleepers who come in to the centre for support.

WHAT (Westminster Homeless Action Together)

We have been working in partnership with St Mungo's, The Passage, West London Mission, Groundswell and Westminster City Council on a community initiative involving volunteers. They undertook the largest community survey of people sleeping rough in Westminster across a week (10 -17 July).

WHAT week was a meaningful opportunity for volunteers in the community to find out the causes of people's homelessness, and be part of helping provide a new perspective on the solution. It has been beneficial involving a new group of people beyond the usual people who work for homeless charities and the local Council.

More than 300 volunteers speaking 36 languages each gave a minimum of ten hours to the project. These volunteers formed 32 teams to cover eight square miles in Westminster, London. They encountered 461 people sleeping rough, with 267 surveys being completed. Analysis of the surveys found that 87% of people were male, 47% were 35 or under, 49% had come to London for work and 10% were working whilst sleeping rough.

Goal 5: Recruit & induct a new Chair

Following the decision of Diana Brittan to retire from the role of Chair of trustees after 14 years' service, we initiated a process to recruit a new Chair through external advertising and with the help of recruitment consultants. At the conclusion of this process the Board decided to make an internal appointment of Tim Jones as Chair with effect from December 2016. Tim has been a trustee since 2014.

Since his appointment Tim has been actively involved in the recruitment of our new CEO, Pam Orchard, as well as a review of our governance structures and Board composition. We expect to advertise opportunities for new trustees to join the Board during the financial year of 2017/18.

Now that we have a new Chief Executive and Chair in place we have started developing a three - year strategy in consultation with staff, the Board and stakeholders. This will outline our longer term vision and will commence in April 2018. This has been informed by our interim strategy which sets out our current working priorities until the start of the new financial year.

The interim strategy is a good opportunity for us to pilot a system to link strategic planning to individual staff management.



Volunteering

Volunteers continue to play an integral role in supporting our work, both in client facing roles such as activities, Outreach, Night Centre and Catering – or helping behind the scenes in administration, casework and fundraising.

We would not be able to provide the depth and range of client services without the support of this dedicated unpaid workforce, currently over 500 strong. Volunteers can provide that extra encouragement that can make all the difference to someone's day and give the extra help to our clients so they can reach their full potential. With more and more companies using their CSR schemes to support the Connection - we look to the future perfectly placed to utilize this huge volunteer resource

- Every weekday our kitchen is supported by companies who release employees as part of their corporate social responsibility schemes. They help our catering staff prepare and serve hot meals to our hungry clients each lunchtime
- Corporate volunteers have also taken a number of clients on educational museum trips or days out and treated them to lunch – a welcome break that greatly improves independent living skills
- Corporate sponsors including PwC and Shell UK have supported our clients to get back to work by running employability workshops to teach clients interview and other vital skills.



Plans for the future -2017/18

Goal 1: Help 4,500 homeless and vulnerably housed people through effective, relevant and well respected services.

- Help 2,500 people to engage in mainstream services via our Day Centre
- Provide street outreach to 2,500 people to minimise time spent rough sleeping.
- Provide Advice and Housing services to help 900 people overcome their homelessness.
- Provide temporary emergency accommodation to 750 people through the Night Centre.
- Support 700 people into work, volunteering and learning through Workspace (Employment, Training & Education) services.
- Create a plan to develop our migration response strategically, balancing the interests of key stakeholders.
- Respond to the re-tendering of the CAS contract, creating an organisational tendering process to build the charity's capacity to respond to subsequent tendering situations in the future.

Goal 2: Develop our service model

- Engage service staff in the creation of an overarching service model, with shared service outcomes and a draft theory of change ready to develop our monitoring and evaluation in 2018/19.
- Continue existing client involvement work, alongside developing a plan for further work to ensure our work reflects its values, co-production and personalisation.
- Create a cross-organisational plan to address the antisocial behaviour issue outside our building on Adelaide Street using psychologically informed environment (PIE) principles.

Goal 3: Fundraising

Undertake fundraising which secures £2,502,000 during the year.

Work with the St Martin's charity to support the delivery of the Christmas Appeal to meet the budgeted income target of £1,100,000.

Create a 3 year fundraising strategy for the charity from 2018/19.

Goal 4: Governance

Undertake a governance review, create a refreshed governance policy and risk register, recruit new trustees to the Board and take forward trustee training to support the achievement of our emerging new strategy.

Create a new 3 year strategy ready for April 2018 for the charity including a refreshed vision, mission and values, in consultation with key stakeholders (trustees, the Church, Westminster City Council, partners, Friends of The Connection, staff, clients).

Put in place an organisational planning system linking our strategy with the day to day work of all staff members.

Goal 5: Core infrastructure

We have been through a period of growth and development which has highlighted the need for additional resources, and the correct infrastructure in our HR & admin, IT & governance and facilities management teams.

This will ensure that we can continue to support and deliver our core services which are the foundation of what we do.

Financial review

The overview for this year revealed a significantly larger deficit (£409,067) than we have had last year. However, our general reserve fund has increased by a small amount (£26,553) and our legacies equalisation fund has reduced by £371,014.

We had planned for a modest deficit in this financial year as part of a multiple year response to large increases in demand for our services, and the ability of the charity to underwrite part of this increase with reserves. Nevertheless, we made plans to fundraise for the majority of the expected increase in the knowledge that statutory income would reduce.

The charity is currently undertaking consultation with staff as part of a strategic review. This will enable us to deliver services to meet demand but in a financially sustainable way. Our reserves will support this change, rather than adding capacity for a fixed term.

In a change to previous years, the treatment of two statutory contracts has been changed in line with the way the contracts are managed. The Connection delivers two contracts, both in partnership with two other charities. Previously, the income and expenditure for the partners share of these contracts was not included in our accounts. They are now included in full, which increases income and expenditure, but does not change the deficit figure for last year.

Principal sources of income

The Connection at St Martin's has a diverse range of income sources, which break down into four broad categories:

- Statutory £1,620k (£1,785k 2016), which includes £361k payable to other charities for joint contract delivery (£439k 2016). The overall reduction is expected and been taken into account in planning.
- BBC Radio 4 Christmas Appeal with St Martin-in-the-Fields provided a grant of £1.1m (£1m 2016). We continue to work with St Martin's Charity to use their unique funds to support our beneficiaries.
- Individuals and event income £705k (£1,009k 2016). Included in this figure are legacies which have been very different between years. Excluding legacy income, individual donations have decreased by £17k, but following a number of years of growth.
- Corporate, trusts and earned income £1,141k (£892k 2016). The increase of £264k is almost wholly due to a legacy received by the Friends of the Connection at St Martin's.

Expenditure

67% of the expenditure at The Connection at St Martin's is on staffing. 7% is paid to partners for their part in delivering contracts and the remaining 26% is on our building and goods and services to support our homeless clients.

Principal risks and uncertainties

The Board of Trustees reviews its exposure to risk regularly and maintains a risk register, identifying the level of exposure to any material risks with a constant view to improve systems and procedures which will mitigate them. This register is overseen by the Head of Finance, who also reports to the Finance Committee. The Connection at St Martin's additionally has a more detailed register of operational risks, which addresses the exposure of our staff and volunteers to risk through work with clients in potentially violent circumstances.

The principal risks identified by the register are:

- With the recent change in CEO and Chair, there was a risk that the organisation may lack direction or a clear organisational structure. The organisation has a four year budget in place, regular client feedback and performance monitoring by the Senior Management team. A new strategy is being created, to which structures and business plans will be linked.
- Working with vulnerable individuals with a complex range of problems presents safeguarding issues and incidents are a potential risk. The organisation already has an effective safeguarding policy, a robust policy for managing incidents and a newly reviewed health & safety policy. A review of safeguarding training is underway and training on major incidents will further reduce risk.
- In the current climate, competition from other charities and income dependency are risks. The charity already focuses on relationships with funders, has a fundraising plan, has identified the dependencies and has an appropriate reserves policy. We are in the process of developing a much longer term fundraising strategy to address the issues in a more strategic way.
- The organisation's IT has been highlighted as an issue, which a system review confirmed. An IT support contract has been in place and a system replacement has been agreed.

Fundraising

We are incredibly grateful for the support we received from a wide range of companies, foundations, trusts and individuals who provided us with one-off donations, or longer term support towards our core running costs, service improvements and new projects. Significant fundraising achievements for the last financial year include:

Company support:

- Shell UK continued their generous support with a contribution towards our in-house Employment, Education & Training (ETE) service which helps people progress in to training and work. They also provided volunteers to run workshops to improve employability prospects for ETE service users and to serve lunch in our centre.
- We have developed a three year Charity of the Year partnership with Berkeley St Edwards which will raise £120,000 through their staff fundraising initiatives.

Trusts:

- The Radio 4 Christmas Appeal with St Martin-in-the-Fields celebrated its 90th year. To mark this momentous partnership there was additional activity to raise awareness and funds. This included a gala dinner; a film narrated by Hugh Dennis exploring the history of the appeal and Sunday Worship broadcast on Radio 4 from St Martin's church. The Appeal raised an incredible £2.8m of which we received a grant of £1.1m.
- The Friends of the Connection continued their invaluable support of our work, both financially and through their members.
- Continued support from The Monday Charitable Trust totalling £140k, providing both unrestricted funding and specific support for the ongoing delivery of a hot meal service in our emergency Night Centre.

Individuals and events:

- 122 people, including 12 service users, walked our Pilgrimage from London to Canterbury with a further 42 volunteers helping, raising £48k inclusive of gift aid. This fantastic walk, which takes place over the late May Bank holiday weekend, is growing every year. It brings together a diverse range of people from all backgrounds who are united by their interest in walking and fundraising for our services.

Reserves policy & going concern

Going concern

This one year deficit does not affect the charity's ability to continue as a going concern. We have sufficient unrestricted reserves in place for the medium term and are developing a plan to resolve the funding of our higher level of service provision in the long term.

The trustees have identified no known material uncertainties that would affect the Going Concern opinion.

Reserves

The Board regularly monitors the level of unrestricted reserves on the charity's balance sheet. This is done in order to ensure the continuation of The Connection's services for the foreseeable future. The Connection's total unrestricted reserves include both the general funds and those funds designated by the Board to develop specific areas of charitable work and to meet potential future obligations.

It is recognised that, in the short to medium term, the charity may be exposed to unexpected increases or decreases of income. Given this factor, and the variations in costs that may arise from changes in the demand for the charity's services, the Board has a reserves policy that unrestricted funds shall be maintained at between two and six months' running costs. This is to minimise the risk of disruption of the charity's services to homeless people.

The unrestricted funds as at 31 March 2017 were £2,595,998 and equate to approximately 28 weeks of running costs, which is £35K over the policy aim but this will reduce in 2017/18. The minimum level of reserves of two months equates to £796,304 based on this year's expenditure. Included in the unrestricted funds are the following funds that the Board has designated for specific purposes:

- A legacy reserve (currently £806,220) funded by income generated through legacies is established in order that the benefit from such income (which is, by nature, unpredictable both in timing and quantity) can be spread over several years more evenly.
- A maintenance reserve (currently £50,000) is established to meet the anticipated future costs of maintaining the infrastructure at 12 Adelaide St which has been in place following the building renewal programme.
- A lease reserve (currently £36,000) is designated from the lease payment received from London & Quadrant Housing Association for St Martin's House. This is being transferred to general reserves over the remaining life of the lease at a rate of £1,500 per annum.

At the present time, we are experiencing very high levels of demand for our services, so our forward plan includes creating efficiencies so that we can do more within the resources we have available. The deficit from this year has been absorbed by the legacy fund.

Structure, governance and management

The organisation is a charitable company limited by guarantee, incorporated on 4 October 1999 and registered as a charity on 12 November 1999.

The company was established under a memorandum of association which established the objects and powers of the charitable company and is governed under its articles of association.

All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 8 to the accounts.

Appointment of trustees

There is an open recruitment process for new Trustees which takes place on a cyclical basis. A Nominations Committee comprising existing board members selects and proposes new Trustees to the main board.

Trustee induction & training

The process for new trustees begins before they stand for election to the board. They are offered the opportunity to attend a meeting as an observer and meet with the Chair or another board member after expressing interest.

The process continues after election, with an induction that includes time in the organisation, understanding its clients and services.

The appointment of a new Chair during the year followed an external recruitment process overseen by a board sub group. As trustees, we are keen to learn from this process and apply the lessons to future appointments.

Related parties and relationships with other organisations

The biggest related party transactions are between The Connection and elements of St Martin-in-the-Fields Church. Transactions we have with the Church include:

- Paying an annual licence fee for use of the building.
- Payments for our share of utilities and other cross-site costs.
- Receiving a grant from St Martin's Charity from the Christmas Appeal.
- A small amount of income from sales of cookies in St Martin's Crypt café.

The related parties who are able to exert influence over these are:

- Sam Wells, Vicar of St Martin's, who has a governance role in each organisation on site, including as a Trustee of The Connection.
- Gail Elkington, Churchwarden of St Martin's, who had a governance role in organisations across site including as a Trustee of The Connection.
- Jeff Claxton, licensed Minister at St Martin's Church and Trustee of The Connection.

Other related party transactions:

- Ian Watson is Trustee and Treasurer of The Connection and also a Trustee and Treasurer of Homeless Link, of whom The Connection is a member and purchases training and recruitment.
- Jeff Claxton is Director of a catering business (Impeccable Taste), which The Connection purchased services from once in the year.

Remuneration policy for key management personnel

The remuneration of the CEO was set during the year by the Board, on a paygrade related to the NJC pay scales. The ratio of CEO pay to the lowest paid employee is 3.9:1, compared to the voluntary sector average of 5.8:1 (2012 NCVO).

Other key management personnel are paid on NJC pay scales.

Statement of responsibilities of the trustees

The trustees (who are also directors of The Connection at St Martin-in-the-Fields for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law 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 affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and statements of recommended practice 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 charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware.
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 March 2017 was 10 (2016: 14). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditors

Sayer Vincent LLP was appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The trustees' annual report has been approved by the trustees on 12 December 2017 and signed on their behalf by

Tim Jones
Chair of Trustees

Opinion

We have audited the financial statements of The Connection at St Martin-in-the-Fields (the 'charitable company') for the year ended 31 March 2017 which comprise the statement of financial activities, balance sheet, statement of cash flows and 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 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended.
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the trustees' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

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 trustees' annual report.

We have nothing to report in respect of the following matters in relation to which 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; or
- The trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) 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

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.

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Judith Miller (Senior statutory auditor)

Date: 21 December 2017

for and on behalf of Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL



The Connection
at St Martin-in-the-Fields

Annual Accounts 2016-2017

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2017

	Note	Unrestricted £	Restricted £	2017 Total £	2016 Total £
Income from:					
Donations and legacies	3	2,266,945	-	2,266,945	2,417,953
Charitable activities					
Day and Night Centres	4	436,337	238,021	674,358	809,314
Advice and housing	4	89,547	97,031	186,578	286,966
Outreach services	4	843,096	40,248	883,344	897,532
Employment and training	4	-	120,000	120,000	117,200
Resettlement	4	279,526	-	279,526	277,891
Other trading activities	5	155,082	-	155,082	111,042
Interest receivable		7,414	-	7,414	10,649
Total income		4,077,947	495,300	4,573,247	4,928,547
Expenditure on:					
Raising funds	6	340,845	-	340,845	335,093
Charitable activities					
Day and Night Centres	6	1,669,902	248,021	1,917,923	1,990,226
Advice and housing	6	476,821	97,031	573,852	583,630
Outreach services	6	1,226,377	40,248	1,266,625	1,194,684
Employment and training	6	384,152	120,000	504,152	528,327
Resettlement	6	378,917	-	378,917	305,896
Total expenditure		4,477,014	505,300	4,982,314	4,937,856
Net expenditure for the year and net movement in funds	7	(399,067)	(10,000)	(409,067)	(9,309)
Reconciliation of funds:					
Total funds brought forward		2,995,065	34,969	3,030,034	3,039,343
Total funds carried forward		2,595,998	24,969	2,620,967	3,030,034

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 18 to the financial statements.

As at 31 March 2017

	Note	£	2017 £	£	2016 £
Fixed assets:					
Tangible assets	11		81,971		96,983
			81,971		96,983
Current assets:					
Stock		10,330		10,621	
Debtors	12	555,784		501,847	
Cash at bank and in hand		2,310,864		2,730,900	
			2,876,978		3,243,368
Liabilities:					
Creditors: amounts falling due within one year	13	337,982		310,316	
Net current assets / (liabilities)			2,538,996		2,933,052
Total assets less current liabilities			2,620,967		3,030,035
Creditors: amounts falling due after one year	15		-		-
Total net assets / (liabilities)			2,620,967		3,030,035
The funds of the charity:					
Restricted income funds	18		24,969		34,969
Unrestricted income funds:					
Designated funds		892,220		1,264,734	
General funds		1,703,778		1,730,331	
Total unrestricted funds			2,595,998		2,995,065
Total charity funds			2,620,967		3,030,034

Approved by the trustees on 12 December 2017 and signed on their behalf by

Mr Tim Jones
Chair of Trustees

Statement of cash flows

For the year ended 31 March 2017

	Note	2017	2016
		£	£
Cash flows from operating activities	19		
Net cash provided by / (used in) operating activities		(416,651)	(152,161)
Cash flows from investing activities:			
Dividends, interest and rents from investments		7,414	10,649
Purchase of fixed assets		(10,801)	(60,104)
Net cash provided by / (used in) investing activities		(3,387)	(49,455)
Change in cash and cash equivalents in the year		(420,038)	(201,616)
Cash and cash equivalents at the beginning of the year		2,730,900	2,932,516
Cash and cash equivalents at the end of the year		2,310,862	2,730,900

1 Accounting policies

a) Statutory information

The Connection at St Martin-in-the-Fields is a charitable company limited by guarantee and is incorporated in the United Kingdom. The registered office address is 12 Adelaide Street, London, WC2N 4HW.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (September 2015) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

1 Accounting policies (continued)**f) Donations of gifts, services and facilities (continued)**

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

g) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

i) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of delivering services undertaken to further the purposes of the charity and their associated support costs

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

j) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each service delivery activity, comprising salary and overhead costs, is apportioned on the basis of budgeted staff working time equivalent. The costs of the building and its running are apportioned based on floor area occupied by each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

	Staff	Floor Area
● Day and Night Centres	45%	60%
● Advice and housing	14%	9%
● Outreach services	25%	9%
● Employment and training	11%	19%
● Resettlement	5%	0%
● Raising Funds	0%	3%

1 Accounting policies (continued)**j) Allocation of support costs (continued)**

Support and governance costs are re-allocated to each of the activities on the basis of staff time or budget.

	Staff	Expenditure
● Day and Night Centres	41%	43%
● Advice and housing	13%	11%
● Outreach services	23%	20%
● Employment and training	10%	11%
● Resettlement	5%	8%
● Raising Funds	8%	7%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

k) Operating leases

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the statement of financial activities on a straight line basis over the minimum lease term.

l) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £2,500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

● Fixtures, fittings and equipment	5 years
● IT hardware	3 years

In all cases depreciation is calculated using the straight line method. The freehold property is not depreciated. See note 11 for depreciation of the leasehold property.

m) Stocks

Stocks are stated at the lower of cost and net realisable value. Stock consists of travel cards, high street store vouchers, Christmas cards and café food supplies.

n) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

o) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1 Accounting policies (continued)**p) Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

q) Pensions

Contributions to the Connection at St Martin's money purchase pension schemes are recognised when the liability is due to be paid to the pension provider.

2 Detailed comparatives from the previous year for the statement of financial activities

	Unrestricted £	Restricted £	2016 Total £
Income from:			
Donations and legacies	2,417,953	-	2,417,953
Activities for generating funds	111,042	-	111,042
Charitable activities	1,996,376	392,527	2,388,903
Interest	10,649	-	10,649
Total income	4,536,020	392,527	4,928,547
Expenditure on:			
Raising funds	335,093	-	335,093
Charitable activities	4,245,205	357,558	4,602,763
Total expenditure	4,580,298	357,558	4,937,856
Net (expenditure) / income and net movement in funds	(44,278)	34,969	(9,309)
Total funds carried forward	2,995,065	34,969	3,030,034

The 2015/16 comparative figures have been adjusted to include income and expenditure that relates to elements of service provision contracts delivered by partners. The income and expenditure are equal, so there is no effect on the net expenditure or funds carried forward.

3 Income from donations and legacies

	Unrestricted £	Restricted £	2017 Total £	2016 Total £
Corporate	63,448	-	63,448	131,508
Individuals	549,865	-	549,865	897,803
Trusts	285,651	-	285,651	146,412
BBC Radio 4 Christmas Appeal	1,100,000	-	1,100,000	1,000,000
Friends of The Connection at St Martin's	267,981	-	267,981	242,230
	<u>2,266,945</u>	<u>-</u>	<u>2,266,945</u>	<u>2,417,953</u>

4 Income from charitable activities

	Unrestricted £	Restricted £	2017 Total £	2016 Total £
Day and Night Centres				
Corporate	-	30,048	30,048	46,910
Earned	23,338	-	23,338	22,387
Government	412,999	145,673	558,672	581,798
Individuals	-	300	300	250
Trusts	-	62,000	62,000	157,969
Sub-total for Day and Night Centres	<u>436,337</u>	<u>238,021</u>	<u>674,358</u>	<u>809,314</u>
Advice and housing				
Government	89,547	97,031	186,578	286,966
Sub-total for advice and housing	<u>89,547</u>	<u>97,031</u>	<u>186,578</u>	<u>286,966</u>
Outreach services				
Corporate	-	20,248	20,248	20,428
Government	792,000	-	792,000	827,334
Trusts	51,096	20,000	71,096	49,770
Sub-total for outreach services	<u>843,096</u>	<u>40,248</u>	<u>883,344</u>	<u>897,532</u>
Employment and training				
Corporate	-	117,500	117,500	102,500
Trusts	-	2,500	2,500	14,700
Sub-total for employment and training	<u>-</u>	<u>120,000</u>	<u>120,000</u>	<u>117,200</u>
Resettlement				
Charges to residents	196,710	-	196,710	189,074
Government	82,816	-	82,816	88,817
Sub-total for resettlement	<u>279,526</u>	<u>-</u>	<u>279,526</u>	<u>277,891</u>
Total income from charitable activities	<u>1,648,506</u>	<u>495,300</u>	<u>2,143,806</u>	<u>2,388,903</u>

4A London councils Section 37 Statement

Grant aid of £211,705 was received during the year. This part funded staffing and running costs of our Day Centre and Advice Team. This grant was expended in the year as shown in the table below:

Expenditure		
	Cost of programme £	Grant Received £
Salaries	180,612	180,612
General Running Costs	16,528	16,528
Premises Costs	14,565	14,565
Total	211,705	211,705

4B Irish Government: Department of Foreign Affairs and Trade; Emigrant Support Programme

During the year ended 31 March 2017 The Connection at St Martin's received a grant of £16,000 from the Department of Foreign Affairs and Trade; Emigrant Support Programme. The grant covers the period running to 30 June 2017 and partially funded staffing and running costs for a project worker to work with clients of Irish origin.

4C Breakdown of Government income sources

Amount (£)	Source	Nature
720,000	Westminster City Council	Westminster Outreach Contract
419,799	Westminster City Council	Day centre support
211,705	London Councils	Day centre and Advice Service support
89,547	CNWL NHS Trust	Enhanced Reconnection Service Contract
82,816	Wandsworth Council	Supporting People contract
72,000	Westminster City Council via St Mungo	Westminster Hotspot Contract
16,000	DION Irish Government	Emigrant Support
8,199	Other government funding	
1,620,066		

5 Income from other trading activities

	Unrestricted £	Restricted £	2017 Total £	2016 Total £
Events (including card sales)	107,046	-	107,046	83,835
St Martin's annual pilgrimage	48,036	-	48,036	27,207
	155,082	-	155,082	111,042

6 Analysis of expenditure

	Charitable activities								2017 Total £	2016 £	Total £
	Raising funds £	Day and Night Centres £	Advice and housing £	Outreach services £	Employment and training £	Resettlement £	Governance costs £	Support costs £			
Staff costs (Note 8)	206,073	1,254,535	392,637	710,181	315,373	138,798	-	304,319	3,321,916	3,181,685	
Non pay costs	85,455	94,397	11,769	95,540	21,558	9,676	19,662	96,535	434,592	450,034	
Premises costs	17,525	395,477	58,416	58,416	122,674	204,504	-	-	857,012	866,991	
Sub contract payments	-	-	59,794	309,000	-	-	-	-	368,794	439,146	
	309,053	1,744,409	522,616	1,173,137	459,605	352,978	19,662	400,854	4,982,314	4,937,856	
Support costs	30,286	165,451	48,712	88,910	42,509	24,986	-	(400,854)	-	-	
Governance costs	1,506	8,063	2,524	4,578	2,038	953	(19,662)	-	-	-	
Total expenditure 2017	340,845	1,917,923	573,852	1,266,625	504,152	378,917	-	-	4,982,314	4,937,856	
Total expenditure 2016	335,093	1,990,226	583,630	1,194,684	528,327	305,896	-	-	-	-	

Of the total expenditure, £4,477,014 was unrestricted (2016: £4,580,298) and £505,300 was restricted (2016: £357,558).

7 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2017	2016
	£	£
Depreciation	25,812	40,020
Operating lease rentals:		
Property*	254,440	232,262
Other	13,160	17,143
Auditors' remuneration (excluding VAT):		
Audit	8,470	7,600
	297,882	297,025

* The licence fee paid to St Martin's Church is £100,000. St Martin's Church is regarded as a related party since two of the St Martin's Church Trustees are also Trustees of The Connection at St Martin's.

8 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2017	2016
	£	£
Salaries and wages	2,804,074	2,735,503
Redundancy and termination costs	21,220	-
Social security costs	279,306	268,030
Employer's contribution to defined contribution pension schemes	170,907	166,345
Agency staff (sickness and holiday cover and third party)	46,409	11,807
	3,321,916	3,181,685

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2017	2016
	No.	No.
£70,000 - £79,999	1	1

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £332,906 (2016: £332,434).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2016: £nil). No charity trustee received payment for professional or other services supplied to the charity (2016: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £97 (2016: £70) incurred by 1 (2016: 1) members relating to attendance at meetings of the trustees.

9 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 107.7 (2016: 104.3). The wte for the year was 84 (2016: 81).

Staff are split across the activities of the charitable company as follows, based on wte:

	2017	2016
	No.	No.
Raising funds	7.4	7.0
Day and Night Centres and café	30.0	30.0
Advice	9.0	9.0
Outreach services	17.5	17.0
Employment and training	7.4	8.0
Housing and resettlement	3.0	4.0
Support staff	9.7	6.0
	84.0	81.0

10 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

11 Tangible fixed assets

	Freehold property & improvement £	Leasehold property £	Fixtures, fittings & equipment £	IT hardware £	Total £
Cost or valuation					
At the start of the year	87,595	1	332,957	136,192	556,745
Additions in year	-	-	4,275	6,526	10,801
At the end of the year	87,595	1	337,232	142,718	567,546
Depreciation					
At the start of the year	40,382	-	309,161	110,220	459,763
Charge for the year	-	-	8,680	17,132	25,812
At the end of the year	40,382	-	317,841	127,352	485,575
Net book value					
At the end of the year	47,213	1	19,391	15,366	81,971
At the start of the year	47,213	1	23,796	25,972	96,982

Property with a value of £87,595 (2016: £87,595) is included within freehold property and no longer depreciated because the directors are confident that the market value exceeds the net book value. The Connection at St Martin's owns the freehold on St Martin's House, which is on a long lease at a peppercorn rent to L&Q Housing. L&Q refurbished and manage the property and lease it back to The Connection at St Martin's.

11 Tangible fixed assets (continued)

The Board of Trustees consider that due to restrictive covenants placed on the use of 12 Adelaide Street, the leasehold property has no commercial value, and a nominal amount of £1 is included in the financial statements.

All of the above assets are used for charitable purposes.

12 Debtors

	2017	2016
	£	£
Trade debtors	440,823	362,603
Prepayments	50,631	59,614
Accrued income	64,330	79,630
	555,784	501,847

13 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	220,239	237,803
Taxation and social security	18,174	13,312
Accruals	67,451	42,056
Deferred income (note 14)	32,118	17,145
	337,982	310,316

14 Deferred income

Deferred income of £32,118 represents grants and donations received in advance of the year end for intended application after 31 March 2017 (2016: £17,145). No income was deferred for more than one year (2016: Nil)

	2017	2016
	£	£
Balance at the beginning of the year	17,145	20,776
Amount released to income in the year	(17,145)	(20,776)
Amount deferred in the year	32,118	17,145
Balance at the end of the year	32,118	17,145

15 Creditors: amounts falling due after one year

The charity has no liabilities falling due after one year.

16 Pension scheme

The company operates a defined contribution purchase pension scheme for qualifying employees. There are defined contribution schemes not open to new staff. Contributions were made to a defined benefit scheme for a single member of staff, which has ceased on 31 July 2017. The schemes are:

- Peoples Pension (DC). Members at year end date: 48
- Scottish Widows Pension (DC). Members at year end date: 45
- Aviva; Friends Life#1 & #2; Standard Life#1 & #2; Engage Mutual. One member each at year end date in these DC schemes (Total 6)
- Teachers Pension Scheme (DB). One member who retired on 31 July 2017. The pension provider has confirmed that there is no outstanding liability.

17a Analysis of net assets between funds (current year)

	unrestrict ed	Designated	Restricted	Total funds
	£	£	£	£
Tangible fixed assets	81,971	-	-	81,971
Net current assets	1,621,807	892,220	24,969	2,538,996
Net assets at 31 March 2017	1,703,778	892,220	24,969	2,620,967

17b Analysis of net assets between funds (prior year)

	unrestrict ed	Designated	Restricted	Total funds
	£	£	£	£
Tangible fixed assets	96,983	-	-	96,983
Net current assets	1,633,348	1,264,734	34,969	2,933,051
Net assets at 31 March 2016	1,730,331	1,264,734	34,969	3,030,034

18a Movements in funds (current year)

	At 1 April 2016 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2017 £
Restricted funds:					
Day and Night Centres	34,969	238,021	(248,021)	-	24,969
Advice and Housing	-	97,031	(97,031)	-	-
Outreach services	-	40,248	(40,248)	-	-
Employment and training	-	120,000	(120,000)	-	-
Total restricted funds	34,969	495,300	(505,300)	-	24,969
Unrestricted funds:					
Designated funds:					
Lease fund	37,500	-	-	(1,500)	36,000
Legacies equalisation fund	1,177,234	59,377	-	(430,391)	806,220
Capital replacement fund	50,000	-	-	-	50,000
Total designated funds	1,264,734	59,377	-	(431,891)	892,220
General funds	1,730,331	4,018,570	(4,477,014)	431,891	1,703,778
Total unrestricted funds	2,995,065	4,077,947	(4,477,014)	-	2,595,998
Total funds	3,030,034	4,573,247	(4,982,314)	-	2,620,967

The narrative to explain the purpose of each fund is given at the foot of the note below.

18b Movements in funds (prior year)

	At 1 April 2015 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2016 £
Restricted funds:					
Day and Night Centres	-	105,129	(70,160)	-	34,969
Advice	-	100,180	(100,180)	-	-
Outreach services	-	70,018	(70,018)	-	-
Employment and training	-	117,200	(117,200)	-	-
Total restricted funds	-	392,527	(357,558)	-	34,969
Unrestricted funds:					
Designated funds:					
Lease fund	39,000	-	-	(1,500)	37,500
Legacies equalisation fund	1,334,309	404,816	-	(561,891)	1,177,234
Capital replacement fund	50,000	-	-	-	50,000
Total designated funds	1,423,309	404,816	-	(563,391)	1,264,734
General funds	1,616,034	4,131,204	(4,580,298)	563,391	1,730,331
Total unrestricted funds	3,039,343	4,536,020	(4,580,298)	-	2,995,065
Total funds	3,039,343	4,928,547	(4,937,856)	-	3,030,034

Purposes of restricted funds**Day and Night Centres**

The greatest proportion of the funding received was from the City of Westminster as well as other statutory and non-statutory bodies and individuals. A condition of this funding is that it is applied wholly to the activities of the Day and Night Centres.

The funds carried forward are £9,969 for the horticulture project from the Big Give and £15,000 from the GLA for the horticulture project.

Advice

The greatest proportion of funding received was from London Councils. A condition of this funding is that it is applied wholly to the activities of the Advice and Housing Team.

Outreach services

The greatest proportion of funding received was from the City of Westminster as well as other statutory and non-statutory bodies and trusts. A condition of this funding is that it is applied wholly to the activities of the Outreach Services programme.

Employment and training

The funding was received from a range of non-statutory bodies and individuals. A condition of this funding is that it is applied wholly to the activities of the Workspace Team.

18b Movements in funds (continued)**Purposes of restricted funds (continued)****Housing and resettlement**

The majority of funding received in the year was statutory funding from the London Borough of Wandsworth. A condition of this funding is that it is applied wholly to the activities of St Martin's House.

Purposes of designated funds**Lease fund**

This reserve is designated from the lease payment received from London & Quadrant Housing Association for St Martin's House. This is being transferred to general reserves over the remaining life of the lease at a rate of £1,500 per annum.

Legacies equalisation fund

This is funded by income generated through legacies. The Fund was established to recognise the income (which is, by nature, unpredictable both in timing and quantity) over several years to match the long term impact that our legators would have expected.

Capital replacement fund

This was established to meet costs in the short to middle-term of maintaining the infrastructure at 12 Adelaide St. It has now been 8 years since our return in 2008 following the building renewal programme and the likelihood of wear-and-tear increases with time.

19 Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2017	2016
	£	£
Net (expenditure) for the reporting period (as per the statement of financial activities)	(409,067)	(9,309)
Depreciation charges	25,812	40,020
Dividends, interest and rent from investments	(7,414)	(10,649)
(Increase)/decrease in stocks	291	(2,887)
(Increase) in debtors	(53,937)	(145,400)
Increase/(decrease) in creditors	27,666	(23,936)
Net cash (used in) operating activities	(416,649)	(152,161)

20 Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Land and buildings		Equipment	
	2017 £	2016 £	2017 £	2016 £
Less than one year	250,484	254,440	9,695	11,446
One to five years	781,852	844,403	31,435	38,780
Over five years	3,067,802	3,255,735	-	2,351
	4,100,138	4,354,578	41,130	52,577

21 Capital commitments

At the balance sheet date, the charity had committed to £nil (2016: £nil) capital commitments.

22 Contingent assets or liabilities

The charity has a legacy that is expected, but is a residual legacy and has been subject to a legal process such that the solicitors have been unable to produce any estate accounts.

23 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

24 Related parties

During the year, the charitable company made payments to Homeless Link in the year totalling £4,878 for membership, training and recruitment. Ian Watson, Director and Treasurer of The Connection at St Martin's is also a Trustee and Treasurer of Homeless Link.

During the year, the charitable company made payments to Impeccable Taste totalling £250 for the provision of catering on one occasion. Jeff Claxton, Director of The Connection at St Martin's is also a Director of Impeccable Taste.

During the year, the charitable company made payments to Dolphin Living Ltd totalling £75,400 under lease agreements for five flats that are leased and in turn rented to the companies beneficiaries. Octavia Williams is Director of Corporate Services at Dolphon Living. All the leases were taken out before Octavia joined Dolphin Living Ltd.

As the vicar of St Martin's Church, Sam Wells is able to directly influence the Parochial Church Council and the St Martin's group of organisations. Gail Elkington is a member of the Parochial Church Council of St Martin's Church. Jeff Claxton is a licensed Minister at St Martin's Church. The Connection at St Martin's makes annual licence fee payments to St Martin's Church (see Note 7), made payments of £143,850 reimbursing St Martin's Ltd for shared costs, as well as receiving revenue from the St Martin's Charity from the Christmas Appeal (see Note 3).

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.



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