

38. Methodist Ministers' Housing Society (MMHS)

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1. Introduction

This report covers the period 1 September 2021 to 31 August 2022, but towards the end of our report we also comment on key developments from 1 September 2022 to date.

We are regulated by and 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 Acts 4:34, 'There was not a single person in need among them' and all we do is underpinned by **our core values** of Christian distinctiveness, high standards of care, and professionalism as individuals and as an organisation.

2. Overview of the period

Throughout the 1 September 2021 to 31 August 2022 period, our core Staff Team and Board of Trustees remained resilient and focused on the significant challenges that followed hard on the heels of the pandemic – a cost of living crunch, the war in Ukraine, a cost and supply crisis with building materials, industrial action and the impact of a shrinking workforce, to name a few.

During this period, we were able to plan for and set out our Strategy for 2022-2027. It was excellent to work hard, creatively and with enthusiasm, on a good future for MMHS.

We consider ourselves privileged to provide housing for ministers who have dedicated their lives to improving the lives of others. The case studies in our Trustees' Report for 2021-2022 testify to useful lives well-lived. Some of our ministerial residents are well into their 90s – with a few beyond – all living independently. We recently celebrated one reaching the age of 102.

3. Housing provision during the period

As at 31 August 2022, we had 896 properties. Of that number, 710 were occupied by our ministerial residents, 166 by market tenants and 20 were empty. Empty property numbers are kept to a minimum and the time they are left empty is kept

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as short as possible; numbers fluctuate monthly. It is sometimes unavoidable due to transition periods when ministerial residents transfer, or during marketing periods for market tenants.

We were pleased to provide housing for 27 new ministerial residents during the period, including two retiring early for compassionate or health reasons. We also transferred six Ministerial Residents to more appropriate properties.

Our Equity Sharing Scheme enables our ministerial residents to acquire a financial interest in their property. At the end of August 2021, 401 ministerial residents had equity interests with a total fair value of £18,585,000.

During the year, we prioritised using our existing portfolio when offering accommodation to new ministerial residents.

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

Our standard basic rent is the same for all ministerial residents across the whole country; for 21/22, the monthly-rent rose from £300 to £322. A few ministerial residents pay a supplemental rent where their income in retirement is above the figure used for setting our standard basic rent.

Rental income from ministerial residents amounted to £2.552m for the year. A further £1.505m of income was generated from market tenants, £76k from interest and dividends and £2,607k from legacies, bequests and grants. Donations amounting to £61k were received from individuals, churches and Circuits within the Methodist family. The net surplus derived from the sale of surplus properties amounted to £719k. MMHS's total funds as at 31 August 2021 were £187.401m.

Overall income was £7.1m. This income exceeded expenditure by £0.45m, due largely to an unusually large bequest.

We continued to face extraordinary inflationary and cost pressures as we strived to provide our services.

We entered the second year of our 12-year Rent Plan which, as mentioned previously, saw the monthly rent increase by £22 (we chose not to add an additional inflationary amount, as we could have done under our Plan). We continued to cross-subsidise those less able to pay using our specially designated Wellbeing Fund. We are delighted that we are able to maintain a standard basic rent which is well below those set by social housing providers, and one that is substantially below market level rents.

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In total, we had 273 wellbeing claims to our Wellbeing Fund, with a total commitment of just under £89,000. Most were for a one-off Winter Warmer Grant which we were delighted to award to those who qualified.

5. **Refurbishments and repairs and maintenance**

Our rolling programme for maintaining our properties, including kitchen and bathroom refits, continued apace. When properties become empty, we take the opportunity to undertake major refurbishments to avoid disturbance to any incumbent residents.

Refurbishments comprise kitchen and bathroom replacements; upgrading joinery, heating, plumbing and electrical installations; building fabric repairs, redecoration and replacement of finishes. A comprehensive specification is prepared which prevents projects drifting into remodelling, extensions and structural alterations.

Over the period, we refurbished 26 homes at an average 'spend' per property of £34,825. 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 (75%) of our projects were delivered below budget.

Over 1,700 jobs were recorded relating to the repair and maintenance of our properties including 12 bathroom and 8 kitchen refits.

Electrical inspections and associated remedial works are administered and undertaken by HES Fire Protection Limited. Gas-Elec Limited took over our gas compliance checks and associated remedial works.

Energy efficiency and insulation considerations are constantly reviewed as a means of 'greening' our properties. Our boiler replacement programme saw 55 new combination boilers installed during the period; our window and door replacement programme provided 30 properties with new windows and external doors during the period. In addition, we are eliminating cold water storage tanks which can harbour legionella whilst fitting thermostatic radiator valves, low flow shower fittings, low-energy light fittings and loft insulation where appropriate.

6. **Board of Trustees**

The Board had eight trustees during the reporting period. The Chair, Vice-Chair and CEO worked closely together to manage the business of the Board, the effective stewardship of MMHS's assets, and the sound governance of its operations. The tailored learning and development programme for trustees continued to be refined and expanded; participation in it helps to demonstrate MMHS's serious intent to enable its trustees to meet the increasingly demanding governance requirements placed on charities.

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7. **Staff**

The core Staff Team was 17 strong, three being part-time, and everyone worked tirelessly throughout the pandemic period, and beyond, to deliver the services and housing mission of MMHS. Their dedication and professionalism are acknowledged and appreciated.

During the reporting period, the Senior Management Team comprised 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. The CEO is responsible for the development of 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.

8. **Present and future developments**

This year, we are celebrating our 75th anniversary. This is a remarkable achievement of which we are proud. We will mark the year with a number of celebratory events and productions.

We are now well through the first year of our new Strategic Plan 2022-2027. We would like to set out a few of our 19 strategic objectives, as follows:

- We will continue to provide quality housing to retiring ministers who fulfil our eligibility criteria. We look regularly, usually annually, at our eligibility criteria. It is important to ensure they remain relevant, financially workable, and responsive to the changing face of ministry in the Methodist Church. Like all private landlords providing quality housing, we are facing into considerable headwinds, most notably: increasing regulation, tough market pressures, the cost impact of inflation, and expected legislative changes, for example, with EPCs and the decarbonisation agenda generally.
- We will have a particular focus on transfers. We know that moving nearer to family members and other sources of support can assist our ministerial residents to remain in general housing for longer than might otherwise be possible.
- We will establish collaborative relationships with other agencies, charities or groups so that we can signpost ministers to housing that we are unable to provide. We will build on the agreement we have reached with the Church of England for retired Methodist ministers, whether or not with MMHS, to access two of their seven supported housing schemes. MMHS's own provision will remain general housing.
- We will continue to care for and improve our housing stock to the best of our ability. We will undertake a bespoke survey of each of our properties with a focus on energy efficiency, health and safety, and asbestos.

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- We will continue to develop use of our Wellbeing Fund, for example, in supporting those who are in financial difficulty. We will provide further one-off grants similar to the one paid out during this year, the Winter Warmer Grant.
- We will continue to meet need through the provision of aids and adaptations and, if appropriate, by funding costs ourselves or sharing costs with the Fund for the Support of Presbyters and Deacons.
- We will seek new ways to generate income in a sustainable way. Our exceptionally low charitable rents present operating income challenges, especially in the face of current escalating costs, high inflation rates and increasing regulation. In the short-term, we will continue to subsidise the rental income generated from our Ministerial Residents with rental income from our market-rented portfolio but we will dispose of the market-rented portfolio in the medium-term and purchase investment-only properties or invest in a suitable property fund.
- We will continue to build capacity and capability by investing in and developing our Staff Team and Board of Trustees, so that all are fully equipped to deliver what is expected of them.
- We aspire to be 'agile, mobile and with access to real-time data and information'. In the short term, we are continuing to make best use of our existing software, but an IT transformation project is underway, to replace our present housing management system with a system that is better aligned to our present and future needs. We are also rebuilding our document management system.

9. Conclusion

Finally, we would like to acknowledge warmly, the amazing generosity shown to MMHS through the gifts and donations we receive from our supporters, and the legacies and bequests we receive from those who remember us in their Wills. All make the seemingly impossible possible. We are so grateful.

***RESOLUTION

38/1. The Conference receives the Report.