

## 24. Methodist Ministers' Housing Society (MMHS)

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### 1. Introduction

This report covers the period **1 September 2020 to 31 August 2021**, our second reporting period as a *company limited by guarantee*, but towards the end of our report, we are pleased, also, to comment on key developments from 1 September 2021 to date.

We are regulated by/report to Companies House, the Charity Commission, the Office of the Scottish Charities Regulator and the Government of the Isle of Man.

**Our mission** is to meet the housing and housing-related needs of retired Methodist ministers of limited means, their spouses, widows and widowers and to offer support for their wellbeing in the key areas of mobility and independence.

Our mission is directed by **our vision** for MMHS which is set out in this single verse from the New Testament: 'There was not a single person in need among them'. (Acts 4:34)

Everything we do is underscored by **our core values**. We have a Christian distinctiveness of which we are proud and it underpins who we are and what we do. Our concern is to show high standards of care in all we do and to be professional as individuals and as an organisation.

On occasion, we will partner with other organisations if we can see benefit for our ministerial residents. By way of example, we were pleased to enter into a collaborative relationship with *AbilityNet*, an organisation which believes in 'a digital world accessible to all': one part of their mission is to provide free IT support to older people. We also collaborated with the Methodist Church and fellow charities in the Methodist family to produce a legacy booklet '*Thine be the glory*'. It was good to be a contributor to a joint Methodist Charities initiative.

### 2. Overview of the period

Throughout the 1 September 2020 – 31 August 2021 period, the COVID-19 pandemic was still dominating much of public life but we were not thrown off course in the delivery of our services and the staff team remained resilient and focused. We were able to keep delivering throughout a challenging year despite the ever-changing Guidance and Rules which impacted us on many levels.

As we commented in our annual Trustees' Report for the period, times of crisis are often the catalysts for innovation and at the heart of innovation lies the desire to solve problems. MMHS has tried to embrace good change in terms of harnessing new technologies and methods of working. As we emerge from the pandemic, MMHS is committed to embracing yet more good change and to innovate wider and deeper.

As well as providing 'roofs over heads' on favourable terms, we strive to make living that little bit better and easier for our residents. Our mission goes some distance in enabling our residents to continue being the light and the salt of their communities, many continuing to serve the Church in some capacity well into their formal retirements.

### **3. Housing provision during the period**

As at 31 August 2021, we had 909 properties. Of that number, 716 were occupied by our ministerial residents, 155 by market rent tenants and 38 were empty. Empty properties are unavoidable due to transition periods between ministerial residents, or during marketing periods for commercial residents. Empty property numbers are always kept to a minimum and the time they are left empty is kept as short as possible; numbers fluctuate monthly.

We were pleased to provide housing for 20 new ministerial residents during the period, including two medical retirees. We also transferred three ministerial residents to more appropriate properties.

Our equity sharing scheme enables our ministerial residents to acquire a financial interest in their retirement homes. At the end of August 2021, 418 ministerial residents had equity interests with a total fair value of £18,974,000.

To make the best use of all our resources, we prioritise the use of our existing property portfolio when offering accommodation to new ministerial residents. Occasionally, however, we will purchase properties for those who have medical or other valid reasons for requiring a particular type of property in a particular area. Our purchasing budget is allocated mainly to transferees, especially if they are advancing significantly in age and want to be near family members: we always try to offer a sympathetic ear to such pleas.

### **4. Rent and finances for the period**

Traditionally our standard rent is the same for all ministerial residents across the whole country; for this period the monthly rent rose from £278 to £300. Ministerial residents pay a supplemental rent if their income in retirement is above the figure used for the setting for our standard rent.

Rental income from ministerial residents amounted to £2.424m for the year. A further £1.399m of income was generated from market rate tenants, £48k from interest and dividends and £579k from legacies, bequests and grants. Donations amounting to £57k were received from individuals, churches and circuits within the Methodist family. The net surplus derived from the sale of surplus properties amounted to £506k. MMHS's total funds as at 31 August 2021 were £184.161m.

Overall expenditure was £6.2m. This expenditure exceeded income by £1.2m, largely as a result of the higher depreciation charges of MMHS's properties that were charged (fair value) following its conversion to a company limited by guarantee. We also face extraordinary inflationary and cost pressures when providing our services.

During the period, we were able to put in place a 12-year Rent Plan with the unanimous agreement of our Board of Trustees. This will see the monthly rent increase by £22 (plus an additional inflationary adjustment if necessary) in each year of the 2021-2033 plan, and is supported by a Wellbeing Fund which we use to cross-subsidise those less able to pay.

Our Rent Plan provides a high level of visibility on rent for ministerial residents, their families, our donors, our senior managers and trustees. We are delighted we are able to maintain a standard rent which is well below those set by social housing providers and substantially below market level rents.

## **5. Refurbishments and repairs & maintenance**

We have a rolling programme for maintaining our properties, including kitchen and bathroom refits. We also take the opportunity when properties are empty to undertake major refurbishments to avoid disturbance to our ministerial residents.

These refurbishments comprise the replacement of kitchens and bathrooms with upgrades to joinery, heating, plumbing and electrical installations together with building fabric repairs, complete redecoration and replacement of finishes. We prepare a comprehensive specification which prevents projects drifting into remodelling, extensions and structural alterations requiring external consultants to design and manage.

Over the period, we refurbished 24 homes at an average 'spend' per property of £14,750. We continue to exert tight control of refurbishment contracts by ensuring our documentation of works include all that they should at the time of tender. Almost two-thirds (63%) of our projects were delivered below budget.

Over 1,300 jobs were recorded relating to the repair and maintenance of our properties including 16 bathroom and 9 kitchen refits.

Electrical inspections and associated remedial works are administered and undertaken by HES Fire Protection Limited. Boiler Plan UK Limited undertakes our gas compliance checks.

We remain committed to 'greening' our property portfolio. Energy efficiency and insulation levels are constantly being upgraded and we are pleased to confirm the following:

- our rolling programme of boiler replacements installed 72 new combination boilers during the period;
- we are also eliminating cold water storage tanks which can harbour diseases such as legionella;
- heating systems are being upgraded to provide better controls including thermostatic radiator valves throughout to allow our Ministerial Residents to minimise their use of fuel while still remaining comfortable;
- instantaneous low flow shower fittings are being provided;
- loft insulation is being installed when missing and also increased where appropriate;
- our window and external door replacement programme provides modern, double-glazed units that improve insulation levels and eliminate draughts, 24 properties benefited from new windows and external doors during the period;
- all light-fitting replacements to kitchens and bathrooms are safe, low-energy fittings.

Our responsibilities as a landlord do not normally cover internal decoration but we became aware that some of our residents struggled with this matter both physically and financially. A new grant scheme was launched. We had 44 claims in the period with a total commitment of just under £35,000. Due to the success of this particular initiative, we are continuing with the grant scheme beyond the period of this report.

## **6. Board of Trustees**

The Board has eight Trustees who offer their knowledge and experience in providing good stewardship of MMHS's assets and sound governance of its operations. The requirement for Trustees to demonstrate effective governance of charities increases year on year; we provide an Induction Programme for new Trustees and supplement this with an ongoing

learning and development (L&D) Programme tailored to their needs. The Chair works closely with the CEO in matters relating to the conduct of the business of the charity. The Vice Chair manages the L&D needs of the Board and their evaluations/appraisals and also supports the pastoral needs of the CEO and Board.

## **7. Staff**

The Senior Management Team comprises the CEO and three executive Directors (Finance, Operations and Property). The CEO is responsible for the implementation of the decisions of the Trustees and the day-to-day management of the affairs of MMHS. She is also the Company Secretary. Together with the Chair, she works to enable the Board to fulfil its functions. She is responsible for effective management systems to ensure all staff understand their roles and objectives and have appropriate appraisals and training to enable them to fulfil their roles and contribute to MMHS's strategic objectives.

The staff team is 17 strong, three being part-time, and worked tirelessly throughout the pandemic period to deliver the services and housing mission of MMHS. Their dedication and professionalism is acknowledged and appreciated.

## **8. Present and future developments**

We are in the last year of our five-year Strategic Plan, 2017-2022, and because of that we have begun the process of planning for the next Plan period, 2022-2027. Our initial discussions have been captured under a heading '*Building Boldly*' which speaks to our wish to build courageously and ambitiously, mindful always of MMHS's rich history meeting need for over 70 years.

Like most, if not all organisations, we need to recover from the significant impact of the pandemic and the measures taken to deal with it. It is likely that complete recovery will take years.

One other particular challenge we face is funding the decarbonisation agenda. The costs of achieving 'Net Zero' are colossal. We have begun the process of establishing the total cost for MMHS and how that will impact budgetary and other future planning.

We are also witnessing significant inflationary pressures on all areas of our charitable business, not least on the cost of building materials. We continue to monitor all inflationary pressure points and adapt as needed.

Finally, we always like to say that we are as much about people as we are about property and to that end, we are pleased to be focusing on the wellbeing needs of our ministerial residents. Recently, we were delighted to be able to award 'Winter Warmer' grants to those who qualified on an income basis. Rising energy costs are having a deeply significant impact on millions of households.

## **9. Conclusion**

We are, as always, very grateful to the many people who support the work of MMHS, in particular through church donations, personal donations, bequests and legacies. This support has always been vital to MMHS's ability to meet need. We are also grateful for all the prayerful support we receive – that has profound impact as we strive to reach our vision and achieve our mission.

### **\*\*\*RESOLUTION**

#### **24/1. The Conference received the Report.**