

# Annual report and accounts

2015/16



**citizens  
advice**

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Company number: 1436945  
Charity number: 279057



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# Chair's introduction

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When I was appointed Chair of Citizens Advice I was delighted to be getting involved in a service that transforms the lives of so many people.

Over the last year I've had the privilege to visit Citizens Advice services all over the country to see for myself the fantastic work being done by volunteers and staff both locally and nationally. I'm struck by their commitment and passion and I'm full of admiration for their professionalism and expertise.

It's clear to me that Citizens Advice is a unique organisation, which rightly holds a special place in our society. We offer people the advice they need to solve their problems on an incredibly diverse range of issues. We make it easy to access this advice, through thousands of outreaches in local communities, such as libraries, supermarkets, GP surgeries, prisons and increasingly, online and over the phone.

As Chair of our Equality Committee, I've been pleased to see real commitment across the service to making sure that promoting equality and tackling discrimination on behalf of clients is at the heart of our advice and policy work. I've been impressed by the passion and quality of research behind initiatives such as our 'Talk about abuse' campaign, which is helping to break the silence around domestic abuse.

We take our responsibilities very seriously. At a time of reduced public spending and growing public concerns over the management of charities, we need to demonstrate how the money we receive translates into life-changing outcomes for our clients. Our impact report uses a Treasury approved model to demonstrate how we save government at least £361 million a year, through the benefits that our advice brings to people's financial, physical and mental health. I'm pleased that we've also been able to develop similar tools for local Citizens Advice so they can communicate their impact and financial value to their local funders.

Looking forward, while nothing will change overnight, the EU referendum result is likely to have implications for our service and our clients. The role of Citizens Advice as a neutral independent provider of advice will be more important than ever. We will continue to work with government to make sure that the voices of our clients, consumers, witnesses and the service are heard.

**Sir David Varney**  
Chair

# An overview by the Chief Executive

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This year started with the launch of our one service strategy, a 5 year plan for how Citizens Advice will work together to help more people and be more influential. It ended with Citizens Advice being awarded Charity of the Year 2015, a well-deserved public recognition of the hard work of volunteers and staff across the network and the incredible impact we have on the lives of people across England and Wales.

In 2015/16 Citizens Advice helped 2.7 million people find a way forward, supporting them with 6.2 million issues. Just under 2 million of those people were helped by the high quality advice provided by local Citizens Advice either face to face, over the phone or by email and webchat. In addition over half a million people were supported through our excellent consumer helpline.

People can get advice from us online too. Our website pages had 36 million visits in 2015/16.

I'm delighted that Citizens Advice was able to help even more people this year, after taking on the delivery of Pension Wise and the Witness Service. We've supported 180,000 witnesses in 276 courts across England and Wales. 1 in 4 of the 32,000 people who came to us for pensions guidance went on to receive support from their local Citizens Advice on issues such as managing money, benefits and debt.

Our core funding is under real pressure and, despite the challenging financial environment, we have been able to increase grant funding to local Citizens Advice by almost 50% – to £44.2 million this year. Not only does this allow us to help more people than ever before, it means that we have more evidence that we can use to improve the policies and practices causing our clients problems.

We continue to share our unique frontline evidence with government, regulators and industry so that we can work together to find solutions to issues people are facing across a range of policy areas. These include access to justice, access to money and debt advice, making Universal Credit work for people and protecting people from domestic abuse. We continue to champion consumers, for example, by achieving a crackdown on misleading broadband adverts and a safeguard tariff for prepayment energy meter users.

Citizens Advice changes people's lives for the better. As the country faces an uncertain future, we have a significant role to play to support people through the social, political and economic challenges ahead. As a service we will continue to work together so we can learn from and support each other. This will ensure we are able to help more people, be more influential and continue to be the very best at what we do.

**Gillian Guy**  
Chief Executive

# Trustees' report

# About Citizens Advice

Citizens Advice is a national charity with 307<sup>1</sup> local Citizens Advice members which are all individual charities in their own right. Together we make up the Citizens Advice service.

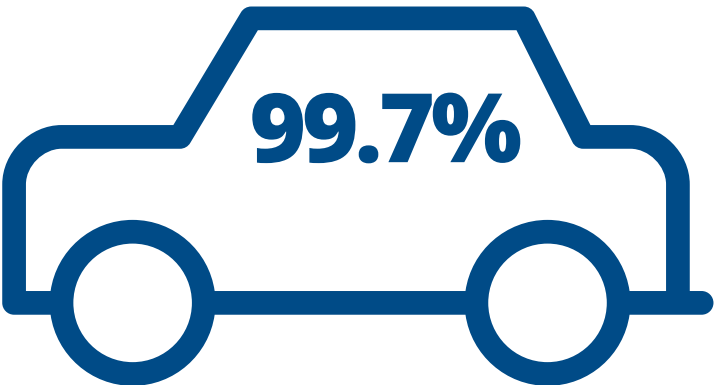
Our service is here for everyone. We are relied on by millions of people from all backgrounds across England and Wales every year to help solve their problems. We support people to develop the skills they need to help themselves and we use our evidence on the issues that our clients face to bring about policy changes that benefit everyone.

.....

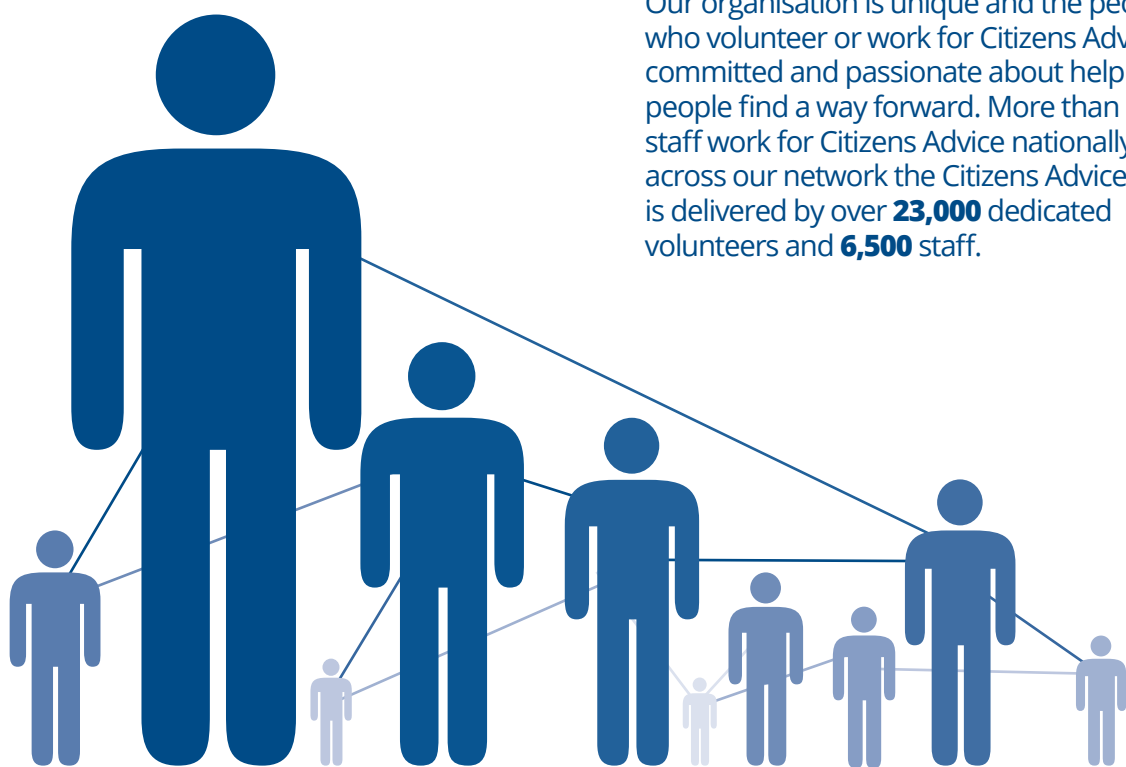
The Citizens Advice network delivers services from 600 local Citizens Advice premises and over 2,250 courts, community centres, doctor's surgeries and prisons across England and Wales.

.....

**99.7%** of people in England and Wales can access a local Citizens Advice within a 30 minute drive of where they live.



1. As at 31 March 2016



Our organisation is unique and the people who volunteer or work for Citizens Advice are committed and passionate about helping people find a way forward. More than **800<sup>2</sup>** staff work for Citizens Advice nationally and across our network the Citizens Advice service is delivered by over **23,000** dedicated volunteers and **6,500** staff.



## Our vision

Our vision is that everyone will be able to access free advice to find a way forward.



## Our mission

Our charitable mission is to provide advice that helps people overcome their problems and come together to campaign on big issues when their voices need to be heard.



## Our objectives

We will:

- make it easier to get advice
- be more influential
- work together as one service
- be more effective and sustainable
- be a stronger equality champion

<sup>2</sup> Including Witness Service staff from 1 April 2015

# The Citizens Advice service

**In 2015/16 our service<sup>3</sup> helped over 2.7 million people face to face, by phone, email and webchat.**

**People sought our help with 6.2 million issues**

**We provided support in 2,900 locations across England and Wales**

**Over 23,000 volunteers are involved with the Citizens Advice service**

**1.96 million people were helped with 5.6 million issues by our local Citizens Advice network**

**0.55 million people received advice from our consumer service**

**We helped almost 180,000 witnesses at magistrates and crown courts across England and Wales**

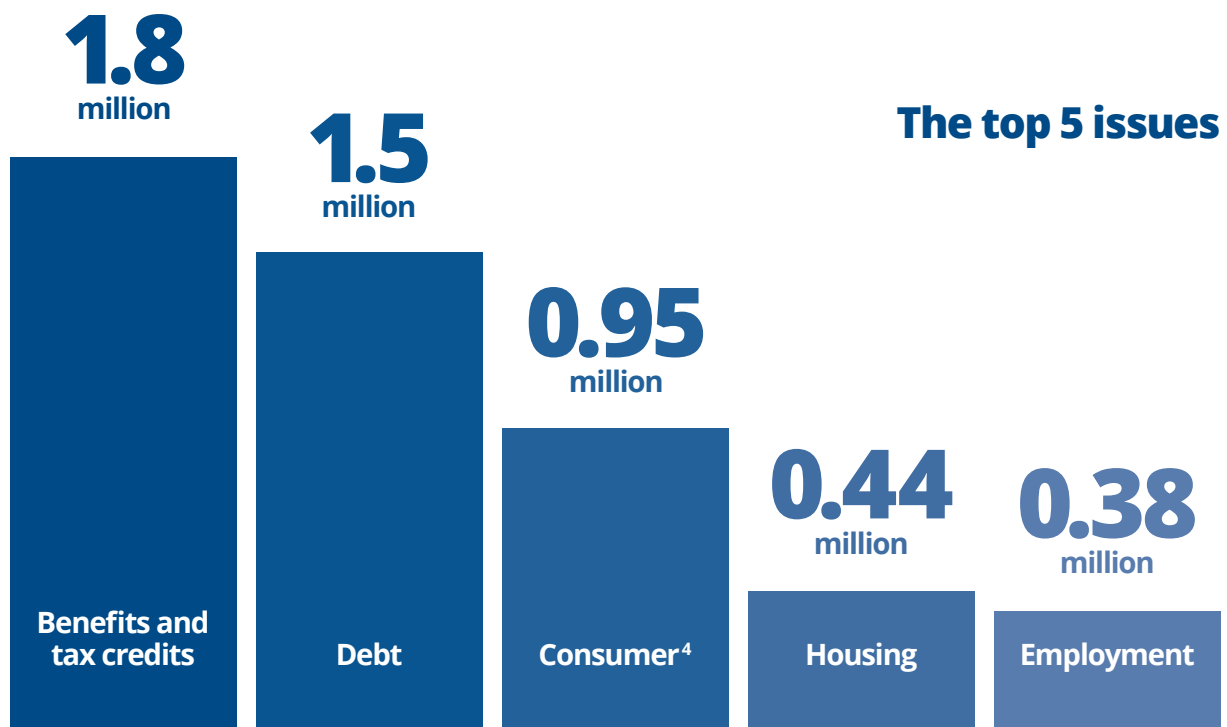
**How people accessed our services 2015/16**

**50%**  
face to face

**44%**  
by phone

**6%**  
by email or webchat

3. Statistics relate to delivery of services by both the local Citizens Advice network and the national charity. A breakdown of achievements for activities funded by the national charity are shown on pages 12–23



## There were 36 million visits to our website

The top 5 issues people looked at for advice were:

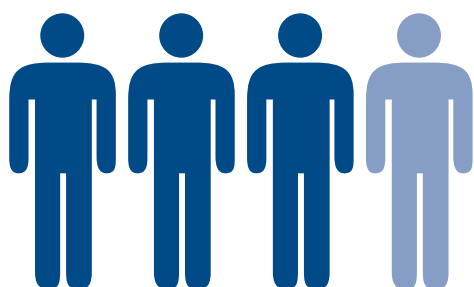
-  **Consumer**  
12.3 million
-  **Benefits and tax credits**  
11.2 million
-  **Employment**  
8.0 million
-  **Debt**  
5.6 million
-  **Relationships and family**  
5.5 million



<sup>4</sup>. Includes: consumer, financial products and services, utilities and travel

# The impact and value of our service

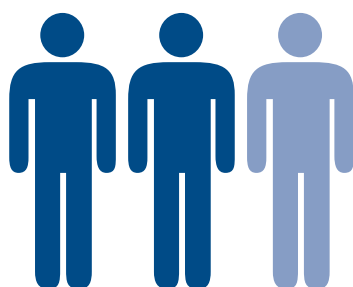
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## We help everyone that needs support

.....  
Nearly **3 in 4** of our clients said their problem affected their lives, including causing anxiety and financial difficulty  
.....

Those we help locally are almost 5 times more likely to be on a low income than the average person in England and Wales  
.....

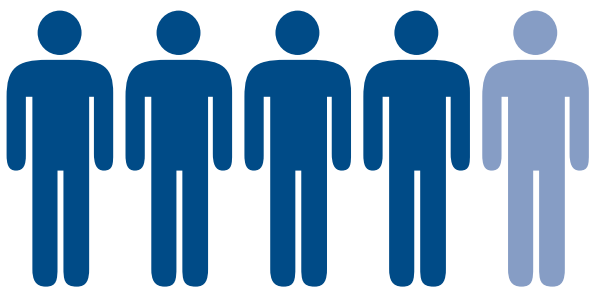


## We help people find a way forward

.....  
**2 in every 3** clients have their problem resolved  
.....

Whoever you are, whatever your problem and however you access our local service, we are just as likely to solve your problem  
.....

78% said they couldn't have solved their problem without us  
.....



## We change lives

.....  
**4 in 5** clients say we improve their lives, including reducing stress and improving finances. They say this even when problems are not resolved  
.....

---

## How we work has additional benefits

Our **23,000** volunteers gave an estimated **£114 million** worth of time last year

We are an integral part of every local community

**90%** of our clients were satisfied with our service

## This has a value for society

**£361 million** (at least), saved by the government and public services

**£2 billion** in estimated total social and economic value to society

**£11** benefit to our clients for every **£1** spent on Citizens Advice



Our **23,000** volunteers gave an estimated **£114 million** worth of time

## We are committed to understanding and demonstrating our impact<sup>5</sup>

The way we try to understand and demonstrate our impact was recognised as an example of best practice in the 2015 Charity Times Awards. We think this work is important because credible evidence and insight helps us to:



**improve our services and ensure that they meet people's needs**



**make effective decisions about how to best use our limited resources**



**show the difference we make to individuals and society**

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5. Helping people find a way forward: a snapshot of Citizens Advice's impact in 2015/16 has the full story

# Our one service strategy

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In April 2015, we launched our one service strategy which sets out our agreed priorities for 2015/16.

## 1. Make it easier to get advice

In 2015/16 we:

.....  
improved our money advice

.....  
expanded our webchat and  
email service

.....  
provided guidance to  
people about their pensions  
through Pension Wise

.....  
delivered practical  
information and support to  
witnesses to help them give  
evidence in court through  
the Witness Service

## 2. Be more influential

In 2015/16 we:

.....  
provided evidence and  
insight to the new  
government

.....  
strengthened consumer  
representation in energy  
and postal markets

.....  
improved how we collect  
local and national insight  
and evidence

.....  
changed policy and practice  
through our focused  
research and campaigns

---

## 3.

### **Work together as one service**

In 2015/16 we:

.....  
developed how we support  
our members (over 300  
local Citizens Advice)  
.....

.....  
worked as one service  
to design and deliver  
improved services  
.....

.....  
supported local income  
generation  
.....

.....  
strengthened peer to peer  
support across the Citizens  
Advice network

## 4.

### **Be more effective and sustainable**

In 2015/16 we:

.....  
diversified our  
funding sources  
.....

.....  
replaced our old technology  
infrastructure with cloud  
based services  
.....

.....  
increased the levels of  
funding we give to local  
Citizens Advice  
.....

.....  
strengthened our value for  
money through operational  
efficiencies

## 5.

### **Be a stronger equality champion**

In 2015/16 we:

.....  
worked to change policy  
and practice around  
equality and discrimination  
through our focused  
campaigns and research  
.....

.....  
worked to improve  
identification of gender  
violence and abuse  
.....

.....  
worked to improve access  
to services for Deaf people  
through our British Sign  
Language project  
.....

.....  
developed partnerships and  
improved our capacity to  
fight discrimination

# 1. We will make it easier to get advice

---

## We help people to manage their money

In 2015/2016:

we helped **353,100** people  
with 1.6 million debt problems

we helped **168,500** people  
with other money management issues

local Citizens Advice delivered  
**107,378** face-to-face debt  
advice sessions

the average amount of debt per client  
written off was **£13,900**

the average benefit income gain per  
client was **£6,200**

we were able to reschedule on average  
**£5,000** of debt per client

We wanted to relieve pressure on frontline services so we commissioned additional telephone capacity and expanded a specialist debt webchat service.

### Delivering services

We continued to develop our **integrated money advice model** to ensure every client with problem debt is offered financial skills coaching.

We introduced **digital money coaches** – volunteers who work with our clients to improve digital and financial skills.

We successfully negotiated an increase in **Money Advice Service** funding to **£23.9 million** and extended our support to frontline advisers to offer specialist casework and support with Debt Relief Order applications.

### Working with partners

We increased membership of the **financial capability forum** to over 1,500 organisations who exchange ideas and share resources to improve financial capability outcomes for clients.

We held 3 regional **money conferences** to bring together debt and money advisors from across the network to share best practice, sector developments and learn about our money advice strategy.

### Launching new tools and resources

The **common initial assessment tool** standardises our initial approach to debt advice whilst also reserving face-to-face sessions for those most in need.

The **money advice recording tool** captures valuable data about debt trends and financial capability needs and helps advisers produce high quality financial statements to ensure good advice and outcomes for clients in debt.

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## A better deal for consumers



**After contacting the Citizens Advice consumer helpline, 1 in every 2 clients have their problem solved**

Citizens Advice is the UK's leading consumer champion. Together with Citizens Advice Scotland, we use our unique position as advice providers within local communities to get better outcomes for consumers. We gather evidence to inform our policy and enforcement work. We base our strategic interventions on the experiences and views of our clients to ensure that equality, accessibility and protection are embedded throughout consumer markets.

In 2015/16 we distributed **£4.1 million** in grants to local Citizens Advice to provide advice and support for consumers affected by rising energy prices, which **helped more than 260,000 consumers**.

Our **consumer service**:

.....  
answered over **855,000** contacts by telephone and email  
.....

advised on almost **561,000** individual consumer issues  
.....

referred almost **174,000** contacts to partners for potential intelligence led enforcement or client support  
.....

**91%** of people said they would use our service again  
.....

**82%** of consumer service partners (such as Trading Standards) said they were satisfied or very satisfied with Citizens Advice as a delivery partner  
.....

**our consumer service saved clients over £151 million in 2015/16**

Local Citizens Advice dealt with **501,000** consumer issues<sup>6</sup>.

Our evidence and analysis places us at the heart of consumer policy making. We work to fix the underlying causes of the problems people face through:

**Enforcement** – we are involved in enforcement, we analyse trends and refer cases to relevant authorities when we believe consumers have been treated unfairly.

**Partnerships** – we actively contribute to Consumer Protection Partnerships.

**Statutory** – we are the statutory watchdog in energy and postal markets, we publish research on consumer detriment, analyse company performance and represent consumers in key negotiations.

**Consumer education** – we deliver initiatives to educate consumers including Energy Best Deal and National Consumer Week. We developed consumer education resources on leaflets about smart meters and rural energy issues.

**"I telephoned the consumer service advice line and was guided through the process for breach of terms and conditions of contract. The template letter provided on the website assisted me in my dispute with the insurers. The insurance provider has since agreed to cover all costs. Without Citizens Advice and the consumer helpline I would not have known where to turn or what to do."**

Maria

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6. This figure excludes Pension Wise

## Witness Service



**In 2015/16, the Witness Service helped almost 180,000 witnesses at magistrates and crown courts across England and Wales**

On 1 April 2015, Citizens Advice took over responsibility for the Witness Service. The service is run by 275 staff and 2,700 volunteers who have done an excellent job in delivering support to witnesses to help them give evidence to the best of their ability. They have provided practical information about local court processes and also offered emotional support and a safe waiting space to ensure people feel valued and respected.

Giving evidence can be a difficult and emotional experience for any individual, especially those who were a victim of the crime and who may have to come face to face with the perpetrator in court. Our Witness Service is free, confidential and impartial. It is offered equally to both prosecution and defence witnesses.

.....  
**94%** of witnesses said they were 'satisfied' or 'very satisfied' with the service  
.....

.....  
**96%** of witnesses said that our service met their needs  
.....

.....  
Witness experience feedback shows that we make a real difference.  
.....

.....  
**94%** said they felt more informed about the court process  
.....

.....  
**82%** said they felt less anxious and distressed and better able to cope with giving evidence  
.....

.....  
**83%** told us they would feel confident to give evidence again  
.....

Our first year of delivering the Witness Service hasn't just been about providing a quality service. Citizens Advice has also been committed to expanding the offer we make to witnesses. We have therefore been implementing a programme of service changes and improvements which were launched in April 2016.

**"The Witness Service was brilliant and took really good care of me. It's a daunting experience being the only witness in a trial involving the abuse of a loved one.**

**I love working with the other volunteers, the court ushers, my boss, everyone. After my experience, I'm really pleased to be able to give something back."**

Nick, who following his experience as a witness, now volunteers for the Witness Service.

## Pension Wise



In its first year Citizens Advice delivered over 32,000 face-to-face guidance sessions

**"After our Pension Wise session, my partner and I felt the weight lift off our shoulders. Now we know what our next steps are for our pension and our retirement."**

Gary

Pensions policy changed in April 2015, giving people more choice about how they can access their pension pot.

Citizens Advice, with its extensive network and experience of helping people navigate complex issues, was chosen by government to provide the face-to-face element of the guidance service, Pension Wise.

While 50 local Citizens Advice are designated delivery centres for Pension Wise, the whole local Citizens Advice network has worked together to make the service a success. People aged 50 and over, with a defined contribution pension, can get a Pension Wise face-to-face guidance session from over 500 locations across England and Wales.

.....  
**1 in 4** people visiting Pension Wise also asked for help from Citizens Advice on debt, benefits or tax  
.....

.....  
**96%** of clients tell us they are either 'delighted' or 'very pleased' after their session  
.....

## How we help our clients in Wales



In 2015/16 local Citizens Advice in Wales helped 126,000 clients

Although all of our services are delivered across England and Wales we have a dedicated team in Wales. They work with all Citizens Advice colleagues to ensure services and policies are appropriate for the devolved settlement in Wales and to manage Wales specific projects. The team:

.....  
maintain strong relationships and partnerships with key people and organisations in Wales  
.....

provide influential insight and evidence to Welsh Government and policy makers on issues facing people in Wales  
.....

use our unique understanding of these issues and the strength of the network to win and manage Wales specific grants and funding  
.....

### Policy influence

Our work to increase protection for tenants has resulted in mandatory registration and licensing of private landlords and letting agents in Wales.

### Welsh Government funded advice and financial capability in Communities

#### First areas:

- delivered advice to 16,474 clients
- recorded confirmed income gains of over £7 million
- managed or wrote off personal debts of £10.5 million.

#### Better Advice Better Lives continued to:

- deliver advice services to 18,637 people on over 46,000 advice issues
- achieve a client satisfaction rate of 96%
- generated confirmed gains of £20.8 million.

#### Money Advice Service Cymru delivered:

- 5,594 face-to-face Money Advice sessions

#### Welsh Government funded frontline advice delivered:

- specialist benefit, debt, housing and discrimination advice services to 7,510 people
- recorded confirmed income gains of over £4.9 million
- wrote off personal debts of over £2.7 million.

**“Your service was excellent and you were empathetic, kind and understanding. I am extremely grateful.”**

Better Advice Better Lives client

## 2. We will be more influential

Citizens Advice uses the evidence and experiences of our clients to improve public policy and secure better outcomes for people.

We conduct research, work directly with decision-makers and influence through the media and our campaigns to tackle the problems in policy and practice to improve the lives of our clients.

By gathering intelligence from clients and frontline advisers and using our real-time data we are able to identify problems and spot national trends as they emerge.

We challenge unfair practice. We provide evidence to government and regulators. We respond to consultations and work with other organisations to achieve positive change for our clients.

### In 2015/16 we achieved the following:

#### Benefits

We persuaded the Department of Work and Pensions to ensure that people get 6 months' notice before their support is changed and, to boost the Discretionary Housing Payment and the flexible jobs fund.

#### Misleading broadband

Our research led the Advertising Standards Authority to crack down on misleading broadband adverts.

#### Renters' rights

Our campaign for better rights for renters influenced the Housing Bill and a new banned list for rogue landlords and fines of up to £30,000 for private landlords were introduced.

#### Prepay meters

Our 'Fair play for prepay' campaign resulted in a safeguard tariff for prepayment energy meter users.

#### Tax credits

Our evidence helped persuade the Treasury to cancel planned tax credit cuts, helping hundreds of thousands of households.

#### Domestic abuse

Our 'Talk about abuse' campaign reached hundreds of thousands of people, helping to break the silence around domestic abuse.

#### Mobile phones

The government responded to our research on stolen mobile phone bills by capping the amount consumers can be held liable for at £100.

#### Scams

Our 'Scams awareness month' campaign led to a 15% increase in reports to Action Fraud.

#### Enforcement

Our evidence played a key role in Ofgem enforcement cases, leading to major fines for companies and millions of pounds of compensation for thousands of people.

#### Voter registration

Our 'No vote, no voice, no power' voter registration drive led to thousands of people being included on the electoral register.

# 3. We will work together as one service

---

Our one service strategy sets out how the whole Citizens Advice service will work together to help our clients in the ways that they need and expect.

By 2020 people who use our services should expect to:

.....  
be able to move easily between phone, face-to-face and digital services without needing to explain their issue each time  
.....

get through on the phone quickly  
.....

get tailored help that meets their needs  
.....

feel that Citizens Advice is for them, whoever they are  
.....

## How we are changing the service to help more people

We are providing more help to local Citizens Advice so that they can improve service delivery and help more people by:

.....  
working together to continue to develop telephone services  
.....

improving our online digital advice services to make them easier to use  
.....

providing advice through webchat and email to give people more choice about how they get advice  
.....

increasing the range of specialist advice services by securing additional funding  
.....

To continue to meet the changing needs of our clients, we need to provide the right support for local Citizens Advice. We have worked with our members to get this right. Together, we are developing a new membership package which will:

.....  
be more flexible at a local level  
.....

give local Citizens Advice more input on national priorities  
.....

streamline processes for local Citizens Advice  
.....

provide more robust, competitive data for funders  
.....

ensure that services to clients across face to face and other channels are protected, enhanced and trusted  
.....

## Our support for local Citizens Advice

We supported the local Citizens Advice network to provide more advice and be sustainable. In 2015/16 we:

.....  
channelled £44.2 million to the network (up from £30.2 million in 2014/15)  
.....

helped the local service to win £19.2 million of funding (up from £15.3 million in 2014/15)  
.....

We also invested additional funds during 2015/16 to improve our support for local Citizens Advice in:

- expert advice
- quality assurance
- bidding support
- operations support
- phone, email and webchat delivery

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## Expert advice

"In a complex case where eligibility criteria had to be proven, the expert advice team helped us secure temporary accommodation for someone who was street homeless and suffering from a very serious illness."

Michael Foley, Session Supervisor,  
Citizens Advice Hackney

## Campaigns

"I'd never done campaigning before so having material on the website and people at the other end of the phone is helpful."

"Rather than reinvent the wheel myself, it is good to find someone who has already been through it. It is good to know that you are not on your own."

Nicky Rees, Digital Advice Supervisor,  
Citizens Advice Peterborough

## Bidding support

"The feedback we have received from commissioners was that our tender stood out as far superior to the others and we scored highly across all categories. The level of service and quality of writing was excellent. I have used numerous bid writing consultants for other bids and not found any service that comes up to this standard. It was particularly useful for me as I am new to the Citizens Advice service and the support I received has given me confidence to apply for other funding."

Citizens Advice Blackpool

## Shared service delivery

"Here in Gateshead we recognise that not everyone can access the centre during our opening hours. Our email service which promises a response in 72 hours means clients can email us at their leisure (perhaps during the evening after work) and they can read our response in the same way. Email advice enables us to provide self-help information, signpost and arrange appointments with clients where it is necessary."

"Webchat is a service to which we aspire – real time advice with a trained advisor – our early experiences of webchat through the Better Financial Health pilot proved popular with those clients who accessed it. We hope that webchat will be used more often in the future to deliver our services."

Alison Dunn, Chief Executive Officer,  
Citizens Advice Gateshead

"The introduction of web chat and email has really broadened access to the service. We are getting enquiries from people who have never visited a Citizens Advice office for face-to-face advice because of where they live, or their working hours. There is a broader range of issues being raised, particularly around employment problems. Webchat and email are discrete, people contact us from work, or while on the move, they can't be overheard and because the service is working together, there is always an adviser available to give a quick response. It's a service that fits in with clients' busy lives."

Simon Ellington, Director, Citizens Advice  
Caerphilly & Blaenau Gwent

# 4. We will be more sustainable and effective

---

To help achieve the goals set out in our ambitious one service strategy, we continually review processes and improve the rigour with which we take decisions, manage risk, report on progress and track the benefits of our work.

## Performance and quality

We invested in measuring performance and the quality of services. We worked with local Citizens Advice to develop new ways of working that enable the whole service to get more 'real time' information about the quality of services delivered to our clients and to support continuous improvement.

## Technology and systems

We continued to implement our 3 year technology strategy and are making significant progress including moving from an outsourced technology model to a cloud-based solution, supported by an in-house team. We are starting to see the value for money from this work with savings to date of 6% on our annual technology expenditure.

We are testing a prototype for a new case management system to replace our existing system in 2017/18. We have also continued to develop our digital services, redeveloping the most used and popular content on our website. In 2015/16 we fundamentally revised content on wide ranging topics including Universal Credit, immigration, employment and consumer rights.

## Local finance support

We worked with local Citizens Advice to develop our financial health monitoring to help us provide appropriate and timely support locally to meet financial challenges in the years ahead.

In 2016/17 we will continue to provide financial management support and guidance on all areas of finance, to help local trustee boards maintain good quality financial information on which to base their decisions and actions and to mitigate financial risks.

## People

Our continuing success depends on the skills, experience and capacity of our staff and volunteers in an ever changing world. We need a workforce and leadership that are able to respond and work in a flexible way to changes in our environment and to our clients' needs

We have reviewed our learning and development offer and have started pilots to test a new approach to learning to improve the reach and effectiveness with a focus on leadership, induction and our adviser learning programme. We have invested in training for staff and volunteers both locally and nationally. In 2015/16 we ran over 1,500 courses for over 15,000 delegates covering a wide range of topics from our core offer for advisers to financial capability and using Google. We also brought 275 staff and 2,300 volunteers into the organisation through the transfer of the Witness Service.

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## Business development

Our business development work develops new ways to help our existing clients and reach out to more people.

We support new income generation opportunities including:

.....  
supporting local Citizens Advice to secure funding through competitive bidding  
.....

negotiating and securing national funding which the service can deliver locally, such as our work on money advice and Pension Wise  
.....

securing funds from the energy sector to run our energy programmes  
.....

tendering for national services such as the Witness Service  
.....

Our approach is to maintain existing funding streams whilst also seeking new opportunities which help us meet our charitable objectives. The sustainability and diversity of our funding sources is key and where possible we negotiate multi-year funding agreements.

## Accommodation

In 2015/16 we've improved our working environment by relocating 2 more of our offices (Birmingham and Cardiff) to better value and higher quality office accommodation. We have also rolled out new ways of working, including flexible desking, to these offices to replicate the achievements we made in our London office in improving utilisation and reducing the cost of office space. We will continue to review our accommodation needs across the Citizens Advice estate with plans in place for closing or relocating 3 more of our regional offices in 2016/17.

# 5. We will be a stronger equality champion

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At Citizens Advice we have continued to deliver our commitment to equality and inclusion set out in our service wide strategy, 'Stand up for equality'. Our objective is to work with a range of stakeholders, locally and nationally, to help us champion equality and develop a service that reflects the diversity of the communities we serve.

## Becoming a stronger champion for equality

We continue to develop a long term strategy to improve Citizens Advice services for approximately 70,000<sup>7</sup> British Sign Language (BSL) users. Our 'Busting barriers' project, funded by the Big Lottery Fund and Sir Halley Stewart Trust, aims to improve access to advice, assistance and services for BSL users.

As part of this project, we have established a 'virtual Citizens Advice office' that enables Deaf people to contact an adviser online using BSL. We appointed 4 BSL advisers who will support the pilot project and this project will be expanded over the next year.

## Challenging discrimination through advice

On average 7 women and 2 men are killed by their current or former partner every month in England and Wales<sup>8</sup>. 1 in 4 women experience domestic violence in their lives. Our 'ASK' programme addresses these issues by providing support and training to local Citizens Advice to improve disclosure rates for gender-based violence and abuse. A third of the Citizens Advice network has received training and 50 are delivering the project. Our aspiration is that by 2018 all local offices will be participating in ASK.

## Championing equality through research and campaigns

Our unique ability to engage with communities, volunteer agencies, government and business plays an important role in our influencing work. Through our reputation as a trusted partner we delivered our 'Solutions for equality and growth' project. Its aim was to identify solutions to discrimination and other equality issues and was funded by the European Union Progress fund through the Government Equalities Office.

We engaged with employees and business to produce guidance targeted at employers, government and those providing business support. This included help for business on using effective equality practices to achieve growth and create a positive environment for all workers.

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7. Estimate provided by the British Deaf Association

8. Source: Office for National Statistics

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## **Valuing diversity as an employer and volunteer agency**

Citizens Advice has taken steps to deliver our commitment to equality and diversity as an employer of choice and volunteer agency. In our recent staff survey 69% of staff agreed or strongly agreed that we are an inclusive and fair employer.

We need to get better at measuring the profile of our people as we still have data gaps that need to be addressed. Overall 7% of our staff are BAME (13% nationally) and 2% consider themselves to be disabled people (16% nationally). This means we still have a way to go if our workforce is to reflect the diversity of the communities we serve.

The leadership development programme that we deliver incorporates a module on equality and unconscious bias. Our work to improve our diversity monitoring systems will play a critical role in ensuring that these activities deliver positive outcomes.

Listening to people helps us to understand the challenges we face. We believe that by working together we can find ways to overcome any problems.

Our support for our Self Organised Network Groups (SONGs) brings our staff and volunteers together from across the network. Their work helps to positively influence our practices, celebrate diversity and create opportunities for people to meet and speak to one another.



# Strategic report

## Our organisation and governance

### Trustee Board

Chair's Committee

Audit and Risk Committee

Equality Committee

Cymru Committee

Membership and Standards Committee

Remuneration Committee

Technology Committee

Our Trustee Board provides strategic direction and vision for Citizens Advice. The board is made up of 12 members who are trustees under charity law and directors of the charitable company. There are 6 Trustee Board meetings each year, plus less formal meetings and events for trustees to conduct business and develop as a team. Our Chief Executive, working with the executive team, is responsible for delivering the board's vision and day to day operations.

## Our trustees

**Sir David Varney (Chair)** has worked in the private, public and third sectors. He is currently Chairman of The Stroke Association and Chair of Packt Publishing Ltd. He has been an active campaigner for transforming public services and greater corporate social responsibility, serving as Chair of Business in the Community and a Permanent Secretary in Her Majesty's Treasury. Sir David is a pro chancellor of Surrey University.

David became Chair of the Trustee Board on the 8 September 2015. He is also Chair of the Equality, Remuneration and Chair's committees.

**Warren Buckley (Deputy Chair)** is Global Head of Contact Centres for HSBC with accountability for 25,000 people serving 50 million customers. Warren has over 25 years' experience in the telecommunications and financial services industries, with expertise in service and sales operations, programme management and product delivery and working for BT, Orange and Vodafone. Warren is Chair of the Business Disability Forum, a charity working with the disabled community and business.

Warren is Chair of the Technology Committee and a member of the Chair's Committee.

**Anne Stephenson (Deputy Chair)** is a former Chartered Fellow of the Institute of Personnel and Development. She retired in 2010 after a 30 year career in the Civil Service in Wales, which included periods spent in Brussels and Whitehall. She was heavily involved in social justice policy at the Welsh Assembly Government and worked closely with the third sector, including Citizens Advice Cymru. Anne is a trustee of the University of Bristol and a Chair of the HR Committee of the same University.

Anne is a member of the Cymru, Chair's and Remuneration Committees.

**Mark Washer (Treasurer)** is Group Finance Director and a board member of Affinity Sutton Group, one of the largest housing groups in England. He is responsible for all aspects of Affinity Sutton's finances and IT, with a focus on financial strategy, investment and corporate finance. He is currently leading the group's major change programme which will transform the group's approach to service delivery. Mark is a non-executive director and Deputy Chair of the National Housing Federation.

Mark is Chair of the Audit and Risk Committee and a member of the Technology, Chair's and Remuneration committees.

**John Woodman** is the non-executive Chairman of BATS Trading Ltd, a member of Northumberland County Council and a lay member of the Upper Tribunal, Tax and Chancery Chamber. He is also a trustee of the Institute of Chartered Accountants in England & Wales pension fund and of two local charities in Northumberland. John has been involved in the the Citizens Advice service since 2008. John is currently a trustee of Citizens Advice Northumberland.

John is a member of the Audit and Risk Committee.

**Mark Gamsu** has 25 years' experience in the UK voluntary, local government, social care and health sectors. He is a trustee of Sheffield Citizens Advice and lay member of Sheffield Clinical Commissioning Group. Mark is a visiting professor at Leeds Beckett University where he specialises in citizenship, localism and health.

Mark is a member of the Cymru Committee.

**Jonathan Rees** is an expert in public policy focussing on regulatory issues and promoting the consumer interest. He is currently a lay Director of the Lending Standards Board, a Director of Ombudsman Services, a lay Director of the Personal Finance Society and a Director/Trustee of the Employers Network on Equality and Inclusion. Jonathan worked in the Civil Service for 35 years, most recently as Director General of the Government Equalities Office from 2008 to 2013, overseeing a major overhaul of equalities legislation.

**Jonathan is a member of the Audit and Risk Committee and Technology Committee. He is also a trustee of the NACAB Pension and Assurance Plan (1991).**

**Lucy Inmonger** is an Investment Manager at LGT Venture Philanthropy, investing in sustainable businesses seeking to improve the lives of disadvantaged people. She has a background in social investment, previously at Big Society Capital and CAF Venturesome, specialising in housing, community assets and improving access to justice. Before this Lucy worked in the public sector on large scale urban regeneration projects. Lucy is also the Treasurer at Respect, a charity working with male perpetrators of domestic violence.

**Lucy is a member of the Project Assurance Group.**

**Fran Keene** is an independent adviser, supporting public, private and not for profit organisations in community and organisational wellbeing. She is a lay member of the Research Ethics Committee at Falmouth University. Her background is in public policy and organisational development across local government, health and culture sectors. She worked previously for the Audit Commission, the National Lottery Charities Board and established a successful Council for Voluntary Service and Volunteer Bureau in East Devon. Fran champions social justice and the promotion of equality, inclusion and participation in everyday life for all.

**Fran is a member of the Equality Committee.**

**Barbara Shaw** has more than 20 years' experience of working in the Citizens Advice service. After an earlier career as an archaeologist, she became a volunteer adviser then benefits specialist at a local Citizens Advice, helping clients across rural West Oxfordshire (Citizens Advice Witney). She has particular experience of working with older and disabled people. She became Chief Executive at West Oxfordshire in 2000, and took on additional responsibility as Chief Executive of Citizens Advice Banbury in 2011. Barbara served as Chair of the Citizens Advice Rural Issues Group.

**Barbara became a member of the Trustee Board on 10 September 2015 and is also a member of the Technology Committee and Membership and Standards Committee.**

**Rolande Anderson** has had a wide ranging senior career in government, most recently as Director General of the office for Civil Society in the Cabinet Office until 2010, and now works as an independent non-executive. She is a member of the Bar Standards Board which regulates barristers. She is also a Governor of London Metropolitan University and a trustee of St Mungo's, Volunteering Matters and the mentoring charity Brightside. She is an Honorary Associate of Newnham College, Cambridge and a Fellow of the Royal Society of Arts. Rolande has mentored on government schemes for women and for disabled and BME civil servants. She currently mentors on the Whitehall and Industry Group Women's Leadership Programme.

**Rolande became a member of the Trustee Board on 15 April 2016 and is also a member of the Membership and Standards Committee.**

**Ashok Vaswani** is CEO for Barclays UK, covering Personal Banking, Wealth, Business Banking and Barclaycard UK. Before joining Barclays, Ashok was a partner at Brysam Global Partners, a New York City based private equity firm focused on building retail financial service businesses in emerging markets. Ashok spent 20 years with Citigroup, his last position being CEO of the Global Consumer Bank in Asia Pacific. Ashok has a passion for building and managing businesses across the globe. He is on the advisory board of SP Jain institute of Management and has served on the advisory board of Insead Singapore and Visa Asia Pacific. Ashok is Founder Director of Lend a Hand, a non-profit organisation focused on economic development in India.

**Ashok became a member of the Trustee Board on 15 April 2016.**

**Annie Hedge** works at the Equality Works Group, which specialises in diversity within an organisational development approach and has done considerable work in the NHS, in various parts of the criminal justice system, local authorities, government departments and many national agencies. Annie has a PhD in organisational psychology and is a qualified executive coach, long-term supporter of Stonewall and Chair of Rights of Women.

**Annie retired as a trustee on 24 February 2016.**

**Paul Nicholls** has worked in the Citizens Advice service since 1983 and is currently Chief Executive of Citizens Advice Cheshire West. He was previously a director of the Citizens Advice service during the 1990s, when he served in a wide range of capacities, including as Chair of the Equal Opportunities Advisory Committee.

**Paul retired as a trustee on the 9 September 2015.**

**John Gladwin** retired as Bishop of Chelmsford after a long career in the Church of England during which he championed issues of justice and equality. As a member of the House of Lords he has spoken often on these issues. He was Chair of Christian Aid and the founding Chair of Traidcraft, the largest Fair Trade social enterprise in the UK. He also has grassroots experience, for example working with homeless people in Sheffield.

**John retired as Chair and trustee on 8 September 2015.**

**Sacha Deshmukh** is the founding Chief Executive of Smart Energy GB, the body created by government to deliver nationwide public engagement during the roll-out of gas and electricity smart meters across Great Britain. Sacha was previously a Senior Partner of the Engine Group, the UK's largest independent marketing services group and an Interim Executive Director of Strategy at the Parliamentary and Health Service Ombudsman.

**Sacha resigned as a trustee on 29 July 2015.**

## Delegation of duties

Our Scheme of Delegation of Trustee Board Authority outlines decision-making responsibilities across Citizens Advice. It lists issues reserved for the board and those areas which may be delegated to the executive team. The Standing Financial Instructions form the basis of the delegation of financial functions by the Citizens Advice Trustee Board to staff and our procurement policy sets out authority levels for purchasing decisions.

## Roles and members of our trustee committees

### Chair's Committee

The Chair's Committee acts as a sounding board for the Chair of the Trustee Board in discharging their responsibilities. This includes the planning of the Trustee Board's agendas and shaping and agreeing the Trustee Board's business. The Chair's Committee is also responsible for recruiting trustees.

#### Sir David Varney (Chair)

Trustee Board representative

#### Warren Buckley

Trustee Board representative

#### Anne Stephenson

Trustee Board representative

#### Mark Washer

Trustee Board representative

#### Doris Jamieson

Membership and Standards Committee

#### John Gladwin

Retired as Chair on 8 September 2015

### Audit and Risk Committee (ARC)

The Audit and Risk Committee advises the Trustee Board on management of risk, internal controls, external audit and financial reporting.

#### Mark Washer (Chair)

Trustee Board representative

#### John Woodman

Trustee Board representative

#### Jonathan Rees

Trustee Board representative

#### Alan Edwards

Co-opted member

#### Nina Cope

Co-opted member

#### Richard Mackay

Co-opted member

#### Pat Russell

Co-opted member

#### Annie Hedge

Retired on 24 February 2016

### Remuneration Committee

The Remuneration Committee is responsible for monitoring and providing feedback on pay and reward strategy. It also advises the Chair on the appointment, appraisal and remuneration of the Chief Executive and executive directors.

#### Sir David Varney (Chair)

Trustee Board representative

#### Mark Washer

Trustee Board representative

#### Anne Stephenson

Trustee Board representative

#### Drew Matthews

External expert

### **Equality Committee**

The Equality Committee provides leadership, expertise and guidance on equality, diversity and human rights to the Citizens Advice service and Trustee Board, ensuring that promoting equality and tackling discrimination on behalf of clients is at the heart of the service's advice and policy work.

#### **Sir David Varney (Chair)**

Trustee Board representative

#### **Fran Keene**

Trustee Board representative

#### **Clive Bassant**

National Disabled Workers Group

#### **Tony Lindsay**

National Black Workers Group

#### **Salli Edwards**

National Lesbian, Gay and Bisexual Group

#### **Lindsay Judge**

Human rights specialist and CPAG

#### **Amy Jones**

Rural Issues Group

#### **Deborah Heighway**

Women's Group

#### **Annie Hedge**

Retired on 24 February 2016

#### **Craig Lane**

Resigned on 9 May 2016

#### **Dale Maskell**

Resigned on 21 December 2015

#### **Arpita Dutt**

Retired on 9 February 2016

### **Cymru Committee**

The Cymru Committee draws up and reviews the Citizens Advice Cymru strategy, advises on social policy and advocacy priorities for Wales and reviews the application of Welsh Language legislation.

#### **Dafydd Ifans (Chair)**

Retired Welsh Government Senior Civil Servant and Chief Executive

#### **Jane Clay (Vice-Chair)**

Local Citizens Advice Chief Officer

#### **Mike Spencer**

Semi retired Assistant Director of Health Board

#### **Mark Gamsu (joined 2015)**

Trustee Board representative

#### **Anne Stephenson**

Trustee Board representative

#### **Trystan Pritchard**

Chief Executive, St David's Hospice, Llandudno

#### **Eifion Pritchard**

Retired Police Officer

#### **Michael Trickey**

Freelance Policy Adviser

#### **Tal Michael**

Local Citizens Advice Chief Officer

#### **Gaynor Roberts**

Retired on 1 June 2016

#### **Erika Helps**

Retired on 1 June 2016

#### **Craig Lane**

Resigned on 9 May 2016

#### **Carol Adams**

Resigned 17 on May 2016

### **Membership and Standards Committee**

The Membership and Standards Committee oversees the rules for membership and the standards which apply to local Citizens Advice. The committee also determines the action to be taken, including the use of appropriate sanctions, where a local Citizens Advice is causing concern or is not meeting the required standards.

#### **Doris Jamieson (Chair)**

Independent co-opted member

#### **James Willan (Vice-Chair)**

Independent co-opted member

#### **Rolande Anderson**

Trustee Board representative  
(joined 6 June 2016)

#### **Barbara Shaw**

Trustee Board representative  
(joined 17 November 2015)

#### **Dee Conaghan**

Independent co-opted member

#### **Cathy Barnes**

Independent co-opted member

#### **Harriet Hall**

local Citizens Advice staff member  
(previously volunteer member)

#### **Austin Staunton**

local Citizens Advice Chief Officer  
(joined 12 April 2016)

#### **Martin Townshend**

local Citizens Advice Trustee  
(joined 12 April 2016)

#### **Paul Nicholls**

Retired on 16 November 2015

#### **Hilary Watkins**

Retired on 1 December 2015

#### **Carol Adams**

Retired on 31 March 2016

#### **Andy Taylor**

Retired on 31 March 2016

#### **John Woodman**

Resigned on 5 June 2016

### **Technology Committee**

The Technology Committee is responsible for monitoring and providing feedback on the technology strategy.

#### **Warren Buckley (Chair)**

Trustee Board representative

#### **Jonathan Rees**

Trustee Board representative

#### **David Varney**

Trustee Board representative

#### **Barbara Shaw**

Trustee Board representative

#### **Bob Harris**

Independent member

#### **Stuart Pearson**

local Citizens Advice staff member  
(joined 1 July 2016)

## **Recruitment, induction and training of trustees**

We recruit trustees through an open, competitive process. We use national and social media, recruitment agencies and our local Citizens Advice network, to find talented individuals, who have the skills and perspectives we need so our Trustee Board can provide good leadership and make sound decisions.

Trustees may serve for up to 2 consecutive terms of 3 years, but must then step down. During 2015/16, we recruited 2 new trustees to fill positions which became vacant. The new trustees, Ashok Vaswani and Rolande Anderson, joined the Trustee Board in April 2016.

New trustees receive a full induction where they meet the Chair, agree their role and meet key members of staff. Trustees also visit local Citizens Advice to get a better understanding of the service and the vital work they do. Inductions are tailored to meet trustees' individual needs and interests. Trustees are unpaid volunteers, but are reimbursed for reasonable expenses, for example travel costs to attend meetings.

## Statement of trustees' responsibilities

The trustees are responsible for preparing the strategic report, the trustees' report and the financial statements in accordance with applicable law. Company law requires the trustees to prepare financial statements for each financial year, that give a true and fair view of the state of affairs of the charitable company and the group, as well as the incoming resources and application of resources, including the income and expenditure of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and 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 have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records. The records must disclose with reasonable accuracy at any time, the financial position of the charitable company and ensure that the financial statements comply with the Companies Act 2006. Trustees are also responsible for safeguarding the assets of the charitable company and the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities:

- as far as the trustees are aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- 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.

Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website.

## Public benefit

The trustees confirm that they have referred to the information contained in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives of Citizens Advice and in planning activities and setting policies and priorities for the year ahead.

Our charitable objects are:

- to promote any charitable purpose for the advancement of education, the protection and preservation of health and the relief of poverty, sickness and distress.
- in carrying out its objects and in all aspects of its work, Citizens Advice is committed to promoting equality and diversity, preventing prejudice and discrimination, ensuring equal access and promoting good relations between all sections of the community.

The main activities undertaken to further our charitable purposes for public benefit are to provide the advice people need for the problems that they face and improve the policies and practices that affect people's lives.

## Executive team

Our executive team is responsible for delivering the Trustee Board's vision and for the day-to-day operation of Citizens Advice.

### **Gillian Guy CBE, Chief Executive**

Strategic direction and leadership of Citizens Advice.

### **Alistair Cromwell, Director of Finance and Transformation**

Financial strategy and management, business change, business development, income generation, property and accommodation.

### **Mike Dixon, Assistant Chief Executive**

Strategy, external and internal communications (including public affairs and government relations), relationship management, digital services and information technology.

### **James Plunkett, Director of Policy and Advocacy**

Policy development and delivery, representing consumers of energy and post services.

### **Michele Shambrook, Director of Operations**

Service delivery, support and advice for local Citizens Advice, quality assurance, service standards and membership.

### **Steve Whitehead, Director of People and Equality**

People services, volunteering strategy, equality strategy, learning and organisational development, governance, business planning and performance, risk management, information assurance and legal services.

## Our staff

To be successful in the delivery of our business and strategic objectives all of our people need to have clarity on what we are accountable for. They need to be confident that we can draw on and provide the necessary support to deliver on our ambitions. We need to ensure that we have the skills, capabilities and capacity both to support the change required to achieve these objectives and provide ongoing support to ensure they continue to be met and improved upon.

Much emphasis has been placed on visible leadership and engagement with staff, a key theme of our staff conference in March. This built on the success of our staff survey results where we had:

.....  
**84%** response rate to the staff survey (2014: 71%)  
.....

.....  
**66%** engagement score across the whole organisation  
.....

The staff survey highlighted:

.....  
**95%** of staff agree that working for a charity that aims to help people is important to them  
.....

.....  
**81%** understand how their role helps Citizens Advice solve people's problems  
.....

.....  
**71%** feel they are able to demonstrate the inventive, responsible and generous behaviours throughout their working activities  
.....

## Risk management and internal controls

The trustees are responsible for the effective management of risk, including ensuring that internal controls are in place and are operating as designed.

Our risks are identified and managed in the following ways:

- In line with the agreed risk management strategy, the corporate risk register is reviewed by the Trustee Board and the Audit and Risk Committee at each of their meetings (quarterly) and by the executive team on a monthly basis.
- Regular reviews are performed by each risk owner in order to assess the likelihood, impact and relevance of risks, the strategies for managing them and the strength of those strategies. The residual risk is identified and action plans are created to further mitigate risk.
- The executive team continually monitors external developments that may impact upon the organisation.
- The findings from the external and internal audit functions are considered and taken into account.
- Budgeting systems and financial reporting which indicate financial performance against the budget and forecast are reviewed and agreed by the executive team and Trustee Board.
- The Citizens Advice internal audit function is outsourced to KPMG LLP and is informed by an analysis of the risks to which the organisation is exposed. Annual audit plans are based on this analysis. A database of all audit recommendations is held and progress is monitored by the Audit and Risk Committee.
- Risk management is fully incorporated into our project methodology. The largest projects are overseen by a dedicated Programme Management Office to ensure delivery risk is managed, assessed and reported through project status reports.

## Key risks and uncertainties

The Trustee Board considers these to be the most important risks and uncertainties we face:

### Sustainable funding

The uncertain economic climate and continuing public sector funding pressures pose significant risks for both Citizens Advice and the network. A serious loss of funding for either the national charity or for local Citizens Advice charities could force us to reduce or withdraw some of our services.

We have secured a further year of core funding with no reduction. We will continue to diversify our funding sources and we are investing more to support local Citizens Advice to secure new, sustainable sources of income as an integral part of our current and longer term planning. The result of the EU referendum and the subsequent economic uncertainty presents some risks to future funding and to other aspects of the Citizens Advice service. The Trustee Board will assess these risks and how we manage them as the political, economic and social effects of the referendum become clearer.

We continue to operate tight budget setting and budget management processes with a focus on controlling costs and ensuring value for money.

### Technology

Technology underpins much of our delivery across a geographically distributed service. We have a demanding programme of technology work to replace ageing or inefficient systems and to exploit new technology to meet our clients and the network's needs more effectively and efficiently.

This work presents several risks, particularly in relation to:

- attracting and keeping the technical skills we need
- maintaining a pace that allows us to exploit rapid technological innovation
- applying the governance and management needed to control a complex programme of work.

We apply programme and project management disciplines to manage these risks. We continue to recruit to make sure we have the technical and management skills we need. A trustee committee meets regularly to oversee the technology programme.

### **Managing change**

We have an ambitious programme of change underway to help us meet more demand by developing or improving our services and by helping us to operate more efficiently and effectively.

Each individual element of this programme has various risks, but there is also an overarching risk that the pace, volume or complexity of change becomes greater than our capacity to manage effectively.

The trustees and the executive team review all major change activities regularly and assure themselves that the demands of these, both individually and in total, are sustainable. These judgements are informed by regular reporting including risk assessments on the individual projects and of the programme as a whole.

### **Governance**

The effectiveness of charity governance continues to get significant attention from the public, funders, the media and the regulator.

We are confident that our governance described earlier in this report is robust. The trustees maintain a focus on this and a continuous programme of internal audit tests our compliance with our own policies and good practice. We also pay careful attention to failures of governance in other organisations, particularly in the not-for-profit sector and make sure that we have controls to prevent similar issues arising.

### **Service delivery**

Continuing public sector funding pressures pose risks to service delivery for both Citizens Advice and the network. Our capacity to provide vital services may be reduced and in particular face-to-face service may be available in fewer geographical areas.

We have strengthened our support services to help local Citizens Advice respond to funding threats and to ensure service continuity in areas affected by closure or consolidation. We continue our joint work to develop and enhance our complementary phone and digital channels, enabling local Citizens Advice to pool resources and help more people.

## Plans for the future

Our one service strategy sets out our overall ambitions. By 2020 we will:

- make it easier to get advice
- be more influential
- work together as one service
- become even more sustainable and effective
- be a stronger equality champion.

During 2016/17 our main focus will be to ensure that the new membership package is agreed with all the local Citizens Advice and that our support offer to the network is robust, fit for purpose and helps to further strengthen governance across the network.

We will refresh our digital content and get our new case management system ready for roll out.

We will also develop a modernised volunteering offer and start to introduce better learning and development opportunities.

Alongside this we must continue to focus on the financial goals which are fundamental to our continuing success:

- A diverse and resilient funding base – we will look to extend current funding agreements and find new sources of income. Public sector sources are the most likely target, but we will also actively seek other funding as long as the funder's goals do not conflict with our ethos and goals.
- Sustaining the local Citizens Advice network – we will look for opportunities to secure funding that can be passed on, in return for local Citizens Advice delivery of services. We will also continue to support local Citizens Advice in their own bidding and competition for income.
- Value for money – we will improve our financial controls, systems and behaviours so that we can identify opportunities to improve efficiency, maximise our resources and take fast, effective action.

## Our funders

Citizens Advice enjoys support from a wide range of funders. We take great care to ensure that we obtain the maximum value for every pound we spend. We would like to take this opportunity to thank all of the organisations that have supported Citizens Advice during 2015/16 and we look forward to working with you all in future years.

### Government funders

Department for Business, Innovation and Skills  
Department for Energy and Climate Change  
HM Revenue and Customs  
HM Treasury  
Ministry of Justice  
Welsh Government

### Other public bodies

Money Advice Service  
The Insolvency Service

### Other

Advice Services Alliance  
British Sign Language  
EDF Energy  
Economy Energy  
E.ON  
First Utility Ltd  
Grant Thornton  
Money Advice Trust  
Partnership Services Ltd  
Scottish Power  
Shelter  
Spark Energy  
SSE plc  
Utility Warehouse  
Martin Lewis Charitable Fund

## Legal and administrative details

### Legal status

Citizens Advice is a registered charity and a company limited by guarantee. All independent local Citizens Advice are members of the national Citizens Advice charity and there are no other full members. The maximum liability of each member is limited to £1. Citizens Advice is governed by its Memorandum and Articles of Association as amended in October 2000, September 2009 and September 2010.

The registered name of the charity is The National Association of Citizens Advice Bureaux, and from 6 January 2003 the charity has used the operating name of Citizens Advice. The charity was incorporated as a company limited by guarantee on 13 July 1979.

The charity has a trading subsidiary, Citizens Advice Limited (formerly Advice Services Information Limited). Consolidated accounts have been prepared. The basis of consolidation is set out in the accounting policies note.

### Registered office:

Citizens Advice  
3rd Floor North  
200 Aldersgate  
London EC1A 4HD

Telephone: 03000 231 231

Fax: 03000 231053

Website: [citizensadvice.org.uk](http://citizensadvice.org.uk)

### Advisers

#### Independent auditor

Crowe Clark Whitehill LLP  
St Bride's House  
10 Salisbury Square  
London EC4Y 8EH

#### Internal auditor

KPMG LLP  
Canada Square  
Canary Wharf  
London E14 5GL

#### Bankers

Barclays Bank PLC  
1 Churchill Place  
London E14 5HP

#### Solicitors

Bates, Wells and Braithwaite  
10 Queen Street Place  
London EC4R 1BE

Veale Wasbrough Vizards  
Barnards Inn  
86 Fetter Lane  
London EC4A 1AD

#### Company Secretary

During the year Steve Whitehead resigned as Secretary. John Nodder was appointed in July 2015.

# Financial review

## Summary of financial performance<sup>9</sup>

Despite a difficult funding environment we have been able to increase total income to £108.6 million (2015: £88.2 million). As has been the trend now since 2008, within total income our unrestricted funding remains static and the growth is in restricted funds, where we have been successful in securing new services and new grants. In 2015/16 the increase represents the first full year of funding of the Pension Wise and Witness Services, together with a one-off grant from an energy company.

Expenditure has similarly increased, spending £108.9 million on activities in support of our charitable objectives, an increase of 31% on our 2015 expenditure (2015: £82.9 million). This reflects both the additional costs associated with delivering the new services and also expenditure on projects from brought forward restricted reserves where those projects run across a number of financial years. Overall in the year our expenditure exceeded our income by £236,000.

## Our strategic approach

| Goal                                                                                                                                                                                                         | Progress this year                                                                                                                                                                                                                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Maintaining a diverse and resilient funding base so we continue to meet our charitable objectives and expand our services to clients.                                                                        | Funding remains very tight and our core funding from the Department for Business Innovation and Skills was flat in cash terms in 2015/16. However we have been successful in securing and re-securing restricted funding from a range of sources and this has allowed us to increase total income by 23%.           |
| Maximising the funding available to the local Citizens Advice network either directly by securing funding which we pass on in the form of grants, or by supporting local bidding activities and initiatives. | We increased the funding made available to the local Citizens Advice network to £44.2 million up by some 47% from £30.2 million in 2015. We also helped local Citizens Advice secure £19.2 million funding from local sources and we are investing more in our business development support offer in 2016/17.       |
| Using our resources as efficiently as possible to support the network, clients and consumers.                                                                                                                | We are beginning to see the efficiency savings as we implement our technology strategy, including taking advantage of cloud technology and using our in house development capability. We also continue to improve our office utilisation, saving accommodation costs and securing better office and training space. |
| Investing in new channels to deliver services to clients in the ways that they need them.                                                                                                                    | We have piloted a new advice framework and continue to invest significantly in our digital advice offer and improved online content.                                                                                                                                                                                |

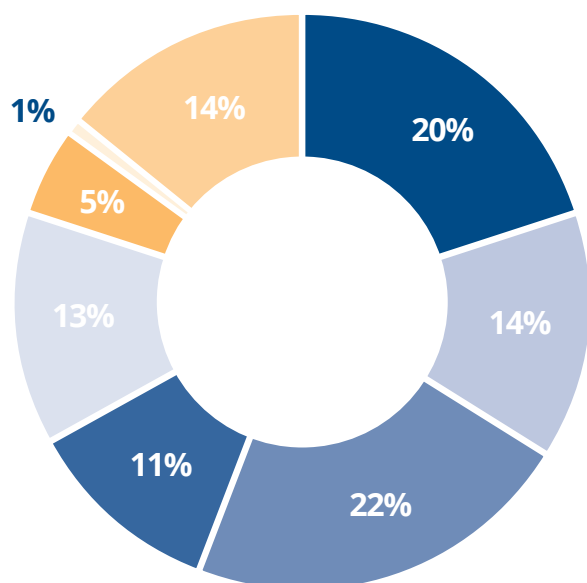
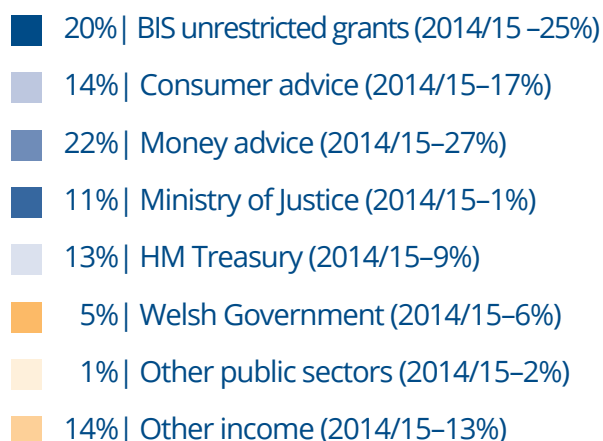
<sup>9</sup> Details of our progress and performance for funded activities are shown on pages 12–23



## Income<sup>10</sup>

The chart below shows our main sources of income in 2015/16.

### Income for 2015/16



The chart illustrates the significant increase attributable to our funding for the delivery of face-to-face Pension Wise guidance on behalf of HM Treasury (£13.8 million) and the Witness Service for the Ministry of Justice (£11.7 million).

The largest component of our total income continues to be the funding from the Money Advice Service at £23.9 million to deliver money and debt advice (2015: £23.3 million) with £22.3 million funding from BIS to meet our core charitable purposes (unchanged from 2014/15). Overall our restricted funding has grown while our unrestricted funding has remained stable. Other important streams of income included £15.7 million from BIS for our consumer roles (2015: £15.1 million) and £5.4 million from the Welsh Government (2015: £4.9 million).

We continue to work with a range of government departments and agencies and, where possible, look to secure grants for more than 1 year. This reduces some of the uncertainty around annualised funding and supports longer-term planning and financial stability. We also seek new ways to rebalance and diversify our income so that we can continue to meet our charitable objectives and expand and improve our services to clients.

In the coming year we expect our overall funding for money advice and pensions guidance to remain stable. The government plans to restructure the delivery of public financial guidance to ensure that consumers can access the help they need to make good financial choices. We expect funding for frontline money and debt advice to increase from 2018. Following our first full year of delivery we are continuing to develop the Witness Service as agreed with the Ministry of Justice.

Table 1 summarises our funding sources and shows how our income has grown and diversified over the past 5 years.

<sup>10</sup>. See note 3

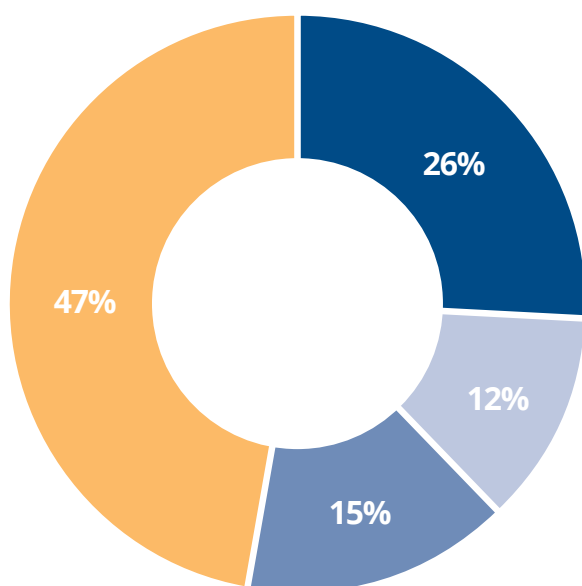
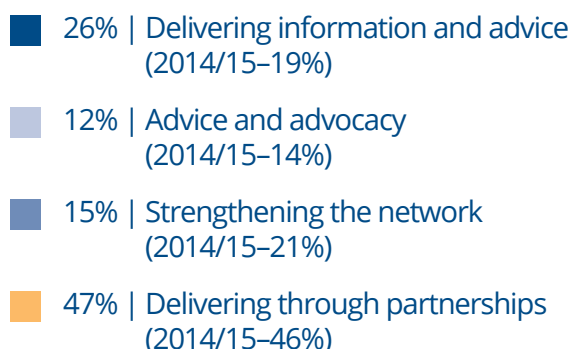
**Table 1. Funding sources and trends**

|                                                             | 2011/12<br>£m | 2012/13<br>£m | 2013/14<br>£m | 2014/15<br>£m | 2015/16<br>£m  |
|-------------------------------------------------------------|---------------|---------------|---------------|---------------|----------------|
| BIS core                                                    | 18.9          | 19.0          | 22.1          | 22.3          | 22.3           |
| BIS consumer                                                | 0             | 9.1           | 9.3           | 15.1          | 15.7           |
| BIS projects                                                | 10.1          | 12.9          | 8.3           | 0             | 0              |
| Money advice                                                | 17.9          | 17.9          | 19.5          | 23.3          | 23.9           |
| Ministry of Justice                                         | 0             | 0             | 0             | 1.0           | 11.7           |
| HM Treasury                                                 | 0             | 0             | 0             | 8.3           | 13.8           |
| Welsh Government                                            | 1.0           | 3.2           | 3.9           | 4.9           | 5.4            |
| Other public sector                                         | 2.6           | 1.9           | 2.2           | 1.5           | 0.4            |
| Other income (corporates,<br>charities, donations, trading) | 12.2          | 13.6          | 11.9          | 11.8          | 15.4           |
| <b>Total income</b>                                         | <b>£62.7m</b> | <b>£77.6m</b> | <b>£77.2m</b> | <b>£88.2m</b> | <b>£108.6m</b> |

## Expenditure<sup>11</sup>

The chart below shows 2015/16 expenditure against our 4 areas of charitable activity.

### Expenditure for 2015/16



This year we spent £108.9 million on charitable activities, an increase of 31% on 2015 (£82.9 million). This reflects the costs of delivering the new services for witnesses in the criminal court system and people seeking guidance on the new pension rules.

**Advice and advocacy:** Our expenditure on advice and advocacy has increased by 18% to £13.3 million (2015: £11.3 million). This expenditure category includes the delivery of Consumer Futures, which increased in 2015/16 in line with our agreed work plan and expenditure on policy and campaigning, which is in line with 2014/15.

**Delivering information and advice:** We increased our spending by 81% on the direct delivery of information and advice in 2016 to £28.2 million (2015: £15.6 million). This category includes the direct delivery of services by Citizens Advice. The main increase in expenditure is accounted for by the introduction of the Witness Service (£11.7 million). The other main areas of expenditure cover our ongoing consumer service and the investment in our online services with improved content, information and expert advice for clients. The proposed change to deliver the consumer service through the local Citizens Advice network will see a significant component of this expenditure move into the delivering through partnerships category next year.

**Strengthening the network:** In 2016 we spent £16.3 million on direct support for the local network (2015: £17.7 million). This includes our core network support services, information services, systems support, training and quality assurance costs. The reduction in expenditure is due to the savings we have been able to make in the maintenance and development of our case management system (Petra) as we moved away from our outsourced contractor and brought this work in-house.

**Delivering through partnerships:** This remains our single biggest area of expenditure and 2016 saw another substantial increase to £51.1 million (2015: £38.3 million). Within this we were able to increase funding to the local Citizens Advice network by 47% to £44.2 million<sup>12</sup> (2015: £30.2 million). Money Advice remains the largest single advice area. Other significant grants to the network were for services in Wales (£4.9 million), delivery of energy advice (£4.1 million) and the Pension Wise delivery (£12.9 million).

<sup>11</sup>. See note 6

<sup>12</sup>. See note 5

## Efficiency savings

We continue to look for ways to reduce costs and improve value for money wherever possible. New technology continues to offer opportunities for efficiencies and improvements in services. We have moved away from an outsourced technology model to a cloud-based solution supported by an in-house team in 2015/16. In the coming year we will use our new in-house capability to replace our case management system. We also continue to improve the value for money and quality of our accommodation. This year we closed our regional offices in Exeter and Newcastle and relocated and expanded our Birmingham office, reducing our occupancy costs by 50%.

## Balance sheet

Our balance sheet remains strong and we continue to benefit from a strong cash flow supported by our funders. The total cash balance at the year-end was £32.8 million (2015: £32.8 million). Total funds were £20.7 million at 31 March 2016 (2015: £20.0 million).

The presentation of the balance sheet in the financial statements has been revised to reflect the new reporting requirements required by the new Charity Statement of Recommended Practice (SORP) including Financial Reporting Standard (FRS) 102. The key changes have been the introduction of the liability for future pension payments on the balance sheet (previously a note to the accounts), an accrual for holiday untaken and a change in the treatment of the rent free period on our Aldersgate office lease. The SORP also requires the comparative figures for 2014/15 to be restated on a consistent basis. The impact on our reserves is covered in the reserves section.

## Pensions<sup>13</sup>

Citizens Advice is a member of a defined benefit multi-employer scheme. The other employers in this scheme are a small number of local Citizens Advice offices. The scheme was closed to new members and to future accrual in 2008.

The total deficit of the closed scheme as at 31 March 2016 was £49.0 million, decreasing from £56.5 million in 2015. This movement illustrates the volatility of this liability to changing conditions in the financial markets and the wider economic environment, which are outside of our control.

As noted above, changes introduced in the Charities SORP now require the future agreed pension contributions to be provided in the accounts (previously this liability was disclosed as a note to the accounts). This has introduced a new provision and an equal and opposite “negative” reserve on the balance sheet of £14.3 million (2015: £15.3 million).

We remain committed to meeting our obligations in relation to the scheme and work closely with the Pension Scheme Trustee Board and its actuarial advisers. The current deficit recovery period has a further 18 years to run with agreed annual pension deficit recovery payments of £1.06 million. In 2015/16 we made an additional contribution of £450,000 towards the deficit.

Citizens Advice now operates a defined contribution scheme. New staff are automatically enrolled into the scheme and employer contributions are charged as they are incurred.

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13. See note 21

## Remuneration policy<sup>14</sup>

In 2015 the decision was made to move to a new pay and grading structure with the aim of providing a more structured, transparent and fair pay scheme for our people. All roles are evaluated using the Hay independent job evaluation system in order to ensure equal pay is offered for work of equal value. It also helps to ensure salaries retain internal relativities. We expect the transition to the new scheme to be complete for all staff by December 2016. Executive salaries have been reviewed against benchmarks across the sector. A more recent Hay evaluation confirmed salaries as appropriate.

A 1% salary increase was awarded in April 2015 in line with the average of earning and consumer price inflation. The negotiations for the 2016 pay award have also concluded and a 1% increase will again apply this year. The salary increase applies to all staff including the executive team. Executive team remuneration is overseen by the trustee board remuneration committee who oversee and agree any changes.

## Reserves policy<sup>15</sup>

Citizens Advice holds financial reserves to be applied to future activities under the following categories:

**Unrestricted** – as protection against the immediate impact of funding changes and to provide cover for unforeseen, essential expenditure. Within our unrestricted reserves we designate reserves which are set aside for planned investment in technology and information systems. Of these unrestricted reserves, £487,000<sup>16</sup> is in the form of tangible fixed assets and £692,000<sup>17</sup> in investments (shares).

**Restricted** – to be spent on specific purposes determined by the funder.

Each year our trustee board reviews our reserves policy and considers the appropriate level of unrestricted reserves. This year trustees decided that the minimum level of unrestricted reserves should rise from £3.5 million to £6 million which equates to 3 months of core operating expenditure. Trustees believe that this policy balances the need to reflect the growth of the organisation and our current risk profile, whilst also ensuring that we do not hold funds unnecessarily and continue to commit funds quickly to meet our charitable objectives.

As at 31 March 2016 our unrestricted reserves were £12.0 million (2015: £10.3 million). Of this, £4.2 million has been designated for planned investment in technology over the next 2 years.

As noted in the pensions section, due to the changes in reporting requirements with the introduction of the charities SORP we have introduced a negative pensions reserve of £14.3 million which represents the net present value of the agreed payments to the closed pension scheme over the 18 year repayment period. This negative balance will be reduced by the annual contribution over the payment period. The overall liability and the level of this reserve will be subject to the triennial revaluation of the pension liability and any subsequent change to the agreed repayment plan. The triennial revaluation is currently underway for 31 March 2016 and will need to be agreed with the Pensions Scheme Trustees and submitted to the Pensions Regulator by June 2017.

Our restricted reserves were £23 million as at 31 March 2016 (2015: £25 million) and represent the balance of ongoing funding and projects. These balances can only be applied in accordance with funders' conditions and are not covered by our reserves policy.

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<sup>14</sup>. See note 4

<sup>15</sup>. See note 17

<sup>16</sup>. See note 11

<sup>17</sup>. See note 14

## Investment policy

As required in our Memorandum, Citizens Advice has the power to invest monies not immediately required for its purposes in or upon such investments, securities or property as may be thought fit.

Citizens Advice's investment strategy is to manage the charity's cash flows and investments, controlling the associated risks so as to maximise income with minimal risk. All surplus funds are held in interest bearing accounts. Our first priority continues to be the security and availability of our funds and then to ensure that funds are invested at the best interest rates attainable. We hold our funds with UK-based institutions with strong credit ratings and we review the policy each year in the light of changes to the financial climate.

We receive regular monthly reports on our cash investments and evaluate performance with the banks twice a year. We are currently seeking advice about how best to manage the changes in rates to maximise our return taking into account the security of our investments.

## Grant making policy

Citizens Advice awards grants to our local office network (and other local charities and organisations depending on the funding stream available) in line with the funding objective and to meet the needs of clients.

Funds either come directly from Citizens Advice for developmental opportunities that enhance our service to clients (including piloting or testing new ways of meeting need or reaching more people) or as a result of funding awards to Citizens Advice for specific services which are then passed on to the network for delivery.

The grant application process is based on best practice in the external funding environment and the process is published on the Citizens Advice intranet so that applicants are aware of the methodology. Evaluators are trained in-house and include members of the network to ensure transparency and objectivity. In the past 12 months £45.8 million<sup>18</sup> in grants has been allocated to the network and other organisations from funding sources including:

- Money Advice Service for the delivery of face-to-face advice in England and Wales and for debt advice
- Energy companies for energy advice and education programmes
- HM Treasury for the delivery of Pensions guidance through Pension Wise
- Welsh Government for the delivery of face-to-face advice in Wales.

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<sup>18</sup>. See note 5

## Going concern

Citizens Advice is well placed to manage our liabilities as they fall due and the business risks we face. This position is supported by a strong cash flow, sufficient reserves, good relationships with our key funders and a proven ability to secure new services. We therefore have a reasonable expectation that we have sufficient resources to continue in operational existence for the foreseeable future. We do not believe that there are material uncertainties which call into doubt our ability to continue as a going concern. Our planning processes, including financial projections, take into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. We acknowledge our pension fund obligations and have a clear strategy to fund the deficit over the next 18 years, subject to continued discussion with the Pension Scheme Trustee Board and the Pensions Regulator.

## Approval

This Annual Report of the Trustees, under the Charities Act 2011 and the Companies Act 2006, was approved by the Board of Trustees on 27 July 2016, including approving in their capacity as company directors the Strategic Report, and is signed as authorised on the Board's behalf by:

**Sir David Varney**  
Chair of Trustees

# Financial statements

# Independent auditor's report to the Members of National Association of Citizens Advice Bureaux

Year ended 31 March 2016

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We have audited the financial statements of National Association of Citizens Advice Bureaux for the year ended 31 March 2016 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes numbered 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic Report and the Trustees' Annual Report and any other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2016 and of the group's 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit we have not identified any material misstatements in the Strategic Report and Directors' Report.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate accounting records; or
- the parent charitable company 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.

Naziar Hashemi  
Senior Statutory Auditor  
For and on behalf of  
**Crowe Clark Whitehill LLP**

Statutory Auditor, **London**  
**Date:** 10 August 2016

# Consolidated statement of financial activities

Year ended 31 March 2016

Incorporating an income and expenditure account

|                                                                    | Note | Unrestricted   |                  | Restricted     |                  | Total          | Total            |
|--------------------------------------------------------------------|------|----------------|------------------|----------------|------------------|----------------|------------------|
|                                                                    |      | 2016           | 2015<br>Restated | 2016           | 2015<br>Restated | 2016           | 2015<br>Restated |
|                                                                    |      | £'000          | £'000            | £'000          | £'000            | £'000          | £'000            |
| <b>Income:</b>                                                     |      |                |                  |                |                  |                |                  |
| Donations and legacies                                             | 2    | 367            | 145              | —              | —                | 367            | 145              |
| Incoming resources from charitable activities:                     |      |                |                  |                |                  |                |                  |
| Grants                                                             | 3    | 22,312         | 22,304           | 81,219         | 60,430           | 103,531        | 82,734           |
| Delivery of services                                               |      | 3,068          | 3,371            | 354            | 489              | 3,422          | 3,860            |
| Training and support                                               |      | 764            | 672              | 84             | 184              | 848            | 856              |
| Other income:                                                      |      |                |                  |                |                  |                |                  |
| Other incoming resources                                           |      | 155            | 366              | 172            | 57               | 327            | 423              |
| Investment income                                                  |      | 115            | 169              | —              | 32               | 115            | 201              |
| <b>Total income</b>                                                |      | <b>26,781</b>  | <b>27,027</b>    | <b>81,829</b>  | <b>61,192</b>    | <b>108,610</b> | <b>88,219</b>    |
| <b>Expenditure:</b>                                                |      |                |                  |                |                  |                |                  |
| Expenditure on raising funds                                       | 6    | 37             | 39               | —              | —                | 37             | 39               |
| Expenditure on charitable activities:                              |      |                |                  |                |                  |                |                  |
| Delivering information & advice                                    | 6    | 6,361          | 5,299            | 21,835         | 10,316           | 28,196         | 15,615           |
| Advice and advocacy                                                | 6    | 5,693          | 6,108            | 7,604          | 5,221            | 13,297         | 11,329           |
| Strengthening the local Citizens Advice network                    | 6    | 12,268         | 11,463           | 4,042          | 6,192            | 16,310         | 17,655           |
| Partnerships                                                       | 6    | 705            | 897              | 50,395         | 37,417           | 51,100         | 38,314           |
| <b>Total expenditure</b>                                           |      | <b>25,064</b>  | <b>23,806</b>    | <b>83,876</b>  | <b>59,146</b>    | <b>108,940</b> | <b>82,952</b>    |
| Net gains/(losses) on investments                                  |      | —              | —                | 94             | 177              | 94             | 177              |
| <b>Net income/(expenditure)</b>                                    |      | <b>1,717</b>   | <b>3,221</b>     | <b>(1,953)</b> | <b>2,223</b>     | <b>(236)</b>   | <b>5,444</b>     |
| <b>Actuarial gains/(losses) on defined benefit pension schemes</b> |      | <b>924</b>     | <b>(3,866)</b>   | <b>—</b>       | <b>—</b>         | <b>924</b>     | <b>(3,866)</b>   |
| <b>Net movement in funds</b>                                       |      | <b>2,641</b>   | <b>(645)</b>     | <b>(1,953)</b> | <b>2,223</b>     | <b>688</b>     | <b>1,578</b>     |
| <b>Reconciliation of funds:</b>                                    |      |                |                  |                |                  |                |                  |
| Total funds brought forward                                        | 17   | (4,952)        | (4,307)          | 24,974         | 22,751           | 20,022         | 18,444           |
| <b>Total funds carried forward</b>                                 |      | <b>(2,311)</b> | <b>(4,952)</b>   | <b>23,021</b>  | <b>24,974</b>    | <b>20,710</b>  | <b>20,022</b>    |

All activities derive from continuing operations.

# Consolidated balance sheet

(Registered number 1436945)

At 31 March 2016

|                                                       | Note  | Group    |          | Citizens Advice |          |
|-------------------------------------------------------|-------|----------|----------|-----------------|----------|
|                                                       |       | 2016     | 2015     | 2016            | 2015     |
|                                                       |       |          | Restated |                 | Restated |
|                                                       |       | £'000    | £'000    | £'000           | £'000    |
| <b>Fixed assets</b>                                   |       |          |          |                 |          |
| Intangible assets                                     | 10    | 2,184    | 2,767    | 2,184           | 2,767    |
| Tangible assets                                       | 11    | 487      | 630      | 487             | 630      |
| Investments                                           | 14    | 4,892    | 3,581    | 4,892           | 3,581    |
| <b>Current Assets</b>                                 |       |          |          |                 |          |
| Investments                                           | 14    | 1,246    | 1,082    | 1,246           | 1,082    |
| Debtors                                               | 12    | 2,642    | 3,112    | 2,812           | 3,322    |
| Cash at bank and in hand                              |       |          |          |                 |          |
| Infrastructure funding                                | 15,17 | 4,218    | 6,744    | 4,218           | 6,744    |
| Other                                                 | 15    | 28,574   | 26,049   | 28,404          | 25,830   |
|                                                       |       | 36,680   | 36,987   | 36,680          | 36,978   |
| <b>Creditors:</b> amounts falling due within one year | 13    | 7,194    | 7,240    | 7,194           | 7,231    |
| Net current assets                                    |       | 29,486   | 29,747   | 29,486          | 29,747   |
| <b>Total assets less current liabilities</b>          |       | 37,049   | 36,725   | 37,049          | 36,725   |
| <b>Provisions</b> for liabilities and charges         | 16    | 16,339   | 16,703   | 16,339          | 16,703   |
| <b>Total assets less all liabilities</b>              |       | 20,710   | 20,022   | 20,710          | 20,022   |
| <b>Funds of the charity</b>                           |       |          |          |                 |          |
| Restricted funds                                      | 17    | 23,021   | 24,974   | 23,021          | 24,974   |
| Pension reserve                                       | 17    | (14,350) | (15,274) | (14,350)        | (15,274) |
| Unrestricted funds                                    | 17    | 12,039   | 10,322   | 12,039          | 10,322   |
| <b>Total funds</b>                                    |       | 20,710   | 20,022   | 20,710          | 20,022   |

The financial statements were approved and authorised for issue by the Trustee Board on 27 July 2016 and signed on their behalf by:

**Sir David Varney**  
Chair

**Mark Washer**  
Treasurer

# Consolidated cash flow statement

Year ended 31 March 2016

|                                                                    | Reference note | 2016           | 2015          |
|--------------------------------------------------------------------|----------------|----------------|---------------|
|                                                                    |                | £'000          | £'000         |
| <b>Net cash inflow from operating activities</b>                   | A              | <b>2,124</b>   | <b>18,020</b> |
| Dividends, interest and rents from investments                     |                | <b>115</b>     | <b>201</b>    |
| Purchase of property, plant and equipment                          |                | <b>(765)</b>   | <b>(471)</b>  |
| Cash placed in other liquid resources                              | C              | <b>(1,475)</b> | <b>530</b>    |
| <b>Change in cash and cash equivalents in the reporting period</b> | B              | <b>(1)</b>     | <b>18,280</b> |

## Notes to the cash flow statement

### A. Reconciliation of net income/(expenditure) to net cash inflow from operating activities:

|                                                                                    | 2016         | 2015          |
|------------------------------------------------------------------------------------|--------------|---------------|
|                                                                                    | £'000        | £'000         |
| Net income for the reporting period (as per the statement of financial activities) | <b>688</b>   | <b>1,578</b>  |
| Amortisation charges                                                               | <b>1,140</b> | <b>1,400</b>  |
| Depreciation charges                                                               | <b>351</b>   | <b>359</b>    |
| Decrease/(increase) in debtors                                                     | <b>470</b>   | <b>7,341</b>  |
| Increase/(decrease) in creditors                                                   | <b>(46)</b>  | <b>3,553</b>  |
| Increase/(decrease) in revenue provisions                                          | <b>(364)</b> | <b>3,990</b>  |
| Bank interest receivable                                                           | <b>(115)</b> | <b>(201)</b>  |
| <b>Net cash provided by (used in) operating activities</b>                         | <b>2,124</b> | <b>18,020</b> |

### B. Analysis of cash & cash equivalents

|                          | As at<br>31 March 2016 | Movement   | As at<br>1 April 2015 |
|--------------------------|------------------------|------------|-----------------------|
|                          | £'000                  | £'000      | £'000                 |
| Cash at bank and in hand | <b>32,792</b>          | <b>(1)</b> | <b>32,793</b>         |

### C. Analysis of other liquid resources

|                             | As at<br>31 March 2016 | Movement     | As at<br>1 April 2015 |
|-----------------------------|------------------------|--------------|-----------------------|
|                             | £'000                  | £'000        | £'000                 |
| Current assets, investments | <b>6,138</b>           | <b>1,475</b> | <b>4,663</b>          |

# Notes to the financial statements

Year ended 31 March 2016

## 1. Accounting policies

### a) Accounting convention

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) and the Companies Act 2006. Citizens Advice meets the definition of a public benefit entity under FRS 102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s). The principal accounting policies, which have been applied consistently except where noted, are set out below:

### b) Going concern

The financial statements have been prepared on the going concern basis. Financial budgets are set to ensure that the organisation can continue to operate as a going concern for at least a year. Detailed financial budgets are presented and approved by the Trustee Board on a 12 month basis. Furthermore management accounts for the parent Charity are presented at regular intervals to the Trustee Board throughout the financial year on progress against budget. Any changes in funding within the year are reflected as soon as practicable and action taken by management to ensure that the Charity spends within its available resources.

There are no material uncertainties which cast doubt on the Charity's going concern.

### c) Fixed assets

Fixed assets are recognised in the statement of financial activities on initial acquisition, in accordance with FRS 102.

Only assets over £1,000 are capitalised. Depreciation is charged on a straight-line basis on the cost of assets less residual value over their estimated useful life. A full year's depreciation is charged in the year of acquisition.

The estimated lives of the assets are as follows:

- Office and computer equipment – three years.
- Infrastructure software – between three and eight years, depending on the duration of license.
- Software development costs have been capitalised within intangible assets as they can be identified with a specific project anticipated to produce future benefits. Once brought into use they will be amortised on the straight line basis over the anticipated life of the benefits arising from the completed project.
- Fixtures and fittings – five years.

### d) Leases

Rent free periods are accounted for over the period of the lease to the first break clause for each property.

### e) Pension costs

The National Association of Citizens Advice Bureaux (NACAB) Pension and Assurance Plan (1991) is a multi-employer defined benefit scheme which was closed during the financial year ended 31 March 2008. Having taken advice from the scheme's actuary, Citizens Advice cannot identify its share of the underlying assets and liabilities on a consistent and reasonable basis. The disclosures under FRS 102 in this circumstance are shown in note 21. The expected cost of providing pensions is calculated periodically by a professionally qualified actuary. The operating costs of providing retirement benefits to employees are charged to the statement of financial activities in the year in which they are incurred as required by FRS 102.

# Notes to the financial statements

Year ended 31 March 2016

On 1 April 2005, Citizens Advice introduced a defined contribution pension. From April 2014 staff are automatically enrolled unless they opt out of the scheme. The employer's contributions are charged to the statement of financial activities in the period in which they were incurred. Consumer Futures staff transferred in April 2014 and they retain participation in the Civil Service scheme.

## **f) Financial Instruments**

Citizens Advice has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at the present value of future cash flows (amortised cost). Financial assets held at amortised cost comprise cash at bank and in hand, short term cash deposits and the group's debtors excluding prepayments.

Financial liabilities held at amortised cost comprise the group's short and long term creditors excluding deferred income and taxation payable. No discounting has been applied to these financial instruments on the basis that the periods over which amounts will be settled are such that any discounting would be immaterial.

Investments are held at fair value at the Balance Sheet date, with gains and losses being recognised within income and expenditure. Investments in subsidiary undertakings are held at cost less impairment

At the balance sheet date the charity held financial assets at amortised cost of £34,444,000 (2015: £34,516,000). Financial assets at fair value through income or expenditure of £34,444,000 (2015: £34,516,000) and financial liabilities at amortised cost of £22,188,000 (2015: £23,178,000)

## **g) Grants payable and receivable**

Grants payable are made to local Citizens Advice and other bodies, and the liability is recognised when the obligation arises although the grant may not be due.

Grants receivable are recognised when due and when any conditions for receipt are met. Any unexpended grant is carried forward in reserves.

If any grant has been provided for a stated purpose, it is carried forward as restricted funds. Any unused grants not able to be used for the purpose determined by the funder are returned in accordance with the funder agreement.

## **h) Deferred income**

Deferred income relating to subscriptions is shown within the balance sheet. Other deferred income relates to restricted funding received in advance but where the related expenditure can only take place in a future accounting period.

## **i) Legacies**

Legacies are recognised when they are received or when notice is given from the executor that a payment is due, whichever is sooner.

## **j) Delivery of services**

The trading activities of Citizens Advice, mainly the local Citizens Advice membership fee and the sale of information products, are exercised in the course of carrying out the primary purpose of the Charity.

The income and expenditure is shown in the Statement of Financial Activities as delivery of services and strengthening the local Citizens Advice network respectively.

Any activities that are not for the primary purpose of the Charity are accounted for in Citizens Advice Limited and this subsidiary has been consolidated into the Statement of Financial Activities. The income and expenditure is also shown in the Statement of Financial Activities as delivery of services and strengthening the local Citizens Advice network respectively.

# Notes to the financial statements

Year ended 31 March 2016

## **k) Training and support**

The training and support activities comprise income for arranging insurance cover on behalf of local Citizens Advice in England and Wales as well as the provision of training courses in debt, employment, welfare benefits and consumer issues.

## **l) Other income**

All other income is accounted for on an accruals basis.

## **m) Resources expended**

All expenditure is accounted for on an accruals basis and has been classified under the charitable expenditure activity headings with reference to activities performed in the year.

Costs of generating funds are those costs relating to fundraising for new donors or new projects.

Staff costs are all emoluments incurred. Other direct costs are non-staff costs incurred by each principal activity.

Governance costs are those incurred in connection with the administration of the Charity's constitutional and statutory duties.

Irrecoverable VAT is treated as resources expended in the principal activity that incurred the original VAT.

Support costs, including premises, fundraising, central administration, IT support, human resources costs, governance and pertinent corporate finance costs (staff and other costs), which are not directly attributable to a particular principal activity, have been fully allocated to departments and activities based on staff numbers of the principal activity as shown in note 7.

## **n) Reserves**

Unrestricted funds are expendable at the discretion of the trustees in furtherance of the Charity's objectives. Unrestricted funds represent funds raised or grants awarded for no specified project, where the expenditure has not yet occurred. The expenditure will arise in subsequent financial periods. Transfers to and from designated funds are subject to the approval of the trustees.

There are no carry forward restrictions on funds.

Restricted funds are awarded for a specified project, which will be declared by the funder, or restricted with their authority or with a restriction created by a legal process, although the scope of the project is still within the wider objectives of the Charity. Income may be awarded in one year for expenditure in that or a subsequent year on a specified project.

## **o) Provisions**

Provisions for future liabilities are recognised when Citizens Advice has a legal or constructive financial obligation that can be reliably estimated and for which there is an expectation that payment will be made.

## **p) Consolidation**

Citizens Advice Ltd, a trading subsidiary controlled by Citizens Advice, has also been consolidated within the accounts on a line by line basis.

The restated net outgoing resources for Citizens Advice alone were £236,000 in 2015/16 (net incoming resources £5,444,000 in 2014/15).

A separate Statement of Financial Activities, or income and expenditure account, for the Charity itself is not presented because the Charity has taken advantage of the exemptions afforded by Section 408 of the Companies Act 2006. The charity has taken advantage of the exemption in FRS 102 from the requirements to present a charity only Cash Flow Statement and certain disclosures about the charity's financial instruments.

# Notes to the financial statements

Year ended 31 March 2016

## **q) Reconciliation with previously Generally Accepted Accounting Practice**

Citizens Advice has adopted FRS 102 for the first time when preparing these financial statements. The transition date to FRS 102 was 1 April 2014 and the last financial statements prepared under the previous financial reporting framework were prepared for the year ended 31 March 2015. An explanation and reconciliation of how the transition to FRS 102 has affected the reported financial position and financial performance is provided in note 24.

## **r) Critical accounting judgements and key sources of estimation uncertainty**

In the application of the charity's accounting policies, trustees are required to make judgements, estimates, assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

**Pension liabilities** – The charity recognises its liability to its defined benefit pension scheme which involves a number of estimations as disclosed in note 21.

# Notes to the financial statements

Year ended 31 March 2016

## 2. Donations and legacies

|                                    | 2016       | 2015       |
|------------------------------------|------------|------------|
|                                    | £'000      | £'000      |
| Legacies                           | 332        | 110        |
| Donations from private individuals | 35         | 35         |
| <b>Total donations</b>             | <b>367</b> | <b>145</b> |

During the year, £275,000 was received from a single benefactor's will.

## 3. Grants

### a) Government grants

| Funder                                                            | 2016          | 2015          | Purpose                                           |
|-------------------------------------------------------------------|---------------|---------------|---------------------------------------------------|
|                                                                   | £'000         | £'000         |                                                   |
| <b>Government department grants</b>                               |               |               |                                                   |
| Department for Business, Innovation and Skills (BIS) unrestricted | 22,312        | 22,304        | Core charitable objectives                        |
| BIS restricted                                                    | 15,683        | 15,065        | Consumer advice and other restricted activities   |
| Cabinet Office                                                    | —             | 50            | Policy work                                       |
| Department for Communities and Local Government                   | —             | 335           | The National Homelessness Advice Service training |
| Department for Energy and Climate Change                          | 201           | 237           | Big Energy Saving Week                            |
| Government Equalities Office                                      | —             | 37            | Equality advice for SMEs                          |
| HM Revenue & Customs                                              | 173           | 251           | Capacity building projects                        |
| HM Treasury                                                       | 13,822        | 8,269         | Pensions guidance                                 |
| Ministry of Justice                                               | 11,703        | 1,021         | Court based Witness service                       |
| <b>Welsh Government</b>                                           |               |               |                                                   |
| Welsh Government                                                  | 100           | 168           | Better advice: better health                      |
| Welsh Government                                                  | 390           | 314           | Discrimination                                    |
| Welsh Government                                                  | 1,568         | 1,443         | Advice service                                    |
| Welsh Government                                                  | 1,300         | 987           | Debt and housing advice                           |
| Welsh Government                                                  | 1,806         | 1,828         | Tackling Poverty                                  |
| Welsh Government                                                  | 222           | 222           | Adviceline (Wales)                                |
| <b>European grants</b>                                            |               |               |                                                   |
| European Commission                                               | —             | 106           | Equality advice for SMEs                          |
| <b>Total Government grants</b>                                    | <b>69,280</b> | <b>52,637</b> |                                                   |

# Notes to the financial statements

Year ended 31 March 2016

## 3. Grants (continued)

### b) Grants from other public bodies

| Funder                 | 2016<br>£'000 | 2015<br>£'000 | Purpose                         |
|------------------------|---------------|---------------|---------------------------------|
| Devon County Council   | —             | 344           | Regional welfare benefit rights |
| The Insolvency Service | 60            | 134           | Debt relief orders              |
| Money Advice Service   | 23,906        | 23,314        | Face to face debt advice        |
|                        | 23,966        | 23,792        |                                 |

### c) Other grants

| Funder                   | 2016<br>£'000  | 2015<br>£'000 | Purpose                                  |
|--------------------------|----------------|---------------|------------------------------------------|
| Advice Service Alliance  | 18             | 29            | Financial capability                     |
| Big Lottery Fund         | —              | 118           | Financial capability                     |
| British Gas              | —              | 100           | Equality and diversity                   |
| British Sign Language    | 25             | 10            | Energy advice projects                   |
| EDF Energy               | 100            | 2,800         | Equality and diversity                   |
| Economy Energy           | 250            | —             | Family welfare information               |
| E.ON Energy              | 7,810          | —             | Energy advice projects                   |
| First Utility            | 369            | 360           | Financial capability                     |
| Grant Thornton           | 8              | 25            | Specialist support project               |
| HSBC Group               | —              | 116           | Financial capability                     |
| Money Advice Trust       | 37             | 22            | Money advice training                    |
| Money Advice Trust       | —              | 24            | Money advice national strategy           |
| Partnership Services Ltd | 141            | 76            | Integrated debt advice project           |
| Prudential plc           | —              | 385           | Financial literacy                       |
| Scottish Power           | 326            | 850           | Energy advice projects                   |
| Shelter                  | 125            | 194           | The National Homelessness Advice Service |
| Spark Energy             | 436            | —             | Energy advice projects                   |
| SSE                      | 100            | 476           | Energy advice projects                   |
| UK Power net             | —              | 200           | Energy advice projects                   |
| Utility Warehouse        | 539            | 475           | Warm zone                                |
| Wessex Water             | —              | 42            | Advice                                   |
| Various                  | 1              | 3             | Sundry projects                          |
| Total other grants       | 10,285         | 6,305         |                                          |
| <b>Total grants</b>      | <b>103,531</b> | <b>82,734</b> |                                          |

# Notes to the financial statements

Year ended 31 March 2016

## 4. Information regarding directors and employees

The trustees of Citizens Advice are the non-executive directors of the charitable company. No emoluments were paid to any non-executive directors (2014/15: nil). Payments of £6,968 (2014/15: £7,304) were made to six (2014/15: six) non-executive directors during the year in respect of expenses for travel and expenses incurred in the course of executing their duties. No trustee indemnity insurance was purchased.

Employee costs during the year:

|                             | 2016   | 2015   |
|-----------------------------|--------|--------|
|                             | £'000  | £'000  |
| Wages and salaries          | 26,532 | 17,744 |
| Social security costs       | 2,255  | 1,698  |
| Pension costs (see note 21) | 2,990  | 2,831  |
| Temporary staff             | 1,206  | 687    |
|                             | 32,983 | 22,960 |

Pension costs shown above relate to amounts accrued in the year. Payments totalling £1,478,000 (2014/15: £1,169,000) were made to the Citizens Advice Group Personal Pension Plan and to the Civil Service Pension Scheme for Consumer Futures staff who transferred to Citizens Advice on 1 April 2014. There was also a contribution of £1,512,000 (2014/15: £1,662,000) to the NACAB Pension and Assurance Plan (1991) which closed on 27 March 2008.

Wages and salaries above include £1,195,540 for redundancy and settlement costs. £775,650 was paid during the year of which £92,890 was included within the 2014/15 provisions. A further £512,780 is included within the 2015/16 provisions. These costs relate to 74 employees who have left or are due to leave the organisation as a result of the closure of the Newcastle and Swindon offices and through the reorganisation and restructuring of the operations, information systems and finance functions. Redundancy payments were made in line with our contractual terms.

# Notes to the financial statements

Year ended 31 March 2016

## 4. Information regarding directors and employees (continued)

The number of people employed in each activity during the year was:

|                                                 | Number     | Number     |
|-------------------------------------------------|------------|------------|
|                                                 | 2016       | 2015       |
| <b>Charitable activities</b>                    |            |            |
| Delivering information and advocacy             | 335        | 109        |
| Advice and advocacy                             | 176        | 134        |
| Strengthening the local Citizens Advice network | 266        | 210        |
| Partnerships                                    | 39         | 39         |
| <b>Average number of persons employed</b>       | <b>816</b> | <b>492</b> |

Delivering information and advice in 2016 includes the Witness Service staff for the full year. This equates to an average of 210.

## Aggregate emoluments paid to executive directors in the financial year

Citizens Advice has identified all the key management personnel within the meaning of FRS102.

The figures below comprise gross salaries and employer's pension contributions. In addition, seven executive directors were reimbursed £5,871 (2014/15: £2,870) in total for travel and out-of-pocket expenses incurred in the course of executing their responsibilities. No other amounts were payable. In addition, four (2014/15: one) other employees were paid between £80,000 and £89,999, eight (2014/15: six) employees between £70,000 and £79,999 and 14 employees (2014/15: 16) between £60,000 and £69,000 (including compensation for loss of office).

| Post                                   | Salary  | Pension | Total   | Total   |
|----------------------------------------|---------|---------|---------|---------|
|                                        | 2016    | 2016    | 2016    | 2015    |
|                                        | £       | £       | £       | £       |
| Director of Consumer Futures           | 36,138  | 2,505   | 38,643  | 107,291 |
| Director of Policy and Advocacy        | 63,594  | 4,162   | 67,756  | —       |
| Director of Operations                 | 83,867  | 8,277   | 92,144  | 93,203  |
| Director of People and Equality        | 99,148  | —       | 99,148  | 92,667  |
| Assistant Chief Executive              | 103,233 | 6,677   | 109,910 | 108,855 |
| Director of Finance and Transformation | 101,259 | 6,433   | 107,692 | 106,773 |
| Chief Executive                        | 145,674 | 9,406   | 155,080 | 153,607 |

The role of Director of Consumer Futures was replaced with the role Director of Policy and Advocacy with effect from September 2015.

During the year all staff, including the executive directors, received a pay review of 1%. Other salary changes were a result of role changes and re-valuations.

See remuneration policy section, page 46 in the Strategic report.

# Notes to the financial statements

Year ended 31 March 2016

## 4. Information regarding directors and employees (continued)

Pension contributions paid by Citizens Advice into the Citizens Advice Group Personal Pension Plan on behalf of executive directors in the financial year are included in the above table and summarised below:

|                    | Number | Number |
|--------------------|--------|--------|
|                    | 2016   | 2015   |
| up to £2,499       | —      | —      |
| £2,500 to £4,999   | 1      | —      |
| £5,000 to £7,499   | 2      | 3      |
| £7,500 to £9,999   | 1      | —      |
| £10,000 to £12,499 | 2      | 2      |

Pension contributions for those executive directors in the scheme are paid at the same rate as for all staff. The maximum employer contribution available under the staff scheme is 6.5%.

# Notes to the financial statements

Year ended 31 March 2016

## 5. Grants payable

Grant payments were made to local Citizens Advice members in the financial year as follows:

### a) Grants to local Citizens Advice members

| Purpose                                           | Funder                                 | 2016<br>Total No | 2016<br>£'000 | 2015<br>£'000 |
|---------------------------------------------------|----------------------------------------|------------------|---------------|---------------|
| England and Wales region                          | BIS                                    | 24               | 90            | 97            |
| South West region                                 | Devon County Council                   | 1                | 2             | 183           |
| Financial capability                              | Axa                                    | 2                | 1             | 5             |
| Financial literacy                                | Barclays plc                           | —                | —             | 14            |
| Email and webchat                                 | BIS                                    | 2                | 153           | 558           |
| Developing communication channels                 | BIS                                    | 7                | 760           | 840           |
| Equality and diversity                            | Big Lottery Fund                       | 7                | 41            | 13            |
| Debt relief orders                                | Cabinet Office                         | 16               | 22            | —             |
| Financial capability                              | Department for Energy & Climate Change | 1                | 1             | 154           |
| Energy advice                                     | Economy Energy                         | 12               | 60            | —             |
| Equality                                          | European Commission                    | 8                | 5             | 31            |
| Financial capability                              | EDF Energy                             | —                | —             | 125           |
| Energy advice                                     | EDF Energy                             | 660              | 3,235         | 789           |
| Energy advice                                     | E-ON                                   | 28               | 772           | —             |
| Tax credits training                              | HM Revenue & Customs                   | 33               | 202           | 222           |
| Pensions guidance                                 | HM Treasury                            | 1,387            | 12,866        | 3,144         |
| Debt relief orders                                | Insolvency Service                     | 521              | 69            | 100           |
| Money advice                                      | Martin Lewis Charitable Fund           | —                | —             | 160           |
| Debt advice                                       | Money Advice Service                   | 695              | 19,601        | 18,263        |
| Social policy development                         | BIS                                    | —                | —             | 213           |
| Energy advice                                     | Npower                                 | —                | —             | 274           |
| Various projects                                  | Other regional funders                 | 454              | 898           | 8             |
| Financial capability                              | Prudential plc                         | 28               | 47            | 107           |
| Financial capability                              | Santander plc                          | 3                | 92            | 105           |
| Fuel poverty project                              | SSE                                    | 58               | 225           | 282           |
| Energy advice                                     | Spark Energy                           | 9                | 45            | —             |
| Big Energy Saving Week                            | various                                | 47               | 150           | 93            |
| Advice                                            | Welsh Government                       | 48               | 1,453         | 1,363         |
| Adviceline (Wales)                                | Welsh Government                       | 24               | 214           | 214           |
| Debt and housing advice                           | Welsh Government                       | 46               | 1,083         | 799           |
| Discrimination                                    | Welsh Government                       | 38               | 334           | 272           |
| Tackling poverty                                  | Welsh Government                       | 116              | 1,805         | 1,828         |
| <b>Total local Citizens Advice network grants</b> |                                        | <b>4,275</b>     | <b>44,226</b> | <b>30,256</b> |

# Notes to the financial statements

Year ended 31 March 2016

## 5. Grants payable (continued)

### b) Grants to other bodies

Grants paid to non local Citizens Advice network participants in delivery of national projects, funded by partner organisations.

| Purpose                                                   | Recipient                               | 2016<br>£'000 | 2015<br>£'000 |
|-----------------------------------------------------------|-----------------------------------------|---------------|---------------|
| Debt advice                                               | Better Leeds Communities                | 51            | 112           |
| Debt advice                                               | Birmingham Community Law Centre         | 61            | 19            |
| Debt advice                                               | Birmingham Settlement                   | 162           | 232           |
| Debt advice                                               | Burley Lodge Centre                     | 26            | —             |
| Debt advice                                               | Clean Slate Financial Inclusion Servs   | 8             | —             |
| Debt advice                                               | Ebor Gardens Advice Centre              | 71            | 89            |
| Debt advice                                               | Financial Inclusion Capability N.E.     | 6             | —             |
| Debt advice                                               | Homemaker South West                    | 115           | 143           |
| Debt advice and financial capability                      | Ipswich Housing Action                  | 68            | 116           |
| Debt advice                                               | Luton Rights                            | 32            | 95            |
| Debt advice                                               | Mind Salford                            | 51            | —             |
| Debt line                                                 | Money Advice Trust                      | 560           | 1,110         |
| Various                                                   | Money Advice and Community Support      | 38            | 43            |
| Debt advice                                               | Norfolk Community Law                   | 21            | 57            |
| Energy advice                                             | Pennysmart CIC                          | 11            | 8             |
| Financial capability and rural racial discrimination work | Scottish Association of Citizens Advice | —             | 48            |
| Debt advice                                               | Shelter and Shelter Cymru               | 45            | 134           |
| Debt advice                                               | Single Parent Action Network            | —             | 14            |
| Energy advice                                             | St Vincent Support Centre               | 77            | 89            |
| Debt advice                                               | Talking Money                           | 8             | 9             |
| Financial capability                                      | Toynbee Hall                            | 7             | 6             |
| Various                                                   | 86 miscellaneous grants (2014/15: 138)  | 138           | 114           |
| <b>Total grants to others</b>                             |                                         | <b>1,556</b>  | <b>2,438</b>  |
| <b>Total grants</b>                                       |                                         | <b>45,782</b> | <b>32,694</b> |

# Notes to the financial statements

Year ended 31 March 2016

## 6. Total resources expended

Total resources expended for the year ended 31 March 2016:

|                                                 | Direct staff costs | Grants | Other direct costs | Support costs | Total 2016     |
|-------------------------------------------------|--------------------|--------|--------------------|---------------|----------------|
|                                                 | £'000              | £'000  | £'000              | £'000         | £'000          |
| <b>Costs of generating funds</b>                | 30                 | —      | 1                  | 6             | <b>37</b>      |
| <b>Charitable objectives</b>                    |                    |        |                    |               |                |
| Delivering information and advice               | 10,703             | 1,052  | 14,728             | 1,713         | <b>28,196</b>  |
| Advice and advocacy                             | 6,196              | 467    | 4,888              | 1,746         | <b>13,297</b>  |
| Strengthening the local Citizens Advice network | 9,511              | 669    | 4,936              | 1,194         | <b>16,310</b>  |
| Partnerships                                    | 2,100              | 43,594 | 1,174              | 4,232         | <b>51,100</b>  |
|                                                 | 28,540             | 45,782 | 25,727             | 8,891         | <b>108,940</b> |

Total resources expended for the year ended 31 March 2015:

|                                                 | Direct staff costs | Grants | Other direct costs | Support costs | Total 2015    |
|-------------------------------------------------|--------------------|--------|--------------------|---------------|---------------|
|                                                 | £'000              | £'000  | £'000              | £'000         | £'000         |
| <b>Costs of generating funds</b>                | 31                 | —      | 1                  | 7             | <b>39</b>     |
| <b>Charitable objectives</b>                    |                    |        |                    |               |               |
| Delivering information and advice               | 4,344              | 884    | 9,313              | 1,074         | <b>15,615</b> |
| Advice and advocacy                             | 5,574              | 344    | 3,597              | 1,814         | <b>11,329</b> |
| Strengthening the local Citizens Advice network | 8,644              | 795    | 6,729              | 1,487         | <b>17,655</b> |
| Partnerships                                    | 1,618              | 30,671 | 3,074              | 2,951         | <b>38,314</b> |
|                                                 | 20,211             | 32,694 | 22,714             | 7,333         | <b>82,952</b> |

# Notes to the financial statements

Year ended 31 March 2016

## 7. Support cost breakdown by activity

Support costs are allocated across activities based on direct staff numbers.

The amounts below represent the allocated staff and other allocated costs in note 6.

Support costs breakdown for the year ended 31 March 2016:

|                                                 | Premises | Admin | IT Services | HR    | Finance | 2016         | 2015  |
|-------------------------------------------------|----------|-------|-------------|-------|---------|--------------|-------|
|                                                 | £'000    | £'000 | £'000       | £'000 | £'000   | £'000        | £'000 |
| <b>Costs of generating funds</b>                | 3        | —     | 1           | 1     | 1       | <b>6</b>     | 7     |
| <b>Charitable activities</b>                    |          |       |             |       |         |              |       |
| Delivering information and advice               | 790      | 217   | 397         | 113   | 196     | <b>1,713</b> | 1,074 |
| Advice and advocacy                             | 280      | 356   | 616         | 165   | 329     | <b>1,746</b> | 1,814 |
| Strengthening the local Citizens Advice network | 148      | 226   | 448         | 156   | 216     | <b>1,194</b> | 1,487 |
| Partnerships                                    | 760      | 1,227 | 1,644       | 292   | 309     | <b>4,232</b> | 2,951 |
|                                                 | 1,642    | 1,889 | 3,207       | 841   | 1,312   | <b>8,891</b> | 7,333 |

Governance costs of £458,000 (2014/15 £213,000) are included in the 'strengthening the local Citizens Advice network' heading. This includes management support costs, the Company Secretary, administrative support and an apportionment of senior management costs.

Out-of-pocket expenses were reimbursed to trustees incurred in relation to their work with the Charity and for trustee meeting costs which relate to the running of the Trustee Board and its sub-committees.

## 8. Corporation tax

Citizens Advice is a registered charity and accordingly is exempt from taxation on income and gains where they are applied for charitable purposes. Citizens Advice Limited covenants all profits to the main Charity each year under Gift Aid and does not incur any tax liability.

## 9. Net expenditure

Net incoming resources for the year are stated after charging:

|                                 | 2016         | 2015  |
|---------------------------------|--------------|-------|
|                                 | £'000        | £'000 |
| Operating lease costs           |              |       |
| Property                        | <b>244</b>   | 326   |
| Office equipment                | <b>9</b>     | 144   |
| Amortisation                    | <b>1,140</b> | 1,400 |
| Depreciation                    | <b>351</b>   | 359   |
| External Auditor's remuneration |              |       |
| External audit fee              | <b>42</b>    | 38    |
| Non audit work                  | <b>7</b>     | 2     |
| Internal Auditor's remuneration | <b>43</b>    | 67    |

# Notes to the financial statements

Year ended 31 March 2016

## 10. Fixed assets – intangible assets

The fixed assets of Citizens Advice are the same as those of the Group, as stated below. Assets have been split between intangible and tangible assets in accordance with FRS102 and the Charities SORP 2015.

Intangible fixed assets includes computer licences and software purchases.

|                                 | Infrastructure software |             | Total |
|---------------------------------|-------------------------|-------------|-------|
|                                 | Work in progress        | Operational |       |
|                                 | £'000                   | £'000       | £'000 |
| Cost                            |                         |             |       |
| At 1 April 2015                 | —                       | 6,642       | 6,642 |
| Additions                       | 557                     | —           | 557   |
| Disposals                       | —                       | (249)       | (249) |
| Transfers                       | —                       | —           | —     |
| At 31 March 2016                | 557                     | 6,393       | 6,950 |
| Amortisation                    |                         |             |       |
| At 1 April 2015                 | —                       | 3,875       | 3,875 |
| Charge for the year             | —                       | 1,140       | 1,140 |
| Disposals                       | —                       | (249)       | (249) |
| At 31 March 2016                | —                       | 4,766       | 4,766 |
| Net book value at 31 March 2016 | 557                     | 1,627       | 2,184 |
| Net book value at 31 March 2015 | —                       | 2,767       | 2,767 |

# Notes to the financial statements

Year ended 31 March 2016

## 11. Fixed assets – tangible assets

This includes capitalised fixtures, fittings and equipment.

|                                 | Fixtures, fittings<br>and equipment | Total        |
|---------------------------------|-------------------------------------|--------------|
|                                 | £'000                               | £'000        |
| Cost                            |                                     |              |
| At 1 April 2015                 | 1,145                               | 1,145        |
| Additions                       | 208                                 | 208          |
| Disposals                       | —                                   | —            |
| Transfers                       | —                                   | —            |
| At 31 March 2016                | <b>1,353</b>                        | <b>1,353</b> |
| Depreciation                    |                                     |              |
| At 1 April 2015                 | 515                                 | 515          |
| Charge for the year             | 351                                 | 351          |
| Disposals                       | —                                   | —            |
| At 31 March 2016                | <b>866</b>                          | <b>866</b>   |
| Net book value at 31 March 2016 | <b>487</b>                          | <b>487</b>   |
| Net book value at 31 March 2015 | 630                                 | 630          |

## 12. Debtors

|                                | Group        |       | Citizens Advice |       |
|--------------------------------|--------------|-------|-----------------|-------|
|                                | 2016         | 2015  | 2016            | 2015  |
|                                | £'000        | £'000 | £'000           | £'000 |
| Trade debtors                  | <b>487</b>   | 370   | <b>432</b>      | 359   |
| Other debtors                  | <b>102</b>   | 99    | <b>102</b>      | 99    |
| Prepayments and accrued income | <b>1,938</b> | 2,438 | <b>1,938</b>    | 2,438 |
| HM Revenue and Customs         | <b>115</b>   | 205   | <b>115</b>      | 205   |
| Subsidiary undertakings        | —            | —     | <b>225</b>      | 221   |
|                                | <b>2,642</b> | 3,112 | <b>2,812</b>    | 3,322 |

Included in other debtors is £102,000 (2014/15: £99,000), which relates to 61 (2014/15: 64) staff season ticket, car or career development loans. These are interest free, apart from one career development loan, and are recoverable through monthly payroll deductions. There was one executive director (2014/15: 1) with a £3,000 loan outstanding at the balance sheet date (2014/15: £3,000).

# Notes to the financial statements

Year ended 31 March 2016

## 13. Creditors: amounts falling due within one year

|                                                      | Group |       | Citizens Advice |       |
|------------------------------------------------------|-------|-------|-----------------|-------|
|                                                      | 2016  | 2015  | 2016            | 2015  |
|                                                      | £'000 | £'000 | £'000           | £'000 |
| Trade creditors                                      | 233   | 267   | 233             | 267   |
| Local Citizens Advice network grants                 | 539   | 571   | 539             | 571   |
| Other creditors including taxation & social security | 953   | 613   | 953             | 613   |
| Accruals and deferred income                         | 5,469 | 5,789 | 5,469           | 5,780 |
|                                                      | 7,194 | 7,240 | 7,194           | 7,231 |

|                                                | Group |       | Citizens Advice |       |
|------------------------------------------------|-------|-------|-----------------|-------|
|                                                | 2016  | 2015  | 2016            | 2015  |
|                                                | £'000 | £'000 | £'000           | £'000 |
| <b>Accruals and deferred income comprises:</b> |       |       |                 |       |
| Accruals                                       | 4,713 | 5,419 | 4,713           | 5,419 |
| Deferred income brought forward                | 370   | 118   | 361             | 118   |
| Amount released from previous year             | (370) | (118) | (361)           | (118) |
| Incoming resources deferred in the year        | 756   | 370   | 756             | 361   |
|                                                | 5,469 | 5,789 | 5,469           | 5,780 |

|                                                                          | Group |       | Citizens Advice |       |
|--------------------------------------------------------------------------|-------|-------|-----------------|-------|
|                                                                          | 2016  | 2015  | 2016            | 2015  |
|                                                                          | £'000 | £'000 | £'000           | £'000 |
| <b>Other creditors including taxation and social security comprises:</b> |       |       |                 |       |
| HM Revenue and Customs                                                   | 709   | 463   | 709             | 463   |
| Other creditors                                                          | 244   | 150   | 244             | 150   |
|                                                                          | 953   | 613   | 953             | 613   |

Deferred income comprises £756,000 (2014/15: £370,000) subscription income for both paper and electronic information products, and £55,000 (2014/15: £9,000) received in sponsorship.

# Notes to the financial statements

Year ended 31 March 2016

## 14. Investments

The value of shares held in Citizens Advice Ltd is £2 being two ordinary shares of £1 each which represents 100 per cent of the issued share capital. The company is a private limited company which was incorporated on 16 July 1982. The company is incorporated in England. The company manages all forms of sponsorship on behalf of the parent company and covenants all profits each year under gift aid. The turnover in 2015/16 was £190,000 (2014/15: £219,000) which generated a profit of £675 (2014/15: surplus £25,203). Net assets were £2 in 2015/16 (2014/15: £2). The shares are held as a fixed asset.

Moneysupermarket.com shares were received from the Martin Lewis Charitable Fund in 2012/13 for which the sale by Citizens Advice was restricted for three years. This was held as a fixed asset. The investment is listed on a recognised stock exchange and is held primarily to provide an investment return. The investment valuation is as at 31 March 2016 and is subject to market fluctuations. The investment is analysed below.

|                 | 2016  | 2015  |
|-----------------|-------|-------|
|                 | £'000 | £'000 |
| Brought forward | 581   | 404   |
| Revaluation     | 111   | 177   |
| Carried forward | 692   | 581   |

Cash deposits valued at £5,446,000 (2014/15: £4,082,000) were held as investments at 31 March 2016 of which £4,200,000 (2014/15: £3,000,000) were held as fixed assets and £1,246,000 (2014/15: £1,082,000) as current assets. These were all UK cash deposits varying from seven day notice to one year fixed bonds. All investments comply with the Charity's investment strategy. £4,200,000 (2014/15: £3,000,000) of the deposits are recognised as a fixed asset as the intention is to invest these monies for longer than one year.

## 15. Cash at bank and in hand

Immediately available cash deposits valued at £32,792,000 (2014/15: £32,793,000) were held at 31 March 2016. These were all UK cash deposits, held to manage the cash flow of the organisation. £4,218,000 of these has been identified in the balance sheet as needing to meet continuing costs of capital commitments made since 2012/13 (2014/15: £6,744,000).

# Notes to the financial statements

Year ended 31 March 2016

## 16. Provisions

|                                          | Group         |               | Citizens Advice |               |
|------------------------------------------|---------------|---------------|-----------------|---------------|
|                                          | 2016          | 2015          | 2016            | 2015          |
|                                          | £'000         | £'000         | £'000           | £'000         |
| <b>Property provisions</b>               |               |               |                 |               |
| Provision at 1 April 2015                | 1,002         | 464           | 1,002           | 464           |
| Released during the year                 | (23)          | —             | (23)            | —             |
| Utilised during the year                 | —             | —             | —               | —             |
| Additional provision                     | 35            | 538           | 35              | 538           |
| Provision at 31 March 2016               | 1,014         | 1,002         | 1,014           | 1,002         |
| <b>Other provisions</b>                  |               |               |                 |               |
| Provision at 1 April 2015                | 15,701        | 12,150        | 15,701          | 12,150        |
| Released during the year                 | (1,001)       | (2)           | (1,001)         | (2)           |
| Utilised during the year                 | —             | (484)         | —               | (484)         |
| Additional provisions                    | 625           | 4,037         | 625             | 4,037         |
| Provision at 31 March 2016               | 15,325        | 15,701        | 15,325          | 15,701        |
| <b>Total provisions at 31 March 2016</b> | <b>16,339</b> | <b>16,703</b> | <b>16,339</b>   | <b>16,703</b> |

Additional provisions include Citizens Advice's pension liability in accordance with FRS102. This was £14,350,000 (2014/15: £15,274,000).

# Notes to the financial statements

Year ended 31 March 2016

## 17. Statement of funds

|                                  | At 1 April 2015 | Income         | Expenditure    | Pension adjustment | Gains (losses) on investment assets | At 31 March 2016 |
|----------------------------------|-----------------|----------------|----------------|--------------------|-------------------------------------|------------------|
|                                  | £'000           | £'000          | £'000          | £'000              | £'000                               | £'000            |
| Free funds                       | 7,322           | 25,581         | 25,064         | —                  | —                                   | <b>7,839</b>     |
| Designated funds                 | 3,000           | 1,200          | —              | —                  | —                                   | <b>4,200</b>     |
| Defined benefit scheme           | (15,274)        | —              | —              | 924                | —                                   | <b>(14,350)</b>  |
| Total unrestricted funds         | (4,952)         | 26,781         | 25,064         | 924                | —                                   | <b>(2,311)</b>   |
| Infrastructure projects          | 11,555          | 16,177         | 19,467         | —                  | —                                   | <b>8,265</b>     |
| Local government projects        | 202             | —              | 87             | —                  | —                                   | <b>115</b>       |
| Welsh Government projects        | 173             | 5,398          | 5,425          | —                  | —                                   | <b>146</b>       |
| Social policy projects           | 371             | 202            | 339            | —                  | —                                   | <b>234</b>       |
| Financial capability projects    | 743             | 1              | 404            | —                  | —                                   | <b>340</b>       |
| Specialist support projects      | 1,130           | 3              | —              | —                  | —                                   | <b>1,133</b>     |
| Pension Wise                     | 2,310           | 13,815         | 15,953         | —                  | —                                   | <b>172</b>       |
| Court based Witness Service      | 1               | 11,702         | 11,703         | —                  | —                                   | <b>—</b>         |
| Other projects                   | 7,673           | 11,765         | 7,732          | —                  | 94                                  | <b>11,800</b>    |
| Money Advice Service debt advice | 816             | 22,766         | 22,766         | —                  | —                                   | <b>816</b>       |
| Total restricted funds           | 24,974          | 81,829         | 83,876         | —                  | 94                                  | <b>23,021</b>    |
| <b>Total Funds</b>               | <b>20,022</b>   | <b>108,610</b> | <b>108,940</b> | <b>924</b>         | <b>94</b>                           | <b>20,710</b>    |

# Notes to the financial statements

Year ended 31 March 2016

The unrestricted funds represent the free funds, designated funds and the actuarial gain on the defined benefit pension scheme of Citizens Advice. A minimum level of £6 million funding has been agreed by the Trustee Board to mitigate the risks to which the organisation is exposed. Prior to FRS102, reserves for 2015/16 were £12 million of which £4.2 million has been identified as a designated fund to be used for planned IS development over the following two years.

The opening balance of unrestricted funds has also been restated to reflect FRS102. Prior to the changes, unrestricted funds were £10.8 million.

The pension reserve as at 31 March 2016 is £14.3m (2014/15 £15.2m).

Infrastructure projects comprise funding for consumer services and transition grants for the delivery of capital projects.

Local government comprises regional grant funding from Devon County Council.

Welsh Government covers a range of money advice projects and funding for Adviceline (Wales).

Policy funds comprise all funds received specifically to undertake social policy work.

There is funding from five organisations (2014/15: five organisations) to deliver financial capability projects and funding from seven organisations (2014/15: seven organisations) to deliver specialist support and advice.

Pensions guidance is funded by HM Treasury to provide guidance to the public following pensions reforms. Court based witness support is funded by the Ministry of Justice and funding has been awarded for two years.

The Money Advice Service debt advice has widened beyond face-to-face advice from November 2014 and comprises seven projects (2014/15: seven projects).

The other project funds comprise a variety of partnerships with a range of funders to provide, for example, money advice projects and learning and development projects.

# Notes to the financial statements

Year ended 31 March 2016

## 18. Analysis of net assets between funds

|                                                    | Unrestricted   | Restricted    | Total         |
|----------------------------------------------------|----------------|---------------|---------------|
|                                                    | £'000          | £'000         | £'000         |
| Fund balances at 31 March 2016 are represented by: |                |               |               |
| Fixed assets – intangible                          | 2,013          | 171           | 2,184         |
| Fixed assets – tangible assets                     | 244            | 243           | 487           |
| Fixed assets – investments                         | 4,200          | 692           | 4,892         |
| Current assets                                     | 13,335         | 23,345        | 36,680        |
| Creditors: amounts falling due within one year     | (5,764)        | (1,430)       | (7,194)       |
| Provisions                                         | (16,339)       | —             | (16,339)      |
| <b>Fund balance</b>                                | <b>(2,311)</b> | <b>23,021</b> | <b>20,710</b> |

## 19. Local Citizens Advice network

The financial statements record the income and expenditure of Citizens Advice. Individual local Citizens Advice network members are not consolidated within these accounts as they are independent legal entities funded directly and indirectly from their own sources and are accountable to their own members and funding bodies.

## 20. Operating lease commitments

At 31 March 2016 Citizens Advice was committed to making the following payments in respect of operating leases:

|                            | 2016               |          | 2015               |           |
|----------------------------|--------------------|----------|--------------------|-----------|
|                            | Land and buildings | Other    | Land and buildings | Other     |
|                            | £'000              | £'000    | £'000              | £'000     |
| Leases which expire:       |                    |          |                    |           |
| Within one year            | 880                | 9        | 1,075              | 27        |
| In two to five years' time | 2,627              | —        | 2,137              | —         |
| After five years           | 3,364              | —        | 3,835              | —         |
|                            | <b>6,871</b>       | <b>9</b> | <b>7,047</b>       | <b>27</b> |

In disclosing the above operating lease commitments, any lease incentives are spread over the lease period to the first break clause. There were no capital commitments at the end of the year.

# Notes to the financial statements

Year ended 31 March 2016

## 21. Pension scheme

### National Association of Citizens Advice Bureaux Pension and Assurance Plan (1991)

The employer operates a defined benefit scheme in the UK. This is a separate trustee-administered fund holding the pension scheme assets to meet long-term pension liabilities. A full actuarial valuation was carried out at 31 March 2013 and updated to 31 March 2016 by a qualified actuary, independent of the scheme's sponsoring employer.

In closing the scheme, a recovery plan was agreed by the pension fund trustees. From 1 April 2013, the sponsoring employers will pay total annual contributions of £1,200,000 to meet the scheme's deficit over the next 18 years. This amount may vary over time, dependent upon the results of the future actuarial valuations of the scheme. The length of the payment period may also vary if the contributions do not offset the deficit over the planned period. The pension trustees have the right to renegotiate the recovery plan if the actuarial report indicates that the existing recovery plan is no longer adequate. If Citizens Advice paid its annual contributions as planned, using an actuarial discount rate of 3.5 per cent, the net present value would be £14,350,000 (2014/15: £15,274,000 and 3.2 per cent discount).

A full actuarial valuation was carried out on the position at 31 March 2013 and updated to the position at 31 March 2015 by a qualified actuary, independent of the scheme's sponsoring employers. The major assumptions used by the actuary are shown below.

The contributions to be paid by the employers to the scheme for the period beginning after 31 March 2016 are:

#### a) Contributions by each employer in respect of expenses.

The principal employer will pay amounts into the scheme in respect of management and administration costs, including levy payments made by the scheme to the Pension Protection Fund subject to a maximum amount of £300,000 in each scheme year.

#### b) Contributions by the employers in respect of the shortfall in funding.

In accordance with the recovery plan following the 31 March 2013 actuarial valuation, the sponsoring employers will pay total annual contributions of £1,200,000, of which Citizens Advice contributes £1,062,000.

### Present values of scheme liabilities, fair value of assets and defined benefit asset (liability)

|                                                    | 31 March 2016 | 31 March 2015 |
|----------------------------------------------------|---------------|---------------|
|                                                    | £'000s        | £'000s        |
| Fair value of plan assets                          | 72,319        | 72,635        |
| Present value of defined benefit obligation        | 121,350       | 129,110       |
| Surplus (deficit) in plan                          | (49,031)      | (56,475)      |
| Unrecognised surplus                               | —             | —             |
| Defined benefit asset (liability) to be recognised | (49,031)      | (56,475)      |

# Notes to the financial statements

Year ended 31 March 2016

## 22. Related party transactions

Citizens Advice Limited is a subsidiary company owned by Citizens Advice and all Citizens Advice non-charitable trading is conducted through it. The Directors are the National Association of Citizens Advice Bureaux and Sir David Varney. During the year ended 31 March 2015, it made a surplus of £675 (2014/15: £25,203).

At 31 March 2016 Citizens Advice Limited owed £225,000 to Citizens Advice (2014/15: £221,000). The accounts for the year ended 31 March 2016 were approved on 27 July 2016.

A subsidiary company was set up in 2008/09, Citizens Advice Management Services, to provide management services to the local Citizens Advice network members. There were no financial transactions or balances in the year to 31 March 2016 (2014/15: nil).

Citizens Advice International is a company which was registered in Belgium on 6 December 2004. Although not a related party under FRS 102, it is included here due to the connection of name and objectives. It was established to provide support to Citizens Advice organisations throughout the world. No charge has been made for any expenditure incurred by Citizens Advice on behalf of Citizens Advice International during the year. At 31 March 2016, Citizens Advice owed Citizens Advice International nil (2014/15: nil). Citizens Advice International is not consolidated into the accounts as it is a separate entity and Citizens Advice does not have the power to control it.

## 23. Company Limited by Guarantee

Citizens Advice is a registered charity and a company limited by guarantee. All local Citizens Advice are members of Citizens Advice and there are no other members. The maximum liability of each member is limited to £1. The trustees have a maximum liability of nil.

# Notes to the financial statements

Year ended 31 March 2016

## 24. Reconciliation of transition adjustments

|  | 2015<br>Unrestricted | 2015<br>Restricted | 2015<br>Total | 2014<br>Unrestricted | 2014<br>Restricted | 2014<br>Total |
|--|----------------------|--------------------|---------------|----------------------|--------------------|---------------|
|  | £'000                | £'000              | £'000         | £'000                | £'000              | £'000         |

### Reconciliation of funds:

|                           |          |        |          |          |        |          |
|---------------------------|----------|--------|----------|----------|--------|----------|
| Funds under previous GAAP | 10,793   | 24,974 | 35,767   | 7,200    | 22,751 | 29,951   |
| Adjustments:              |          |        |          |          |        |          |
| Holiday pay accrual       | (99)     | —      | (99)     | (99)     | —      | (99)     |
| Pension deficit           | (15,274) | —      | (15,274) | (11,408) | —      | (11,408) |
| Accrued rent adjustment   | (372)    | —      | (372)    | —        | —      | —        |

|                                    |                |               |               |                |               |               |
|------------------------------------|----------------|---------------|---------------|----------------|---------------|---------------|
| <b>Funds restated under FRS102</b> | <b>(4,952)</b> | <b>24,974</b> | <b>20,022</b> | <b>(4,307)</b> | <b>22,751</b> | <b>18,444</b> |
|------------------------------------|----------------|---------------|---------------|----------------|---------------|---------------|

|  | 2015<br>Unrestricted | 2015<br>Restricted | 2015<br>Total |
|--|----------------------|--------------------|---------------|
|  | £'000                | £'000              | £'000         |

### Reconciliation of 2015 surplus:

|                                      |         |       |         |
|--------------------------------------|---------|-------|---------|
| Surplus as previously stated:        | 3,221   | 2,223 | 5,444   |
| Adjustments:                         |         |       |         |
| Holiday pay accrual                  | —       | —     | —       |
| Present value of pension obligations | (3,866) | —     | (3,866) |

|                                                  |              |              |              |
|--------------------------------------------------|--------------|--------------|--------------|
| <b>Surplus / (deficit) restated under FRS102</b> | <b>(645)</b> | <b>2,223</b> | <b>1,578</b> |
|--------------------------------------------------|--------------|--------------|--------------|

# Notes to the financial statements

Year ended 31 March 2016

## 25. Operating statement for the year ended 31 March 2016

|                                                   | 2016  | 2015  |
|---------------------------------------------------|-------|-------|
|                                                   | £m    | £m    |
| <b>Income</b>                                     |       |       |
| Grants                                            | 103.5 | 82.8  |
| Delivery of services                              | 3.4   | 3.9   |
| Training and support                              | 0.8   | 0.9   |
| Other                                             | 0.7   | 0.5   |
| Bank interest                                     | 0.1   | 0.2   |
|                                                   | 108.5 | 88.3  |
| <b>Cost of generating income</b>                  |       |       |
| Voluntary income                                  | (0.0) | (0.1) |
| <b>Net income for charitable purposes</b>         | 108.5 | 88.2  |
| <b>Expenditure for charitable purposes</b>        |       |       |
| Delivering information and advice                 | 28.2  | 15.6  |
| Advice and advocacy                               | 13.3  | 11.3  |
| Strengthening the local Citizens Advice network   | 15.8  | 17.3  |
| Partnerships                                      | 51.1  | 38.3  |
| <b>Total expenditure on charitable activities</b> | 108.4 | 82.5  |
| <b>Net operating income</b>                       | (0.2) | (5.7) |
| <b>Other movements</b>                            |       |       |
| Purchase of assets                                | (0.8) | (0.5) |
| Non-realised gain on investment asset             | (0.1) | (0.2) |
| Depreciation                                      | 1.5   | 1.8   |
| Debtors, creditors and provisions                 | 0.1   | 10.6  |
| <b>Total other movements</b>                      | 0.7   | 11.7  |
| <b>Movement in cash and investments</b>           | 0.7   | 17.4  |

# Notes to the financial statements

Year ended 31 March 2016

## Statement of net assets as at 31 March 2016

|                                   |             |             |
|-----------------------------------|-------------|-------------|
| Fixed assets                      | 2.7         | 3.4         |
| Cash and investments              | 38.9        | 37.4        |
| Debtors, creditors and provisions | (5.6)       | (4.8)       |
| <b>Net assets</b>                 | <b>36.0</b> | <b>36.0</b> |

## Financial reserves as at 31 March 2016

|                                                         |            |            |
|---------------------------------------------------------|------------|------------|
| Available financial reserves at the start of the period | 35.8       | 29.9       |
| Net operating income                                    | 0.2        | 5.7        |
| Non-realised gain on investment asset                   | 0.1        | 0.2        |
| Available financial reserves for future activities      | 36.0       | 35.8       |
| less held for specific restricted purposes              | (23.3)     | (25.0)     |
| less held for planned unrestricted project activity     | (6.7)      | (7.3)      |
| <b>Minimum level of reserves</b>                        | <b>6.0</b> | <b>3.5</b> |

This statement is prepared without taking into account FRS102 adjustments, to show the underlying operating position.

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