

addaction

Annual Report

2017-2018

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Introduction

Chair's message

Strong and effective governance has always been important for charities. Last year, especially, this became the focus of intense public scrutiny, in our own area with the collapse of Lifeline, and more broadly in the international development sector.

Like many others, we reviewed our governance arrangements this year. I am pleased to report that we have strong, effective and responsible governance. We achieve the balance between our core business and innovation and diversification.

I want to thank our Board of volunteer Trustees, with particular appreciation to three Trustees who left in the year as their terms came to an end. Debbie Simpson, Michael Dixon and Martin Pickford have provided robust and inspiring support to our organisation for many years. We are grateful for their time, energy and expertise.

Our 50th year brought new leadership to Addaction, with the appointment of a new Chief Executive and a number of changes to our Executive team. I want particularly to thank Guy Pink who, as Interim Chief Executive and before that Executive Director of Human Resources, provided invaluable support, guidance and leadership to Addaction for 12 years.

It is a great privilege to chair a charity that supported more than 130,000 people in England and Scotland last year. Whenever I see our work in practice, I am reminded that none of what we do would be possible without the immense contribution of our staff and volunteers. Their hard work, enthusiasm and commitment continue to achieve life changing results.



Lord Carlile of Berriew



“Whenever I see our work in practice, I am reminded that none of what we do would be possible without the immense contribution of our staff and volunteers. Their hard work, enthusiasm and commitment continue to achieve life changing results.”

“We’ve achieved a huge amount this year. We’ve helped more than 130,000 people move forward in their lives, improve their mental health, gain strength and change their relationship with drugs and alcohol. And as this report shows, we’ve developed new and better approaches to helping people - listening to what they need most where they are - across all of our services.”

Chief Executive's message

In my first year as Chief Executive of Addaction I've spent hundreds of hours talking with our staff, volunteers and people who use our services, from Scotland to Cornwall. I've asked what we're most proud of and what we can do better. And I've been struck each time by the expertise, passion and commitment people bring to work that can be both frustrating and immensely rewarding.

Many of these conversations have stuck with me. In my role you tend to hear about the extremes: the tragedies of people whose lives have been cut short or fallen apart; and the hope and inspiration of those who have come through to a happier and healthier place. I want to say a heartfelt thanks to everyone who's shared their thoughts and experiences with me, whether about what's working well or what we can do to improve.

We've achieved a huge amount this year. We've helped more than 130,000 people move forward in their lives, improve their mental health, gain strength and change their relationship with drugs and alcohol. And as this report shows, we've developed new and better approaches to helping people - listening to what they need most where they are - across all of our services.

The last 12 months have also been hugely challenging. Our funders have fewer resources and many people we work with face ever more complex challenges. And in the autumn - in the way things sometimes pan out - the end dates of many of our largest contracts came together at once. This meant we faced the largest number of simultaneous contract retentions in our history this year. This stretched us and challenged us.

I am pleased to say that we retained and grew many of our services, and welcomed new services to Addaction. I am also proud that where we did not retain services, we worked well with other providers to make sure people were safe during changes.

Although this year was tough, it stands us in good stead for the future. We have a strong and clear service offer, excellent partnerships that complement our strengths, and passionate staff and volunteers. And most importantly of all, we know there are hundreds of thousands of people who need our help and support. We're looking forward to the year ahead.



Mike Dixon



The Challenge



2.5

Drug related deaths are now two and a half times the number of road traffic accidents

Drug related deaths are at an historic high, 3,744 in England and Wales and 867 in Scotland in 2016. There were 1,792 road traffic deaths (Department of Transport) in 2016.



Scotland

Scotland has the highest drug related death rate in Europe

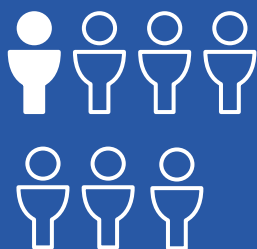
The drug-death rate (per million) for Scotland is roughly two and a half times that of the UK as a whole, 160 compared to 60. The next highest in Europe is Estonia which is 103 (2016)



1 million+

There were more than one million alcohol related hospital admissions in England in 2016/17

In 2016/17, there were an estimated 1,135,709 admissions related to alcohol consumption in England, where an alcohol-related disease, injury or condition was the primary reason for hospital admission or a secondary diagnosis.



1 in 7

Only one in seven people who need treatment for alcohol problems receive it

595,131 people in England in need of assessment and treatment for alcohol (Estimates of Alcohol Dependence in England, University of Sheffield, 2017). 80,454 received treatment last year specifically for alcohol according to the National Drug Treatment Monitoring System Annual Report.



2 in 5

Two in every five people who inject drugs are living with Hepatitis C

Hepatitis C in the UK, Public Health England, 2017



18%

Nearly 18% of people in the UK display symptoms of anxiety and depression

ONS, Measuring National Well-being: Domains and Measures, 2017



68%

Self harm increased by 68% among girls aged 13-16 last year

BMJ, Incidence, clinical management, and mortality risk following self harm among children and adolescents, 2017

James' story

James is in recovery from heroin use - he went on to become a volunteer and naloxone peer educator, promoting recovery throughout his local community.

I used to do all sorts of drugs - heroin, crack, you name it. I had a really chaotic lifestyle and knew I had to make a change so got in touch with Addaction.

I also began volunteering with one of the recovery groups. I helped plan drop-in services and now lead a men's mindfulness group. It's a really social evening; mindfulness is a great tool for recovery. I also facilitate a service user involvement group, which bridges the gap between services and those in recovery.

Addaction then trained me to become a naloxone and overdose awareness peer educator and I've since trained hundreds of people to use the life-saving kits.

I still live in the same flat, so people round there have seen me at my worst, but I don't need to run away from that. I've become a positive influence in my community and I'm a visible presence of recovery. I believe every person has the chance of recovery and I'll do my best to help them get it.

“I’ve become a positive influence in my community and I’m a visible presence of recovery. I believe every person has the chance of recovery and I’ll do my best to help them get it.”

Strategic report

About this report

Welcome to the Trustees' Annual Report for Addaction. This is one of the most important documents we produce. It provides information about our aims, objectives and activities, and about this year's performance and financial results.

In publishing this report, we want to give a clear picture of what we do, what we have achieved, and how we use the money we receive to meet our charitable aims.

The report also fulfils legal requirements placed on us by laws and regulations to provide information publicly about the work we do.

Addaction is registered both as a charity and a company (see page 82), and this charitable company is what we mean when we refer to "the charity". Addaction also owns two subsidiary companies. We refer to the charity and its subsidiary companies collectively as "the group".

The report includes the activities of the group, all of which are charitable or carried out on a not-for-profit basis. The objects of the group relate to the promotion of health and social inclusion and the prevention and reduction of ill health and poverty, particularly by: seeking to relieve and prevent the harmful use of substances including alcohol; relieving and preventing mental health problems; and providing employability and training opportunities.

The report is presented by the members of the board, who are the Trustees of the charity under UK charity law and its directors under UK company law. In this report, we refer to the members of the board as "the Trustees".

The report as a whole includes the Reference and administrative details on page 82, the Statement of Trustees responsibilities on page 83 and the Financial statements on pages 88 to 109.

In preparing the report, we seek to meet our overall obligations under the rules and regulations in these ways:

- The document provides a Trustees' annual report as required under charity law and a strategic report and directors' report as required by company law.
- It also fulfils the requirements of the reporting and accounting regulations set out in '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)' issued by the Charity Commission in January 2015 ("SORP 2015").
- The financial statements have been prepared following the accounting policies set out on pages 92 to 94 and comply with the charity's Memorandum and Articles of Association and the relevant laws that apply.

Public benefit statement

Addaction exists entirely for the public's benefit. The services we offer are available free of charge where we are contracted to provide services. This work benefits not only individuals and their families but also the wider community by reducing the harm and related costs caused to society by drug and alcohol misuse, and improving the public's physical and mental health and other related issues.

In setting plans and priorities for areas of work, the Trustees of Addaction have referred to the guidance contained in the Charity Commission's general guidance on public benefit. In particular, the Board of Trustees considers how planned activities will contribute to the aims and objectives it has set. More information about the responsibilities of the Trustees can be found on page 83.

Objectives and activities

We support people to take control of their own lives and make positive changes. For 50 years we have made a difference to people who want to change their relationship with drugs and alcohol and improve their mental health and wellbeing. Our services are delivered in 81 locations in England and Scotland, and we reached more than 130,000 people last year.

Our specialist treatment services help people find a path to recovery. Our compassionate and professional staff deliver harm reduction advice and information, one-to-one recovery support, access to peer support groups, small group sessions, and residential and clinical treatments for people with drug and alcohol issues.

We have the highest ambition for every person who accesses our services. We work closely with each individual to provide tailored support that builds on every person's own innate strength and ability.

Our specialist services for 11 to 17 year olds support young people to manage their relationship with drugs and alcohol, build resilience and improve their mental health and wellbeing. Through outreach projects like Mind and Body and with our partners in the Amy Winehouse Foundation we reach tens of thousands with early intervention programmes, one-to-one support, and resilience workshops. We also support hundreds of families each year to improve parenting skills, employability, communication skills and school attendance.

Our Thinkaction service provides mental health support for adults with mild and moderate mental health problems. We also work within the criminal justice system to help people make positive life changes, and reintegrate into their communities.

We deliver substance misuse and mental health support to people in prisons and on release.

At the core of our work is the belief that every person has the capacity to recover and thrive.

The people who use our services are at the heart of what we do and have a leading role in their own treatment as well as the focus and mission of the organisation.

 **50 years**

 **81 locations**
in England and Scotland

 **130,000**
people reached last year

 Specialist services for
11-17 year olds

 Our Thinkaction service
Mental health
support for adults

 Each year we support
100s of families

What we do

Addaction is a charity specialising in support for people with drug, alcohol, and mental health problems.

We work from 81 locations in England and Scotland to help people take control of their lives and find a path to recovery.

The following case studies are examples of the scale and scope of our work.



Changing lives in Blackpool

We are the lead organisation for Blackpool Fulfilling Lives, a Big Lottery funded programme to improve the lives of people with complex needs. As part of the project our team of ‘navigators’ work proactively with people who have multiple complex needs and find it difficult to access services. The level of engagement is intensive and the support we provide is tailored to the needs of each person. This approach is made more effective by having a ‘Lived Experience Team’ involved at each level of governance for the programme.

In 2017 we published a two-year evaluation of the project’s progress to-date. Thanks to our work, people we helped had fewer evictions, contacts with the criminal justice system, attendances at A&E, and non-elective hospital admissions. They also had more contact with mental health and drug and alcohol services, a key aim of the project.



Easing pressures in our A&Es

In 2018 we began a pilot project in Cornwall to reduce the number of people frequently attending A&E for problems related to drugs or alcohol. Now, with support from the government’s Life Chances Fund we are setting up a bigger hospital-based team to carry out out high-intensity work with frequent A&E attenders.

Our recovery workers engage directly with patients who end up in hospital for alcohol-related reasons. Particular care is given to patients who have a pattern of hospital attendance due to their drinking. Interventions may involve a detox and an alcohol recovery plan, but we also help with co-occurring problems like debt, benefits, GP registration, housing and domestic violence.



Reducing self harm

Our award-winning Mind and Body programme works with young people involved in or vulnerable to self harm. Our teams help young people to develop communication, self-expression, and assertiveness skills, so they can better manage the thoughts and actions associated with self harm. Mind and Body is run in secondary schools and community settings in Cornwall and Kent. Last year we reached 6,615 young people and we have exciting plans to expand in the UK.

In August, Margate's Turner Contemporary held an exhibition of artwork by young people from the programme. We also achieved national recognition from the Royal Society for Public Health, winning the Public Mental Health and Wellbeing Award and the overall Public Health Minister's Award for excellence and innovation in the sector.



Reaching people online

In July 2017 we launched web chat, a free and confidential online service for people who need support. Our web chat service is staffed by trained drug and alcohol counsellors and we reached more than 7,000 people during the early phase of the project. The service has a user satisfaction rate of 96% and demand has increased steadily.

Of those accessing support 40% did so for alcohol, 33% for drugs, 16% for both, and 11% for mental health. Nearly seven in 10 users of the service are women which means we are accessing a group that is traditionally underrepresented in structured treatment programmes. In 2018 the service was nominated for Digital Best Practice in the Scottish Charity Awards.



Reducing harm from chemsex

In 2017-18 we began a project to support gay men engaging in chemsex. Funded by Public Health England, the Chemsex Open Access Support Team (COAST) provides harm reduction advice and intensive support for men in the Liverpool area. COAST helps clients reduce patterns of risky sexual behaviour. It's also designed to reduce the number of men taking part in chemsex activities involving intravenous drug use and unprotected sex.

Our COAST model provides trauma-informed safe spaces where service users can explore issues of confidence and self-esteem. As part of the pilot phase, 48 men received harm reduction advice; 10 received intensive one-to-one support; and 24 outreach sessions were held during the sexual health service's weekly clinic. We also delivered 20 awareness sessions to 237 staff in 10 organisations in Liverpool, including Merseyside Police.



Supporting veterans

Each year 14,000 people leave the UK Armed Forces and return to civilian life. While many thrive, we know that some find the transition difficult. Our Right Turn programme works throughout the country to help veterans struggling with mental health and substance issues. We run veterans oriented services that provide professional and peer support, access to advice, training courses and mental health support.

Right Turn began as a pilot with Addaction and benefits from the support of the Royal British Legion. The programme was evaluated by Sheffield Hallam University and the Forces in the Mind Trust. Published in 2017, the evaluation showed that veterans who went through the Right Turn programme had better outcomes than those in mainstream treatment. Overall 78% of Right Turn veterans reported improvements in their family relationships and 96% reported a renewed sense of belonging in civilian society.

Will's story

When his drug use became problematic, Will sought help from COAST - our chemsex service.

At the beginning my drug use wasn't a problem. I used when I went out and that was it. I then realised that using drugs while I was having sex made it a lot better for me.

But the stresses of my job made me want to escape and I began using drugs a lot more. I went to saunas and if I was meeting someone for sex we would always get drugs.

It became a problem gradually but I didn't know what to do. Then I found COAST. It wasn't easy and has taken a long time, but I persevered and haven't touched a thing for months. I don't feel like I ever will and I'm very happy with that.

I tried to do it on my own and failed about three or four times but as soon as I went and got the one-to-one support I was able to get through it.

“I tried to do it on my own and failed about three or four times but as soon as I went and got the one-to-one support I was able to get through it.”

Service delivery

New services and retentions

This year a significant number of our existing contracts went out to tender. Addaction retained or secured the following services during 2017-18.

Services:

- Cornwall Adult and Young People
- East Ayrshire
- Healthaction Liverpool
- HMP Lincoln and North Sea Camp
- Kent Young People
- Lambeth Criminal Justice
- North East Lincolnshire (Grimsby)
- Redcar and Cleveland
- Sefton
- Stoke Community Service
- West Kent IAPT
- Wigan and Leigh

We also transferred services to other providers in Barking and Dagenham, Bradford, Brent, HMP Cookham Wood, Coventry, Devon and Medway IAPT.

Adult services

Drug and alcohol treatment

Our adult substance misuse services help people take control of their lives. We provide pathways to recovery through structured programmes, advice and information, and peer support.

In 2017-18 we worked with 47,238 adults through our network of services in England and Scotland. Of this number, 22,683 participated in structured treatment programmes and 4,594 successfully completed treatment. During the year we received 32,613 referrals and enrolled 10,949 new starters.

Services:

- Argyll and Bute
- Blackpool
- Bournemouth
- Bradford
- Cornwall
- Chy (our residential service)
- Coventry
- Devon
- Dumfries
- Dundee
- East Ayrshire
- East Dunbartonshire
- Fife
- Galashiels
- Glasgow
- Hartlepool
- Herefordshire
- Lambeth
- Lincolnshire
- Liverpool
- North Somerset
- Stoke-on-Trent
- Sheffield and Rotherham
- Shropshire
- South Ayrshire
- South Lanarkshire
- Wandsworth
- Warwickshire
- Wigan



In 2017-18 we worked with

47,238

adults through our network of services in England and Scotland



32,613

referrals received over the year



10,949

enrolled new starters



22,683

participated in structured treatment programmes



4,594

successful completions

Criminal justice

We work with people in the criminal justice system to help them make positive life changes in prisons and custodial settings. Our work helps people to recover from substance and mental health problems so that they can take control and reintegrate into their communities.

We provide therapeutic interventions in eight prisons and we offer follow-on services on release. In 2017-18 we worked with 3,194 people, of which 396 were through structured treatment programmes.

Services:

- HMP Belmarsh
 - HMP Swaleside
 - HMP YOI Feltham
 - HMP YOI Cookham Wood
 - HMP Isis
 - HMP Lincoln
 - HMP North Sea Camp
 - HMP Thameside
-

Our work helps people to recover from substance and mental health problems so that they can take control and reintegrate into their communities.

In 2017-18 we worked with



3,194

people in the criminal justice system



396

through structured treatment programmes

Older adults

We are the lead partner in Drink Wise, Age Well, a unique programme to help the over 50s make healthier choices about alcohol. We deliver direct support, as well as resilience activities, training and workforce development, and provide advice and guidance at www.drinkwiseagewell.org.uk.

In 2017-18 we helped 24,379 people, including 14,912 who were supported by our prevention teams, which includes alcohol awareness sessions.

We reached a further 5,184 through our resilience work, 2,946 people received training and 1,337 individuals and families were supported through one-to-one support and mutual aid meetings. Drink Wise, Age Well is funded by the National Lottery and delivered in conjunction with 17 partners.

Services:

- Glasgow
 - Sheffield
 - Cwm Taf, Wales
 - Devon County
 - Western Trust area, Northern Ireland
-



In 2017-18 we helped

24,379

older people



14,912

people went through our prevention work stream



5,184

people went through our resilience work



2,946

received training



1,337

individuals and families

Clinical services

Nursing


Our nurses are leading vital work on hepatitis C with new and more effective oral therapy. We signed the WHO 'Elimination of hepatitis C as a public health concern by 2030' and contributed to the all-party Parliamentary Group on Liver Health inquiry report.

We introduced a range of innovative hepatitis C treatment models alongside our hepatology partners. We continue to work in partnership with The Hepatitis C Trust in raising awareness and workforce development.

In 2017 our team welcomed the first Addaction nursing apprentice and we continue to build on our offer for nursing student placements.

Our Director of Nursing, Jane Simons was one of 12 successful candidates for the prestigious and highly competitive Florence Nightingale Leadership Scholarship. Barbara Bolton, a nurse from North Somerset, was nominated for mentor of the year by one of the students she has supported.


In 2017-18 we developed and embedded nurse forums across the organisation. This is a structured, organisation-wide opportunity for networking, sharing best practice and professional development.



We signed the WHO
'Elimination of
hepatitis C as a public
health concern by
2030'



Contributed to
the all-party
Parliamentary
Group on Liver
Health inquiry
report



Welcomed the first
Addaction nursing
apprentice

Pharmacy

Last year our Medicines Management Team pioneered the use of vending machines for needle syringe provision in community pharmacy, contributed to the development of undergraduate pharmacy education and grew its research impact in peer reviewed journals.

Our Director of Pharmacy Roz Gittins published research on new psychoactive substances in Brain Sciences and the team's Prescribing Information Analyst Kelly Smith presented the winning audit poster at the 2017 International College of Mental Health Pharmacy conference.

When high strength heroin and fentanyl have flooded areas, we've increased uptake of our take home naloxone programmes, training more clients, volunteers and staff than ever before. Our needle exchange equipment now comes from just one supplier and by working with them we're able to offer a more bespoke range of products for clients.

In Lincoln, we launched the UK's first automatic dispensing machine as an innovative way to provide a needle exchange. We've introduced PharmOutcomes, a system for recording the demographics of needle exchange clients to allow us to further tailor needs to clients.

The team has an important public health role which it fulfills through active engagement with the media. Our pharmacists contributed to articles and broadcast segments in every major national title and numerous regional outlets. Our Director of Pharmacy acted as a consultant for Coronation Street on its drug-related storylines.



**vending machines for
needle syringe provision**



**published research on new
psychoactive substances**



**increased uptake of our
take home naloxone
programmes**

Family services

We support families affected by problems with substances. Our Breaking the Cycle programme helps parents engage with services, reduce harmful behaviour and prioritise child development. Two of these services are evaluated by researchers at the University of Bath. During 2017-18 the programme supported more than 150 parents and their children.

Services:

- Animate programme
 - Amy Winehouse Foundation resilience programme
 - Breaking the Cycle programme
 - Dunbartonshire Families Plus
 - Speak Out (Cornwall) project
 - Troubled Families project in Cornwall
 - Sefton Families service
-

Our Animate programme is a unique eight-week family group intervention, developed by an experienced art psychotherapist.

We use a range of art forms to support new ways of communicating and repairing relationships in families where there is one or more family member experiencing problems with substances.

We help families to explore and address problematic emotions and behaviours, build resilience and communicate more effectively.

Mental health services

Our mental health services provide vital support for people struggling with mental health problems like depression, anxiety, stress and obsessive compulsive disorder.

Our services are based in the South East and are delivered through the national Improving Access to Psychological Therapies service (IAPT).

In 2017-18 we received 21,559 referrals, 12,721 people began treatment with us, and 8,770 people completed a course of treatment.

Our services achieved a combined 'moving to recovery' rate of 53.5% compared with the most recent national average of 50.7%. Patient feedback shows that 99% had a positive treatment experience with us.



21,559

referrals received over the year



12,721

began treatment with us



8,770

people completed a course of treatment

Services:


- East Kent
 - Greenwich Prison IAPT
 - Merton
 - Medway
 - Surrey
 - West Kent
-

Primary care services


Through Healthaction we delivered primary care services for communities and hard-to-reach groups in Liverpool. We provided high-quality, full-service primary care and our treatment model is based on 50 years' experience in helping people take control of their lives.

In 2017-18 we achieved Quality and Outcomes Framework (QOF) scores of between 93-98% across our four practices.


In May 2018 we decided to withdraw from the delivery of primary care. We made this decision due to the very difficult national recruitment environment for GPs, and so that we can focus on our core areas in the years ahead.



Our treatment model is based on 50 years' experience in helping people take control of their lives



In 2017-18 we achieved Quality and Outcomes Framework (QOF) scores of between 93-98%



In May 2018 we decided to withdraw from the delivery of primary care to focus on our core areas in the years ahead

Services:

- SSP Stanley Road Medical Centre
 - Robson Street Medical Centre (Mere Lane Neighbourhood Health Centre)
 - Hopefields Surgery (Childwall Neighbourhood Health Centre)
 - Poulter Surgery (Breeze Hill Health Centre)
-

Young people's and transitional services

We help young people who are struggling with substance problems, mental health and emotional wellbeing. Our specialist services help people aged 11 to 24 take control, develop healthy patterns of behaviour and reach their potential. In 2017-18 we provided treatment to 5,212 young people and reached thousands more through our educational and outreach work in schools and communities.

We also deliver Mind and Body, a specialist service for young people involved in or at risk of self harm. In 2017-18, 492 young people completed the programme and 92% of participants reported being better able to manage risks relating to self harm. Additionally, 6,615 young people received information and advice from Mind and Body and 1,054 received one-to-one support.

Services:

- Bournemouth
 - Buckinghamshire
 - Cornwall
 - Dundee
 - Greenwich
 - Halton
 - Liverpool
 - Kent
 - Lancashire
 - Lincolnshire
 - Sefton
 - Shropshire
 - South Lanarkshire
 - Stoke-on-Trent
-

In 2017-18 we provided

5,212

young people with treatment

Mind and Body Programme

18,492

completed the programme

6,615

received advice

1,054

received one-to-one support

Addaction Scotland

Addaction is the largest third sector provider of drug and alcohol services in Scotland. Every month we help more than 2,500 people turn their lives around through our network of 16 services nationwide.

The majority of our services are direct access and recovery orientated, but we also have specialist projects for young people, people affected by HIV and hepatitis, individuals who have alcohol related brain damage and people who have a history of trauma.

Our new Glasgow recovery hubs are growing and now provide support to people in recovery across the north east and west of the city. In Argyll and Bute our service was awarded a two-year contract extension and we retained the East Ayrshire recovery service.

We increased our successful planned discharge rate to almost 50% for Scottish clients, with a further 22% transferred to other services.

In the last year we have increased the number of community engagement officers to help embed a system of co-production within our services.

Our engagement team helps people who use our services to become more actively involved in their communities, and provides a bridge to the growing recovery network in cities and towns throughout Scotland.

We are an active contributor to policy debates in Scotland and the UK. In July 2017 the Scottish Government announced a strategy to respond to the changing nature of Scotland's drug problem.

We gave evidence to the Health and Sport Committee to help inform this strategy. Our spokespeople contributed throughout the year to policy and public health conversations in national, regional and local media.

We employ more than 150 people and we're supported by 90 volunteers, the majority of whom are in recovery.



2,500

helped every month



90

volunteers



150

people employed



16

services nationwide

“There’s no doubt that if I hadn’t had the continuous support from Addaction, I wouldn’t be here today. I’m now volunteering for the Glasgow service and I’ll be happy if I can make a difference to one person’s life.”

Andy's story

Andy received support from Addaction Scotland for her alcohol use and mental health issues.

If something upset me, I would cut myself off from everyone and drink for days. It was particularly bad after my family went through a really tough time. I found my dad dead in the house and I was supporting my mum after she had a stroke.

The drinking really affected my mental health. It reached a peak when the police were called and I agreed to be admitted to hospital.

It was my partner who suggested Addaction. I was shaking when I made the initial call, but the lady who picked up the phone was lovely. She asked if I was safe, she was reassuring, non-judgemental and down-to-earth — she spoke my language.

The support gave my life structure. I rediscovered my love of street soccer, I even got to travel overseas to play. There's no doubt that if I hadn't had the continuous support from Addaction, I wouldn't be here today.

I'm now volunteering for the Glasgow service and I'll be happy if I can make a difference to one person's life.

Profile and influence

Profile

We have a long history of working within the system to help people change their lives. We also try to shape and improve the system by influencing policy makers to make better decisions, working with the media and advocating on behalf of our service users.

In the past year we've refreshed our brand. Designing a simplified and practical visual framework will support key activities including how we tell our organisation's story across our digital platforms, how we build our profile as a public influencer and how our brand can better support the design of digital services.

Our new approach will also build consistency across our network of services.



1.4 million

impressions on Twitter



680,000

reached on our Facebook page



171,559

people watched one of our Facebook videos



223,000

people visited our website



55%

of the coverage within the sector

Digital

We're increasingly using our digital platforms to build our public profile and reach new people. In the last year, our Twitter account had more than 1.4 million impressions, delivered to a target audience of health, community services, media and policy professionals.

We're also using our digital channels to reach and engage with current and potential clients and their family and friends. Our Facebook page reached 680,000 people in 2017-18 and 171,559 people watched one of our Facebook videos. Our website was visited by 223,000 people.

Media

Last year we were responsible for 55% of the coverage from within the sector. We achieved widespread national coverage for core campaign areas including drug-related deaths, minimum unit pricing, and naloxone. We made hundreds of appearances to promote public health advice on issues that included Xanax, self-harm, spice, fentanyl, gambling, and 'smart' drugs.

We believe it is important to hear directly from people about their lives and experiences, in the media. It is an important way to tackle stigma.


Les Chandler was interviewed on Channel 4 news about heroin use and drug-related deaths. Stuart Pascoe spoke to BBC talking about his experience of rehabilitation and community support. Young people from our Mind and Body programme appeared throughout the year on issues from self-harming to anger and eating disorders. Sergeant Major Danny Webb shared his experience to highlight our Right Turn veteran's service, and HuffPost interviewed parents of young people who used our services in response to rising use of benzodiazepines.

Public policy


Our focus over the past year was to develop a series of public policy positions and to establish close working links with our media team. We have continued to support the Drugs Alcohol and Justice Cross Party Group, including meeting with a number of parliamentarians to raise issues relating to drug related deaths and alcohol related harm.

We have begun to develop structures that allow us to use the knowledge and lived experience of our services users and the expertise of our staff. We used some powerful case examples to work alongside the Department for Work and Pensions on the roll out of Universal Credit, to highlight the risk this poses for those with substance misuse problems.


We welcomed the government's new drug strategy and clinical guidelines, in particular with reference to drug related deaths. We've focused conversations with Home Office officials on this vital public health issue. We also advocated strongly for a £2 limit on Fixed Odds Betting Terminals.



We continue to support the Drugs Alcohol and Justice Cross Party Group



We welcomed the government's new drug strategy and clinical guidelines



We also advocated strongly for a £2 limit on Fixed Odds Betting Terminals

Our supporters

In 2017 our loyal corporate partners, generous trust funders, and individual supporters gave more than £8 million in grants and donations. Many of our fantastic volunteers helped us achieve even more with this money.

In the past year, our heroic challenge eventers donned santa suits, covered themselves in UV paint, cycled the length of the UK, jumped out of planes, took on the Three Peaks challenge and completed the London Marathon. Collectively they raised £55,759 throughout the year for our work.

Our loyal regular donors, some of whom have been supporting us since the 1990s, provided us with much needed unrestricted income. This is vital for us and means we can allocate funds where the need is greatest.

We also benefited from the ongoing commitment of our trust funders who continue to be a vital source of support. Last year we received funding from The Hugh Fraser Foundation, The Agnes Hunter Trust, The Arconic Foundation, and Royal British Legion to name a few. We are thankful for their support, which makes a real difference to the people who need us.

Lastly, we are incredibly grateful to the Big Lottery Fund which has helped us to make big strides in supporting hard-to-reach populations like over 50s drinkers through our Drink Wise, Age Well programme, and people with multiple needs through the Blackpool Fulfilling Lives programme.

£8 million

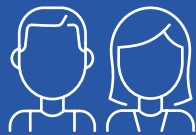
in grants and donations

our heroic challenge eventers
collectively raised

£55,759

People and culture

Our people



1,652
people employed



70%
are women



25%
work part time



18%
are black, asian or
ethnic minority



20 staff awards
from more than 120 nominations



HR Management Award
Winner at the 2017 Charity Times Awards

Staff engagement

In summer 2017 we ran four regional staff conferences. We engaged 430 front line staff and gave out 20 staff awards from more than 120 nominations.

In October we won the 'HR Management Award' in the 2017 Charity Times Awards. Towards the end of 2017 we carried out an all staff survey to give us an in-depth look at how people feel about working with us. We achieved a response rate of 71%.

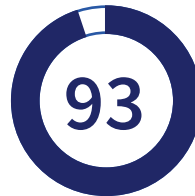
Gender pay gap

Our gender pay gap on 5 April 2017 by mean average was 8.6% and by median average 0.9% in favour of men. The majority of our staff work in frontline services, and the data shows that we pay fairly consistently at this level. However, the gap increases at more senior levels where there is a disparity in favour of men.

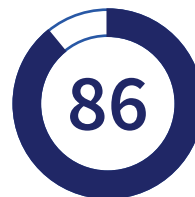
Approximately 33% of our workforce included in this analysis are on different terms and conditions having joined us from a previous employer.

Gender balance

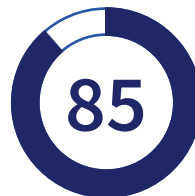
We employ 1,147 women and 466 men. Our pay quartiles show that we have roughly the same proportion of women to men across the organisation at every level.



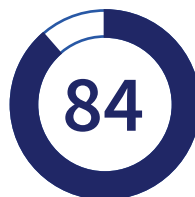
93% I understand the values of Addaction



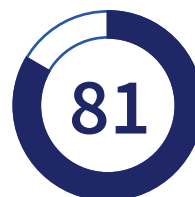
86% My team regularly looks for ways to serve our clients better



85% We listen to our clients rather than just telling them what they need



84% I understand how my work contributes to the success of Addaction



81% I think Addaction respects individual differences



Women now make up 58% of our Executive Team 33.3% last year



Women now make up 71% of the wider leadership team 61% last year



And 69% of all managers are now women

Volunteers

Volunteers make a vital contribution to our work. Last year our 798 volunteers collectively contributed 268,128 hours towards helping people who use our services.

Our work would be impossible without them and we are incredibly grateful for their time, insight, and commitment.

This year we renewed our Investors in Volunteers accreditation, which we've retained since 2011. Approximately 70% of our volunteers are in recovery.



798 volunteers



268,128

hours of time contributed



Approximately 70%
of our volunteers are in recovery

Talent and development

We support our people to grow and develop in their careers. Last year we delivered 146 face-to-face training sessions with 1,080 participants.

We provided 68 courses through our online learning portal.

We completed our organisation-wide leadership development programme with 76 workshops and 707 participants.

We currently provide four gateway-accredited programmes.



146

face-to-face training sessions



1,080

participants



68 courses

through online learning portal

Kent volunteering award

In 2017 our young people's service in Kent was presented with the prestigious Recognition of Excellence in Volunteering and Management Practice (REVAMP) award. Accreditation by REVAMP demonstrates a serious commitment to the value and work of volunteers.

Organisations hoping to attain this quality mark must undergo a rigorous application process and submit evidence and appraisals for a range of different work sectors.

“Things are not completely better now, but I’m getting there. If I hadn’t done the course, I don’t know where I would be. I’ve got the tools now to face things.”

Alice's story

Alice was supported by our Mind and Body programme, during her first year of GCSEs.

I spent a lot of time feeling down and didn't have anyone to talk to. I felt guilty about food, and would restrict my diet to just one meal in the evening. I knew something wasn't right — it was to do with self-esteem. I didn't enjoy school and had been bullied in the past.

I joined Addaction's Mind and Body programme. A lot of the focus was on coping strategies and really understanding what's going on with you, which can be hard. One of the most difficult things was telling my parents, but knowing I'm not alone was good for all of us.

Things are not completely better now, but I'm getting there. If I hadn't done the course, I don't know where I would be. I've got the tools now to face things. I am more accepting of myself and other people.

Financial review

Overview

Addaction has faced a challenging year. There have been continued reductions in funding nationally, local budgets have been ever more tightly squeezed, and contracts representing a large proportion of our income were retendered. We also took on a new area of work in primary care services that brought financial challenges.

Addaction remains in robust financial health. Although income and charitable expenditure were both lower than the previous year, our reserves and cash positions remain healthy, well above our immediate needs.

Addaction is constantly engaged in tendering activities, both in relation to services that we already run where the contract is reaching its end, and in bidding for new grants and contracts. Our success rates during the year were in line with our performance in previous years. This meant that we had a significant number of wins and retentions (see page 28), but other contracts were not retained. Overall, although the number of services that we ran were broadly similar, the income of the organisation for the year fell to £73.4 million - £5.4 million lower than in the previous year.

The total expenditure reported in the accounts has also decreased as a result of the fall in the average size of our services. Charitable expenditure went down from £78.1 million in 2016-17 to £73.4 million this year - a reduction of 6%. We made changes to the way in which we provide managerial, professional and administrative support to our services, restructuring where appropriate and finding more cost-efficient ways of working.

Our aim in this was to ensure that the overheads of the organisation remain in proportion to our income and charitable expenditure. As a result, support costs also fell - from £6.5 million to £5.7 million.

For the first time since 2010, Addaction incurred a deficit on unrestricted funds. The amount of the shortfall was £0.6 million, and this largely arose from our primary care services. Through our financial forecasting procedures, it became clear during the year that we were likely to incur a deficit in this area of our work, particularly because of the difficulty in recruiting permanent GPs locally given the national picture around GP recruitment.

The Trustees agreed that patient safety and running a good-quality service were our priorities, as a result, we were prepared to accept some financial loss in this financial year. As a result of a strategic review this year, we have decided to end our involvement in primary care (delivered through Healthaction) and will be transferring these contracts to other providers in 2018-19.

As a result of the deficit, unrestricted reserves decreased from £7.6 million to £6.9 million. Free reserves at £4.9 million were well above the minimum level required by our reserves policy (see page 61). During the year we continued to spend down restricted grants brought forward and this meant that restricted funds fell from £2.0 million to £1.7 million.

A high proportion of our reserves are represented by cash and other assets that can be quickly realised. Our cash balances at the end of the year were £5.4 million, significantly more than we need for working capital.

Looking ahead to 2018/19, our financial outlook continues to reflect the environment within which we operate and strategic decisions we take about our work (see “Plans for future periods“ on page 64). We expect that the full effect of the changes in our portfolio of contracts and our decision to withdraw from primary care services will result in a further drop in income but a reduction in loss-making activity. We remain very active in tender processes. We have restructured and streamlined our support services to meet the changing landscape, and we believe that this will stand us in good stead in the future.

We are expecting that the running of primary care services for a period and their closure will incur some net costs. In addition, we are planning to continue our investment in digital and business systems. Consequently, there may be further modest calls on our financial reserves, but we plan to manage these within what is required under our risk-based reserves policy.

Funding sources

Addaction seeks and obtains funding from a number of sources to support our activities and key objectives.

The principal sources are set out below:

Contracts from local authorities, NHS trusts or similar institutions

These fund:

- Work with adults in relation to drug or alcohol misuse
- Specialist drug and alcohol support to young people
- Mental health services
- Work with families
- Primary care services
- Work in the criminal justice system

Individual giving

Allocated to where it is needed most to help people to get treatment, support and enter recovery. See 'Our supporters' on page 47

Grants from funding institutions

See Note 2 'Grant income' on page 95

Trading income

Mainly generated through our Re:Source subsidiary, this provides a wide variety of volunteering roles, as well as dedicated employability support

Reserves

To meet its objectives, Addaction has agreed a budgeting and reserves policy that enables it to make appropriate strategic allocations of funds, while at the same time securing a sound financial base for its future needs. Decisions on the resources necessary both to deliver new activities and to sustain continuing commitments are based on Addaction's overall strategic requirements.

Addaction holds several types of financial reserves. Some of these are restricted, meaning that they have been given or provided for specific purposes or with specific conditions and cannot be expended in any other way.

Some reserves are in the form of designated funds that are earmarked by the Trustees to represent fixed and other assets which cannot be readily converted into cash.

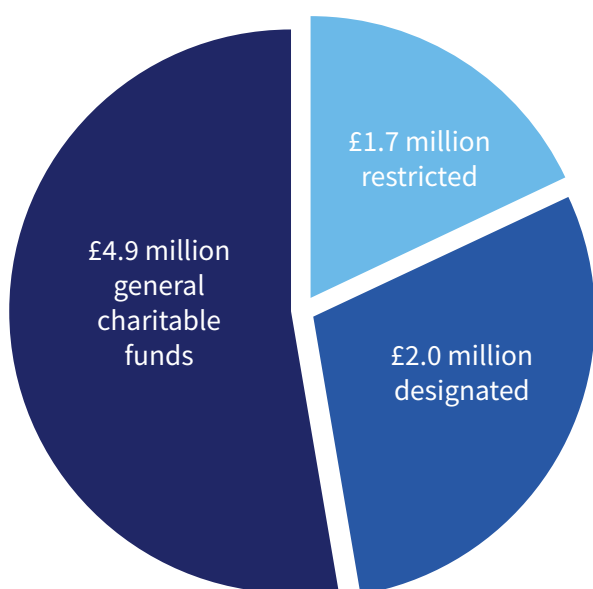
Finally, Addaction holds general charitable funds or free reserves for four principal reasons:

1. To supply working capital, enabling Addaction to manage fluctuations in its cash flow;
2. To provide protection against the contractual and operating risks that Addaction faces in its work, including potential costs arising on the termination of services;
3. To enable Addaction to invest in implementation and other start-up costs for new services;
4. To invest in initiatives designed to improve efficiency and the quality of services.

The reserves policy adopted by the Trustees has established that, at the current activity level, the appropriate target range for free reserves is between £3.9 million and £6.4 million.

Total funds at the end of the financial year were £8.6 million. Of these, £1.7 million were restricted and not available for the general purposes of the charity, while £2.0 million were designated, representing the carrying amount of functional assets which the Trustees consider to represent a commitment of reserves.

The level of general charitable funds was £4.9 million, which is within the target range established by the reserves policy.



Total funds at the end of the financial year were £8.6 million

Going concern

Addaction's activities, together with the factors likely to affect its future development, performance and financial position, are set out on pages 18 to 55.

The financial position of the group, its cash flows, liquidity position and reserves are described in the financial statements on pages 88 to 109. In addition, Note 1 to the financial statements includes Addaction's policies for managing its funds. The management of financial and other risks is described on pages 72 to 73.

Addaction has significant liquid financial resources, comprising short-term cash deposits and balances totalling £5.4 million, which is more than its free reserves. In addition, Addaction obtains funding from a wide range of sources. As a consequence, the Trustees believe that Addaction is well placed to manage its business risks successfully.

The Trustees consider that Addaction has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Guarantees

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 March 2018 was 11 (2017: 12).

The Trustees are members of the charity but this entitles them only to voting rights. The Trustees have no beneficial interest in the charity.

Auditors

BDO LLP have indicated their willingness to be reappointed as statutory auditors.

Plans for future periods

This report comes at the end of a uniquely challenging year for Addaction. The external environment was tough for every provider, and this was compounded by the fact that a significant number of our existing contracts came up for retender in 2017.

We retained some of these contracts, but we lost out in a number of areas where the organisation was committed and invested over many years. This process was difficult and it consumed a lot of organisational energy, but we can now look ahead with confidence. Over the next three years we will have fewer contracts up for retender than we faced last year alone.

Our services

In the year ahead we plan to consolidate, develop and diversify the core of our work. It will be a year of consolidation, innovation, and planning for the future.

In 2018-19, we will continue to improve our service delivery in substance misuse and mental health. We plan to introduce trauma-informed approaches across all relevant services. We will support and reach more people in innovative ways through digital tools and our web chat service. We will continue to invest in co-production alongside the people who use our services. This in turn, will support our approach to service design.

We will discontinue Healthaction services in the coming financial year. Healthaction delivered four primary care services in Liverpool. We made this decision due to the very difficult national recruitment environment for GPs.

Our voice

As the funding environment for our work becomes more challenging, it is critical that we develop a stronger voice for the people we support.

We will continue to get the best possible results out of the system that we have, but we must also work to change the system where it's failing people who need our help. We will continue to build our capacity and profile in public policy, digital communication, campaigns and media work.

We will continue with a project to refresh our brand so that we can be fully inclusive for the range of groups who use our services. We will further develop and strengthen relationships with commissioners and public health directors.

Our people

In an organisation like ours, it is our people who make the difference. This is especially true as we emerge from a challenging year, during which we had to make some difficult decisions about central support positions in order to protect our work at the frontline.

In 2018-19 we will invest in how we manage and develop our teams so that we can build on progress to date and look to the future with confidence. We will work with our frontline workers to understand how we can free up more of their time for people who use our services.

We will review our case management systems to help us simplify our processes and we will roll out a new business information and reporting tool to standardise our analytics. We will review our IT infrastructure and the systems and tools we use in service delivery. We will continue to invest in projects that boost our performance and competitiveness.

Stuart's story

Stuart's drinking escalated until he sought help from Addaction Chy - our residential rehabilitation centre. Now he's a volunteer and judo champion.

Having a drink at night gradually turned into drinking in the morning and at lunchtimes too. At the worst point, I locked myself away and drank about 1.5 litres of vodka a day. I lost my job and struggled with loneliness.

My body was failing and the wake-up call was a visit from the doctor who told me I wouldn't see Christmas if I carried on. I went to Chy and then linked in with Addaction's community service.

I focussed on healthy activities. Judo had been part of my life for 40 years, but I retired in 2003. I set myself the goal of winning the British Championships and started training. I won the open age category nine weeks later and now train with the national squad. My life is a dream these days.

As a volunteer I mentor clients, and weekends are filled with judo and catching up with friends. It's been a hard journey, but thanks to Addaction I made it to the other side and I want to help others do the same.

“As a volunteer I mentor clients, and weekends are filled with judo and catching up with friends. It’s been a hard journey, but thanks to Addaction I made it to the other side and I want to help others do the same.”

Infrastructure, governance and management

Overview

Addaction is a company limited by guarantee and a charity, incorporated on 6 February 1991 and registered as a charity on 19 February 1991.

It operates throughout England and Wales and Scotland. It is governed by its Memorandum and Articles of Association (January 2008) which set out its charitable purposes. We are governed by a board of Trustees.

The Trustees are committed to the principles of the Charity Governance Code. With this in mind, a review of Addaction's governance was carried out, the recommendations made were approved and these will be implemented during 2018.

We recruit and appoint Trustees via advertising roles and looking for particular skill sets which enhance the work of the board and encourage diversity. All applications are considered by the nominations committee and suitable candidates are interviewed. Recommendations are then made to the main board and successful applicants are appointed.

New Trustees are provided with a thorough induction into their role through a meeting with the chief executive officer and members of the executive, at least two project visits in the first few months of their tenure and briefings from key members of staff on Addaction's work and their legal responsibilities as Trustees.

New Trustees must comply with the Care Quality Commission's Fit and Proper Persons Test and also sign an agreement that sets out Addaction's expectations of their role and responsibilities. Trustees do not receive any remuneration but may be reimbursed for general expenses.

Trustees serve a three-year fixed term with the possibility of re-election for a further two terms dependent on performance. At each AGM a third of the Trustees retire by rotation and are eligible for re-appointment.

In accordance with this, in September 2017 two Trustees stepped down and two were re-appointed for further three year terms. The board will continue the process of evaluating the skill set and performance of Trustees to ensure that it is best equipped to support the work of the charity in the constantly changing environment within which we operate.

The Trustees are responsible for the overall management of the charity, its strategic direction and decision-making.

Currently there are five standing committees with specific responsibility to the Trustees:

- the Audit and Risk Committee
- the Human Resources Committee
- the Income and Commercial Development Committee
- the Clinical Governance Committee
- the Nominations Committee

As part of the review already referred to, a committee model more fit for purpose will be implemented in 2018/19.

Matters not reserved for decision by the Trustees are delegated to the chief executive. Executive salaries are decided by the Remuneration Committee, a sub-committee of the Human Resources Committee.

The Trustees have delegated responsibility for the day-to-day management of the charity to the chief executive, supported by a management structure. The chief executive leads a team of six executive directors with functional areas of responsibility.

IT and digital development

Digital and mobile technology are essential tools to help our frontline staff work effectively. Over the last 12 months we have concentrated on enhancing our network security and improving mobile working.

We have piloted the use of collaboration software to support staff working on shared documents, via video conferencing and online discussion forums.

Additionally, we have refined a number of key processes to drive efficiency including developing an improvement plan alongside our IT service provider.

One example of this is a streamlined approach to opening a new service, service relocations and service closures. We have also introduced an eprocurement system which has made a significant difference to administrative workloads and the amount of paper generated by the organisation.

We have self-assessed at Level 3 of the NHS Information Governance Toolkit and we have overseen a 12-month action plan to ensure we are General Data Protection Regulation (GDPR) ready.

Our Knowledge Management team in collaboration with Northdoor PLC entered, and subsequently won an IT Europa award for “Data Storage Documentation Management Based Solution of the year”. This award is related to OneView, our new business intelligence reporting tool which we plan to roll out in 2018-19.

Risk management

We work with some of the most vulnerable people in society, and as such, it is important to safeguard the people who use our services, our volunteers, staff and the general public as effectively as possible.

We operate in a very dynamic service delivery environment, with regular commissioning and decommissioning of services. Some contracts are larger, more complex or more challenging than others. As such, we have a coherent approach to risk management which is in accordance with best practice and Charity Commission guidelines.

We use a bespoke risk management tool to record all risks across the organisation. We record, review and mitigate risks across clinical, operational, contractual, financial, information governance, health and safety, and reputational areas.

Our aim is to identify, manage and minimise risk. Every service has a risk register. These are reviewed at team meetings, and also at the relevant business hub meeting. Differentiation is made between risks that can be mitigated and managed at local level and those for which responsibility needs to be held at a higher level.

Some risks are escalated to the regional or the corporate risk register, dependent on risk assessment score and mitigations in place. The corporate register is reviewed and actions taken as necessary by the Executive on a monthly basis and by the Trustees at every Audit and Risk Committee. The Trustee Board ensures that all emerging or unforeseen risks are managed and acted upon swiftly.

We are fully compliant and registered for all our regulated activities with the Care Quality Commission which also carries out independent inspections which are published online. We have clear policies on safeguarding children and vulnerable adults, health and safety and complaints to ensure compliance with statutory requirements.

Risk register

Risk area	Mitigation and management
Failure to safeguard the people who use our services effectively	Safeguarding and quality management processes in place. Clinical governance and supervisory plans in place. Complaint and incident management reporting and review systems with built-in learning cycles.
Poor contract performance	Clear and accountable performance management structure. Clinical Audit team. Data driven performance management.
Lack of success in tenders leads to significant income reductions	Clear planning and prioritisation of tenders. New business team plans and processes. Prudent reserves policy. Flexible cost base where possible.
Reputational damage	Clear systems which focus on organisational performance, transparency and accountability. Clear systems and processes within the media team with oversight from Trustee subcommittee.
Inability to attract, recruit and retain staff	Recruitment and retention plans. Learning and talent development plans. People and culture directorate plans. Oversight from Trustee subcommittee.
Failure of a supplier to deliver key services	Clear contractual arrangements and service level agreements.
Organisational financial performance is poor	Strong financial controls, internal and external audit. Regular budget reviews and oversight via Trustee subcommittee.

Fundraising

Our approach to fundraising and how we protect the general public

Our approach to fundraising is underpinned by our values and we ensure that the trust of our supporters and our responsibility to service users is never compromised. We apply this approach to all of our funding streams, with our staff and suppliers adhering to a range of policies and processes.

- Any prospective corporate partnerships are assessed through our Corporate Engagement Procedure which ensures the partnership will not undermine our values and ethos, organisational strategy, the dignity or rights of our beneficiaries or inhibit the pursuit of our purposes.
- Our current policy is not to conduct general solicitations through street or door-to-door fundraising, or cold calling.
- We do from time to time use telemarketing methods for the dual purpose of donor care and fundraising. Only donors who have opted in are contacted.
- We currently only offer places for challenge events organised by external companies, which will have conducted sufficient risk assessments and are responsible and liable for the health and safety of participants and insurance needs.
- We do not, and will never, sell or exchange donor details to third parties.

We also take a cautious approach to consent and this year have asked all of our supporters, including those who give regularly, to opt in to continue to receive phone and email communications from us.

Lastly, to ensure we maintain our reputation of providing high standards of supporter care, we will never put individuals under undue pressure to give.

All staff who fundraise on our behalf adhere to Addaction's Fundraising Policy, which outlines what can be considered 'reasonable persuasion'. Additionally, our main methods of fundraising communication are by email and post, limited to a handful of times each year. At every opportunity, donors will have the option of opting out.

Protecting vulnerable people

Addaction places the fair treatment of its supporters and potential supporters that are in a vulnerable circumstance above and beyond any other aims. This year we developed a Vulnerable Supporters Policy, which provides all staff, volunteers, Trustees and anyone engaging with supporters on behalf of Addaction, with clear guidance on how we can recognise a vulnerable supporter and ensure appropriate actions are taken to treat them fairly and put their needs first.

As a result, anyone engaging in fundraising on our behalf is clear on: the regulatory framework that guides our approach to vulnerable supporters; how to identify a vulnerable supporter; when we should refuse or return donations and how our approach to vulnerable supporters can be applied to our service users.

Voluntary fundraising schemes and working with suppliers

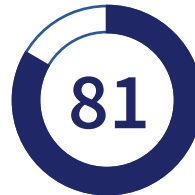
We are members of the Institute of Fundraising and Fundraising Regulator, which replaced the Fundraising Standards Board. We go above and beyond regulations and guidance outlined by these bodies and are proud that this approach has meant we did not receive a single fundraising complaint this past year.

We also expect the same standards from Return Fundraising, Payroll Giving in Action and StC Payroll Giving - the third party suppliers we employed to carry out high-quality fundraising on our behalf this year. They are members of a range of fundraising standards bodies, including the Institute of Fundraising, Fundraising Regulator and the Direct Marketing Association.

Addaction regularly reviews and monitors the work these organisations carry out on Addaction's behalf. This includes listening to recorded calls to supporters and providing feedback to ensure supporters have the Addaction experience they would expect.

Equality and diversity

We are committed to creating and sustaining a positive and supportive environment for our staff, volunteers, the people who use our services and the general public. 81% of our workforce agreed or strongly agreed that Addaction respects individual differences (eg culture, working styles, backgrounds, ideas).



81% of our workforce agreed or strongly agreed that Addaction respects individual differences (eg culture, working styles, backgrounds, ideas).

Our aim is for our workforce to be representative of all sections of society. We want every person who works or volunteers for us to feel respected and able to give their best.

Our equality and diversity working group has developed a work plan. The programme comprises four themes:

Accessibility	Ensuring people can access our services - focussing on premises and multilingual offers.
Equality impact analysis	Ensuring we understand and act on how our policies, service and processes include or exclude people.
Segmentation	Using data to better understand our staff, volunteers and people who use our services - and adapting to better meet their needs and expectations.
Culture	Celebrating diversity and showing what equality and diversity means to us. All our policies and procedures are subject to an equality impact assessment. All members of staff and volunteers have a duty to support and uphold the principles of our equality and diversity policy.

Environment

We have introduced a number of new ways of working this year to help reduce our impact on the environment.

This includes our eprocurement system which has made a significant difference to administrative workloads and the amount of paper generated by the organisation. Greater use of online collaboration tools and video conferencing has reduced the travel footprint for our workforce.

We have also introduced a web chat service, which means that people can access support without having to travel to a service centre.

We always aim to develop safe, healthy local environments wherever we deliver services. We aim to ensure that our projects do not affect the quality of life of our neighbours and other local residents.

During the year we were again accredited under ISO14001 which sets out the requirements for an organisation's environmental management systems. We also continued to implement the recommendations of the audit carried for our accreditation with the Energy Savings Opportunity Scheme (ESOS).

Acknowledgements

The Trustees wish to record their gratitude to all those who contribute to Addaction's work: the people who use our services, our volunteers, staff, donors, commissioners, partners, funders and managers.

We are hugely grateful for your dedication and support for our work. The Trustees' Annual Report, incorporating the Strategic Report, was approved by the Trustees on 26 July 2018 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'Alex Carlile', written in a cursive style.

Lord Alex Carlile of Berriew

Statutory information, trustees responsibilities and auditors' report

Reference and administrative details

Company number	2580377	Registered office and operational address
Charity number	1001957	67-69 Cowcross St London EC1M 6PU
OSCR number	SC40009	
Company number	2580377	
Trustees	The Trustees who served during the year and up to the date of this report were as follows: Lord Carlile of Berriew (Chair) Dr Gwen Adshead (appointed 25.01.2018) Mark Beaumont Anne Chapman Andrew Michael Dixon (resigned 20.07.2017) Ron Finlay Richard Gould Susan Ludgate Nigel McCorkell Dr Martin Pickford (resigned 25.01.2018) Debbie Simpson (resigned 26.04.2018) Jane Winehouse William Willis	
Chief executive	Mike Dixon	
Company secretary	Howard Newman	
Bankers	Lloyds Bank 4th Floor, Gresham St London EC2 7HN	
Solicitors	Bond Dickinson LLP 112 Quayside Newcastle Upon Tyne NE1 3DX	Kirvan Bond 105-107 High St London SE20 7DT
Auditors	BDO LLP 2 City Place, Beehive Ring Rd Gatwick RH6 0PA	

Statement of Trustees responsibilities

The Trustees are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulations. Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware;
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions.

The maintenance and integrity of the charity's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent Auditors' Report to the Members and Trustees of Addaction

Opinion

We have audited the financial statements of Addaction ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 March 2018 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company balance sheet, the Consolidated Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2018 and of the Group's incoming resources and application of resources 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006, as amended in 2010.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises: the Trustees' Annual Report including the Strategic Report. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report, which are included in the Trustees' Annual Report, have been prepared in accordance with applicable legal requirements.

Independent Auditors' Report to the Members and Trustees of Addaction

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic Report or the Trustee's Annual Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 requires us to report to you if, in our opinion;

- proper and adequate accounting records have not been kept by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Parent Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

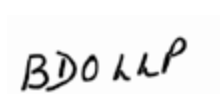
<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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, and to the Charitable Company's Trustees, as a body, in accordance with the Charities and Trustee Investment (Scotland) Act 2005.

Our audit work has been undertaken so that we might state to the Charitable Company's members and Trustees 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, the Charitable Company's members as a body and the Charitable Company's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink that reads "BDO LLP".

Fiona Condron (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor
Gatwick, West Sussex
27 July 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Financial statements

All of the results shown opposite are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds and transfers between funds are disclosed above and in Note 13 to the financial statements.

The notes on pages 92 to 109 form part of these financial statements. The detail of comparative figures for the previous year is shown in Note 19.

Consolidated Statement of Financial Activities

(incorporating an income and expenditure account) for the year ended 31 March 2018

	Notes	Unrestricted Funds £000	Restricted Funds £000	Total Funds 2018 £000	Total Funds 2017 £000
INCOME FROM:					
Fundraising income		190	17	207	198
Grant income	2	-	7,986	7,986	7,595
Trading income		405	-	405	368
Investment income		13	-	13	21
Other income	3	953	-	953	473
		1,561	8,003	9,564	8,655
Charitable activities					
Adult services		48,083	323	48,406	54,241
Family services		156	60	216	1,287
Mental health services		6,414	-	6,414	7,157
Primary care services		1,625	-	1,625	-
Young people's and transitional services		6,864	310	7,174	7,517
		63,142	693	63,835	70,202
TOTAL INCOME		64,703	8,696	73,399	78,857
EXPENDITURE ON:					
Raising funds					
Fundraising and bidding for new services		550	-	550	626
Cost of trading		469	-	469	469
		1,019	-	1,019	1,122
Charitable activities					
Adult services		47,686	7,491	55,177	60,479
Family services		123	246	369	1,426
Mental health services		7,790	-	7,790	7,473
Primary care services		2,765	-	2,765	-
Young people's and transitional services		5,034	1,301	6,335	8,035
Profile and influence		917	-	917	716
		64,315	9,038	73,353	78,129
TOTAL EXPENDITURE	4	65,334	9,038	74,372	79,251
Net loss on investments		(2)	-	(2)	-
NET (EXPENDITURE) FOR THE YEAR		(633)	(342)	(975)	(394)
Other recognised gains:					
Actuarial gain on defined benefits pension scheme	21	-	-	-	70
NET MOVEMENT IN FUNDS		(633)	(342)	(975)	(324)
Funds brought forward at 1 April		7,559	2,022	9,581	9,905
FUNDS CARRIED FORWARD AT 31 MARCH		6,926	1,680	8,606	9,581

Balance Sheets

As at 31 March 2018

	Notes	The Group		The Charity	
		2018	2017	2018	2017
		£000	£000	£000	£000
Fixed assets					
Tangible assets	9	1,802	2,046	1,511	1,720
Intangible assets	9	672	-	672	-
Investments	10	-	220	-	220
		2,474	2,266	2,183	1,940
Current assets					
Debtors	11	8,125	7,268	8,075	7,183
Stock		20	22	-	-
Cash at bank and in hand including short term deposits		5,375	7,054	5,361	7,092
		13,520	14,344	13,436	14,275
Creditors					
Amounts falling due within one year					
Creditors and accrued expenses	12	(7,388)	(7,029)	(7,161)	(6,816)
		6,132	7,315	6,275	7,459
Net assets	15	8,606	9,581	8,458	9,399
Represented by					
FUNDS					
Unrestricted:					
Designated fund		1,999	1,656	1,999	1,656
General charitable funds		4,927	5,903	5,122	6,064
		6,926	7,559	7,121	7,720
Restricted	14	1,680	2,022	1,337	1,679
Total funds	13	8,606	9,581	8,458	9,399

Company Number 2580377

No charity-only Statement of Financial Activity is presented, as permitted by section 408 of the Companies Act 2006. During the year ended 31 March 2018 the Charity results showed a deficit of £939,000 (2017: £142,000). The financial results of the Charity are summarised in Note 18.

The notes on pages 92 to 109 form part of these financial statements.

The Financial Statements were approved by the Trustees on 26 July 2018 and signed on their behalf by:



Mark Beaumont CA
Chair, Audit and Risk Committee

Consolidated Statement of Cash Flows

for the year ended 31 March 2018

Cash flows from operating activities:

Net cash provided by / (used in) operating activities

Cash flows from investing activities:

Payments to acquire tangible fixed assets

Payments to acquire intangible fixed assets

Receipts from sales of investment properties

Net cash used in investing activities

Change in cash and cash equivalents in the reporting period

Cash and cash equivalents at the beginning of the reporting period

Cash and cash equivalents at the end of the reporting period

	2018		2017	
	£000	£000	£000	£000
Net cash provided by / (used in) operating activities		(1,107)		2,140
Payments to acquire tangible fixed assets	(118)		(1,011)	
Payments to acquire intangible fixed assets	(672)		-	
Receipts from sales of investment properties	218		855	
Net cash used in investing activities		(572)		(156)
Change in cash and cash equivalents in the reporting period		(1,679)		1,984
Cash and cash equivalents at the beginning of the reporting period		7,054		5,070
Cash and cash equivalents at the end of the reporting period		5,375		7,054

Reconciliation of net income to net cash flow from operating activities

Net expenditure for the reporting period (as per the statement of financial activities)

Adjustments for:

Depreciation charges

Loss on Investments

Profit on disposal of fixed assets

Settlement of defined benefits pension scheme liability

Decrease / (increase in) stock

(Increase) / decrease in debtors

Increase / (Decrease) in creditors

Net cash (used in) / provided by operating activities

Net expenditure for the reporting period (as per the statement of financial activities)	(975)	(394)
Depreciation charges	362	340
Loss on Investments	2	-
Profit on disposal of fixed assets	-	11
Settlement of defined benefits pension scheme liability	-	(210)
Decrease / (increase in) stock	2	
(Increase) / decrease in debtors	(857)	2,525
Increase / (Decrease) in creditors	359	(131)
Net cash (used in) / provided by operating activities	(1,107)	2,140

Analysis of changes in cash and short-term deposits

Cash at bank and in hand

	As at 31 Mar 2017 £000	Cash flows £000	As at 31 Mar 2018 £000
Cash at bank and in hand	7,054	(1,679)	5,375

The notes on pages 92 to 109 form part of these financial statements.

Notes to the financial statements for the year ended 31 March 2018

1. Accounting policies

a) The financial statements of Addaction are prepared in accordance with the Companies Act 2006, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, SORP 2015, and in accordance with Financial Reporting Standard 102 (FRS102). The financial statements are drawn up on the historic cost accounting basis apart from investment properties, which are measured at fair value.

The consolidated financial statements incorporate the results of Addaction and its subsidiary undertakings from the date that control commences. The subsidiary undertakings are consolidated on a line by line basis. Details of the subsidiary undertakings can be found in note 16. Addaction constitutes a public benefit entity as defined by FRS102.

b) Critical accounting estimates and judgements

To be able to prepare financial statements in accordance with FRS102, Addaction must make certain estimates and judgements that have an impact on the policies and the amount reported in the annual accounts.

The estimates and judgments are based on historical experience and other factors including expectations of future events that are believed to be reasonable at the time such estimates and judgements are made. None of the estimates and judgements made create a significant risk of causing material adjustment to the carrying amounts of assets and liabilities in subsequent financial years.

c) Parent charity disclosure exemptions

In preparing the separate financial statements of the parent charity, advantage has been taken of the following disclosure exemptions available in

FRS102:

- Disclosures in respect of the parent charity's financial statements have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent charity as their remuneration is included in the totals for the group as a whole.

d) Income

Income received by way of donations and gifts to the charity is included in full in the Statement of Financial Activities (SOFA) when receivable.

Where unconditional entitlement to grants receivable is dependent upon fulfilment of conditions within the charity's control, the income is recognised when there is sufficient evidence that conditions will be met. Where grants are received but there is uncertainty as to whether the charity can meet such conditions the income is deferred.

Contract income is recognised when there is sufficient evidence that it has been earned. Income from some contracts is subject to a 'payment by results' element, which is calculated in relation to set criteria, the results of which may not be determined until some time after the accounting period. In these cases, income is recognised or deferred on the basis of the evidence available up to the date of this report.

Other income is recognised when earned.

e) Expenditure

All expenditure is accounted for under the accruals concept and stated gross of irrecoverable VAT. Expenditure is allocated to the particular activity where the cost relates directly to that activity.

The support costs of Addaction are allocated to each of the activities in proportion to the total of direct expenditure. The support costs of Re: Source Kernow are allocated on the basis of the use of resources.

Governance costs comprise the costs incurred which are directly attributable to the constitutional activities of Addaction, and the necessary procedures for compliance with statutory requirements.

The costs of raising funds are those incurred by Addaction in raising income for its charitable work.

Rentals for leased assets held under the terms of operating leases are charged directly to the SOFA over the term of the lease.

f) Fixed Assets

Tangible fixed assets

Freehold property is held at cost or fair value at acquisition. Improvements to leasehold premises and fixtures, fittings and equipment are capitalised where the total cost of the asset or combined cost of the project exceeds £10,000 in Addaction and £1,000 in Re:Source Kernow. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

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

Freehold property
2% on cost or valuation at acquisition

Improvements to short leasehold premises
5% - 50% on cost

Fixtures, fittings and equipment
10% - 33% on cost

Computers and IT equipment
20% - 33% on cost

Motor vehicles
20% - 25% on cost

Intangible fixed assets

Costs directly attributable to the development of digital tools are capitalised as intangible assets only when the technical feasibility of the project is demonstrated, the Group has an intention and ability to complete and use the tools and the costs can be measured reliably. Such costs include the purchases of material and services and the payroll-related costs of employees directly involved in the project.

Intangible assets are amortised at 20% on cost from the date of implementation.

g) Investments

Addaction does not invest in stocks, shares or other financial assets. The investments of the group consist solely of investment properties. Investments are stated at market value at the balance sheet date and the SOFA shows net investment gains and losses arising from revaluations and disposals during the year.

Investment properties are valued by a RICS Registered Valuer, either on the basis of RICS Valuation Professional Standards, or where properties have been marketed for sale, at accepted offer price.

Notes to the financial statements continued

h) Financial instruments

The group only has financial assets and liabilities of a kind that qualify as 'basic financial instruments' under FRS102. These are initially recognised at cash or transaction value and subsequently measured at their settlement value if different.

i) Debtors

Trade and other debtors are recognised at the settlement amount due less a provision for any impairment losses. A provision is established for impairment when there is objective evidence that amounts due under the original payment terms will not be collected.

j) Creditors

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

k) Taxation

Addaction is eligible for the tax exemptions available for charitable activities. Addaction Social Enterprises Limited and Re:Source Kernow Limited, as wholly owned subsidiaries of the charity, will donate a sum equivalent to any taxable profits to Addaction, to reduce their tax liability to nil.

l) Unrestricted funds

These funds are received and applied to achieve the general objectives of Addaction.

m) Designated funds

These are unrestricted funds earmarked by the Trustees for particular purposes.

n) Restricted funds

These are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of management and support costs.

o) Operating leases

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the SOFA on a straight line basis over the minimum lease term. Addaction strives to ensure that its property leases are co-terminus with its contracts. Where a property lease is longer than the initial contract we strive to ensure that break clauses are in place.

p) Termination payments

All costs involved in terminating employee contracts are accounted for on an accruals basis and disclosed in aggregate in Note 8. Termination benefits are measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

q) Pension schemes

The group operates or contributes to both defined contributions and defined benefit schemes for its employees. All defined benefit schemes are closed to new entrants and the numbers of active members can only grow as a result of the transfer of staff from other organisations.

The assets of any pension schemes are held separately from those of the group.

Pension costs charged in the SOFA represent the contributions payable by the group for the year together with any material provision to record the group's liability in relation to a defined benefit pension scheme, where this can be identified, in accordance with the accounting standard incorporated in FRS102.

Incoming resources

2. Grant income

	2018 All restricted £000	2017 All restricted £000
Big Lottery Fund		
- Fulfilling Lives Multiple Needs - Blackpool (BLF Ref:30114808)	1,450	1,197
- Amy Winehouse Foundation Resilience Programme (BLF Ref:31006049)	740	1,074
- Drink Wise, Age Well (BLF Ref:31014853)	4,641	4,540
- Forces in Mind Trust Grant (Ref:FiMT14/0513AD)	-	92
- St Helens	-	4
- Life Chances Fund Grant (BLF Ref:10298686)	8	30
Big Lottery Fund and ESF Building Better Opportunities Grant via:		
- The Learning Partnership for Cornwall and Isle of Scilly Ltd	41	-
- Pluss	205	17
- Ixion Holdings (Contracts) Ltd	64	-
- Active Pluss Community Interest Company	160	-
Agnes Hunter Trust	7	7
Asda Stores Ltd	-	53
Barrow Cadbury Trust T2A Pathways - Liverpool	7	26
BBC Children in Need	45	36
Comic Relief UK Project Grants	-	10
Colyer-Fergusson Grant	-	20
Dept of Health		
- via AYPH (Association for Young Peoples Health)	-	14
Good Things Foundation Reboot UK	5	-
Heineken UK*	62	12
Kawneer UK Ltd through The Alcoa Foundation	-	41
Lloyds TSB Foundation - Families Plus-East Dunbartonshire	30	-
Lloyds TSB Foundation - Families Together-Rewfrenshire	-	60
NHS - Health Education England Innovation Fund for Mind & Body	-	187
Peter Harrison Foundation	10	10
South Ayrshire Council	5	-
The Mickel Fund	-	10
The Royal British Legion	48	-
The Scottish Government - Survivor Support**	50	23
Zurich Community Trust (UK) Ltd	110	25
Other grants	298	107
	7,986	7,595

*Act for Addaction in 2017

**Innovation and Development Fund 2017-20

Notes to the financial statements continued

3. Other income

	2018 All Unrestricted £000	2017 All Unrestricted £000
Court reports	12	3
Training	74	96
Rental	312	280
Reimbursement of property costs	400	-
Social placements	45	49
Other	110	45
	953	473

Resources expended

4. Expenditure

	Staff costs £000	Other direct costs £000	Support costs £000	2018 Total £000	2017 Total £000
Costs of raising funds					
Fundraising and bidding for new services	12	497	41	550	626
Cost of trading	172	140	157	469	496
Charitable expenditure					
Adult services	33,392	17,644	4,141	55,177	60,479
Family services	246	95	28	369	1,426
Mental health services	5,693	1,512	585	7,790	7,473
Primary care services	1,713	845	207	2,765	-
Young people's and transitional services	4,260	1,599	476	6,335	8,035
Profile and influence	591	257	69	917	716
Total	46,080	22,589	5,704	74,372	79,251

Included in support costs are staff costs totalling £3,405,101 (2017; £3,620,574)

5. Allocation of support costs

	Executive & Central Admin £000	Finance, IT & HR £000	Governance £000	Quality £000	Re:Source Overheads £000	2018 Total £000	2017 Total £000
Fundraising and bidding for new services	2	30	1	8	-	41	50
Costs of trading	-	-	3	-	154	157	217
Adult services	223	2,974	92	852	-	4,141	4,858
Family services	1	20	1	6	-	28	114
Mental health services	31	420	13	121	-	585	596
Primary care services	11	149	5	42	-	207	-
Young people's and transitional services	26	341	11	98	-	476	641
Profile and Influence	4	49	2	14	-	69	57
Total	298	3,983	128	1,141	154	5,704	6,533

Support costs have been allocated in relation to direct costs, except for Re:Source overheads allocated on the basis of resource usage.

Notes to the financial statements continued

6. Governance costs

	2018 £000	2017 £000
Staff costs	41	28
Audit fees and other fees payable to auditor	51	51
Trustees' expenses	2	2
Trustees' indemnity insurance	2	2
Company secretariat	32	36
	128	119

7. Net expenditure for the year

is stated after charging:

	2018 £000	2017 £000
Depreciation	362	340
Trustees' indemnity insurance	2	2
Trustees' expenses	2	2
Auditors' remuneration:		
<i>Audit of the group accounts - current year</i>	40	38
<i>Audit of subsidiary accounts</i>	4	4
Operating lease rentals:		
<i>Property</i>	3,042	2,757

Trustees' expenses represent travel for 6 (2017: 3) Trustees relating to attendance at meetings. No trustee received any remuneration from Addaction in the current or preceding years.

During the year, £396,979 (2017: £547,082) was payable to the Amy Winehouse Foundation under a partnership agreement for the delivery of the Resilience Programme. Jane Winehouse is a trustee of the Charity and of the Amy Winehouse Foundation. Other related party transactions are shown in Note 17.

8. Employees

The total costs of salaries and wages were as follows:

	2018 £000	2017 £000
Salaries and wages	40,462	42,710
Social security costs	3,795	3,985
Pension contributions	2,493	2,542
Agency/support staff	2,514	2,496
	49,264	51,733

Redundancy and other termination costs included in expenditure during the year were £253,560 (2017: £457,841)

The average number of employees was as follows:

	2018 No.	2017 No.
Costs of raising funds	14	14
Young people's services	183	185
Adult services	1,147	1,191
Family services	14	40
Mental health services	170	203
Primary care services	26	-
Profile and influence	14	10
Governance	1	1
	1,569	1,645

Notes to the financial statements continued

The number of employees whose emoluments exceeded £60,000 were:

	2018 No.	2017 No.
£60,001 - £70,000	15	19
£70,001 - £80,000	6	8
£80,001 - £90,000	3	4
£90,001 - £100,000	1	3
£100,001 - £110,000	3	1
£110,001 - £120,000	-	2
£120,001 - £130,000	2	-
£130,001 - £140,000	-	-
£160,001 - £170,000	-	1

Most of these employees accrue benefits under the defined contribution pension scheme.

Total pension contributions paid for these employees were £147,674 (2017; £187,328).

During the year 5 members of Addaction's staff received a salary over £100,000 (2017: 4).

The total amount of remuneration and employee benefits received by key management personnel for their services during the year was £900,490 (2017: £917,969).

Assets and liabilities

9. Fixed Assets

Tangible Assets

	Freehold Land & Buildings £000	Improvements to short leasehold premises £000	Fixtures, fittings, equipment and vehicles £000	Computers and IT equipment £000	Total 2018 £000
The group					
Cost at the start of the year	654	4,053	141	1,677	6,525
Additions	-	112	-	6	118
Cost at the end of the year	654	4,165	141	1,683	6,643
Accumulated depreciation at the start of the year	111	3,599	130	639	4,479
Depreciation for the year	10	126	11	215	362
Accumulated depreciation at the end of the year	121	3,725	141	854	4,841
Net book value at the end of the year	533	440	-	829	1,802
Net book value at the start of the year	543	454	11	1,038	2,046
The charity					
Cost at the start of the year	654	3,382	78	1,633	5,747
Additions	-	112	-	6	118
Cost at the end of the year	654	3,494	78	1,639	5,865
Accumulated depreciation at the start of the year	111	3,272	60	585	4,028
Depreciation for the year	10	92	9	215	326
Accumulated depreciation at the end of the year	121	3,364	69	800	4,354
Net book value at the end of the year	533	130	9	839	1,511
Net book value at the start of the year	543	111	18	1,048	1,720

Notes to the financial statements continued

Intangible Assets

	Balance b/f £000	Additions £000	Balance c/f £000
Group			
Development of digital tools	-	672	672
Charity			
Development of digital tools	-	672	672

10. Investments

	Balance b/f £000	Disposals £000	Balance c/f £000
Group			
Investment Properties	220	(220)	-
	£	£	£
Charity			
Investment Properties	220,000	(220,000)	-
Investment in unlisted shares at 31 March at cost (see note 16)	100	-	100
	220,100	(220,000)	100

11. Debtors

	Group		Charity	
	2018 £000	2017 £000	2018 £000	2017 £000
Trade debtors	5,879	4,734	5,644	4,486
Accrued income	1,548	1,420	1,548	1,420
Other debtors	172	506	145	479
Amounts owed by subsidiary undertakings	-	-	213	190
Prepayments	526	608	525	608
	8,125	7,268	8,075	7,183

12. Creditors and accrued expenses

	Group		Charity	
	2018 £000	2017 £000	2018 £000	2017 £000
Trade creditors	2,036	2,657	1,815	2,441
Social security and other taxes	1,307	1,281	1,292	1,284
Deferred income	445	1,107	445	1,107
Amounts owed to subsidiary undertakings	-	-	12	3
Accruals	3,600	1,984	3,597	1,981
	7,388	7,029	7,161	6,816

Movements in deferred income

	Balance b/f £000	Released to SOFA £000	Received in year £000	Balance c/f £000
Deferred due to timing of receipt	1,107	(1,107)	445	445

Included in accruals there is a provision for dilapidations relating to offices leases of £180,929 (2017: £194,185)

The estimated future costs of dilapidations are reviewed annually and adjusted as appropriate.

Notes to the financial statements continued

Funds

13. Movements in funds

	General Charitable Funds £000	Designated fund £000	Restricted funds £000	Total 2018 £000
Net (Expenditure) for the year before transfers	(633)	-	(342)	(975)
Transfers	(343)	343	-	-
Actuarial gain on pension scheme	-	-	-	-
Net Movement in Funds	(976)	343	(342)	(975)
Balance at the start of the year	5,903	1,656	2,022	9,581
Balance at the end of the year	4,927	1,999	1,680	8,606

In accordance with Addaction's reserves policy, the designated fund represents fixed and other assets that cannot be readily converted into cash. At 31 March 2018 this was made up of £1,999,000 representing the net book value of unrestricted fixed assets.

14. Restricted Funds

	Balance at 1 April 2017 £000	Incoming Resources £000	Resources Expended £000	Balance at 31 March 2018 £000
Revenue grants				
Fulfilling Lives Multiple Needs - Blackpool	127	1,450	(1,564)	13
Amy Winehouse Foundation Resilience Programme	91	740	(765)	66
Drink Wise, Age Well	972	4,641	(4,921)	692
Life Chances Fund	2	8	(10)	-
The Learning Partnership for Cornwall & Isles of Scilly Ltd	-	41	(34)	7
Pluss	14	205	(206)	13
Ixion Holdings (Contracts) Ltd	-	64	(49)	15
Active Pluss Community Interest Company	-	160	(160)	-
Agnes Hunter Trust	-	7	(7)	-
Zurich community Trust (UK) Ltd	-	110	(104)	6
Other funds	426	1,151	(1,171)	406
	1,632	8,577	(8,991)	1,218
Capital grants	390	152	(67)	475
Total restricted funds	2,022	8,696	(9,038)	1,680

Restricted funds relate to various grants and donations received from funders to support future services.

Within restricted funds, project capital funds are grants and donations given specifically for leasehold improvements, and new IT and office equipment purchases. Fund balances are reduced by depreciation on the relevant tangible fixed assets.

15. Analysis of group net assets between funds

	General Charitable funds £000	Designated fund £000	Restricted funds £000	Total 2018 £000
Fixed assets	-	1,999	475	2,474
Current assets	12,315		1,205	13,520
Current liabilities	(7,388)	-	-	(7,388)
	4,927	1,999	1,680	8,606

Notes to the financial statements continued

16. Subsidiary undertakings

The charitable company owns the entire share capital of 100 shares of £1 each in Addaction Social Enterprises Limited, company registration number 03746032, a company registered in England and Wales. Addaction Social Enterprises Limited did not trade during the year. Addaction Social Enterprises Limited has entire control of Re:Source Kernow Limited, company registration number 04004464, a company registered in England and Wales and limited by guarantee. A summary of the results of this subsidiary is shown in Note 17.

In June 2018 the trustees approved a proposal to transfer the assets, staff and operations of Re:Source Kernow Limited to another charity. The transfer is expected to be completed by 31 July 2018.

17. Subsidiaries

Profit and Loss Account for the Year Ended 31 March 2018

Turnover
Cost of sales
Gross profit
Administrative expenses
Operating (loss)
Retained (loss) brought forward
Accumulated (loss) carried forward

Re:Source Kernow Year	
2018 £000	2017 £000
479	464
(207)	(232)
272	232
(272)	(380)
-	(148)
(215)	(67)
(215)	(215)

Balance Sheet as at 31 March 2018

Tangible fixed assets
Debtors
Stock
Cash at bank and in hand
Creditors and accrued expenses
Net (liabilities)

2018 £000	2017 £000
310	346
50	55
20	22
14	(38)
(555)	(546)
(161)	(161)

The total amount of intragroup transactions during the year was £26,238 (2017: £114,761).

18. Parent Charity

The parent charity's gross income and the results for the year were as follows:

Gross income
Net outgoing resources for the year

2018 £000	2017 £000
72,963	78,545
(939)	(142)

19. Statement of Financial Activities - detail of comparative figures

	Unrestricted funds £000	Restricted funds £000	Total funds 2017 £000
INCOME FROM:			
Fundraising income	188	10	198
Grant income	-	7,595	7,595
Trading income	368	-	368
Investment income	21	-	21
Other income	473	-	473
	1,050	7,605	8,655
Charitable activities			
Young people's and transitional services	7,517	-	7,517
Adult services	53,994	247	54,241
Family services	1,162	125	1,287
Mental health services	7,157	-	7,157
	69,830	372	70,202
TOTAL INCOME	70,880	7,977	78,857
EXPENDITURE ON:			
Raising funds			
Fundraising and bidding for new services	626	-	626
Costs of trading	496	-	496
	1,122	-	1,122
Charitable activities			
Young people's and transitional services	6,668	1,367	8,035
Adult services	53,760	6,719	60,479
Family services	1,031	395	1,426
Mental health services	7,473	-	7,473
Public policy and communication	716	-	716
	69,648	8,481	78,129
TOTAL EXPENDITURE	70,770	8,481	79,251
NET INCOME (EXPENDITURE) FOR THE YEAR	110	(504)	(394)
Other recognised gains:			
Actuarial gain on defined benefits pension scheme	70	-	70
NET MOVEMENT IN FUNDS	180	(504)	(324)
Funds brought forward at 1 April	7,379	2,526	9,905
FUNDS CARRIED FORWARD AT 31 MARCH	7,559	2,022	9,581

21. Pension schemes

The pension cost charge for the group's defined contribution schemes represents contribution payable under the schemes by the group and amounted to £1,762,283 (2017: £1,683,320).

Addaction had Direction Employer status with the NHS Pension Scheme in relation to employees at a number of its projects during the year. The Scheme is an unfunded, defined benefit scheme, preparing its own statements, that covers NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales.

The Scheme is not designed to be run in a way that would enable Addaction to identify its share of the underlying Scheme assets and liabilities. Therefore, the Scheme is accounted for as if it were a defined contribution scheme and the cost of the Scheme is taken as being equal to the contribution payable to the Scheme for the accounting period.

The total employer contributions payable in the year were £603,714 (2017: £739,926). For both years employer contributions were paid at 14% of pensionable salary. Member contributions are between 5% - 14.5% of pensionable salary. At 31 March 2018 there were 123 (2017: 166) active members in the scheme employed by Addaction.

In addition the charity made contributions to the Teachers' Pension Scheme (a defined benefit scheme) of £553 (2017: £2,216). For this scheme, the employer's contributions are set in relation to the current service period only; consequently Addaction accounts for contributions to the scheme as if it was a defined contribution scheme. Addaction's participation in the scheme ended in July 2017.

Addaction has Admitted Body status with the Local Government Pension Scheme in Shropshire and Hereford. The Scheme is a multi-employer defined benefit scheme. The total employer contributions payable in the year were £34,258 (2017: £38,497).

Addaction had Admitted Body status with the Local Government Pension Scheme in Merseyside. The total employer contributions payable in the year 2017-2018 were £10,566 (2017: £6,900). The actuarial gain on a defined benefit pension scheme of £70,000 in the previous year related to the settlement with the Merseyside Pension Scheme in relation to a service that closed in January 2017.

