

# Annual Report 2018–19

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**SECTION 1**

# Introduction

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# A message from the Chair and Chief Executive



This year we talked about the future with more than 1,000 of our staff, volunteers and clients. We held workshops, conducted in-depth research and listened to people's hopes and ambitions.

Three radical goals came out of these conversations. We want to help more people, improve people's chances of getting better, and transform how we work. These are big, ambitious objectives that will shape our work for the future.

We are starting from a good place. Over the last 12 months we helped more than 160,000 people. We did this with passion, dedication and imagination. And we were pleased that the consistently high quality of our service delivery was independently verified through our impressive CQC ratings.

We had a big impact on wider society too. Much of our work is with individuals, families or small groups, and many people we spoke to said they want us to reach out and tell more positive stories. So we partnered with Boy George's tour and the Studio Canal film Beautiful Boy, and

reached more people than ever before through the media. We are especially proud that we were granted the the first ever Home Office licence to test drugs, paving the way for other organisations in the sector to adapt and use our model.

This year also marked a change in our financial strategy. We retained every contract for which we tendered, raised more than £1 million in grants and voluntary income, and substantially improved our financial performance in mental health contracts. This consolidates years of work to improve our underlying financial health.

The work we do is not easy and it's been a challenging few years for our sector. What keeps us motivated is our knowledge that people can overcome problems when they get the right sort of support. We want to say a huge thanks to our many dedicated staff and volunteers for their work this year. This report shows how much they have achieved.

Two handwritten signatures in black ink. The signature on the left is 'Alex Cuthbert' and the signature on the right is 'Mark Jones'.

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## Who we are

Addaction is a national public health charity. We help hundreds of thousands of people and families to overcome problems with alcohol, drugs, poor mental health, and self harm. Last year we helped more than 160,000 people in England, Scotland, Wales and Northern Ireland.

We are an organisation of 1,600 staff and 800 volunteers. Our work is based in towns, cities, hospitals, prisons, schools, through outreach in people's homes, with other local services, and nationally online via webchat and self-help advice.

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## What we do

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.

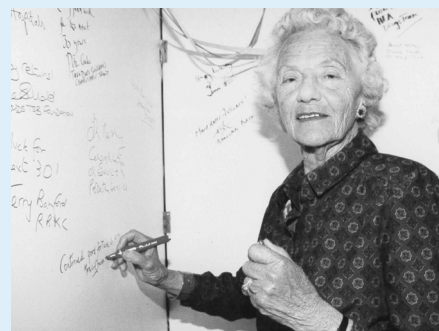
Our specialist services for 11 to 17 year-olds support young people to manage their relationship with drugs and alcohol, build resilience and improve their mental health and wellbeing. We also provide specialist services for people affected by exploitation and for

missing children. 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 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, having addressed drug and alcohol issues, mental health problems and reoffending. We deliver substance misuse and mental health support to people in prisons and on release.

“We can help each other. We can help with research into the problem and its origin and cure; we can cooperate with the new legislation; in many ways we can help each other’s children where we cannot help our own. I’m asking you to join us.”

Mollie Craven, whose son died of heroin dependence, in an appeal to other parents and families via a letter to the Guardian in 1967. She went on to found the Association for the Prevention of Addiction, known today as Addaction.



## Our goals (2019–2022)



### **Radically improve people’s chance of getting better.**

Continuously improving performance, partnering in innovation and research and sharing findings, supporting best practice with shared content and tools, helping staff to be their most productive, and strengthening our governance.



### **Help more people.**

Redesigning our existing services and developing new ones, expanding our online reach, strengthening our voice and profile and ensuring we appeal to more people.



### **Transform our organisation to get the best from each other.**

Changing how we run the organisation at every level of leadership, supporting collaboration, providing better tools and infrastructure, and using resources more efficiently.

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# A big help was understanding my issues were a reaction to trauma.

**Ryan McCormack** is a former client and now Team Leader with Addaction.

I'm now 45 and I've been in recovery since 2004. A big help was understanding that my issues with alcohol and drugs were a reaction to traumatic childhood experiences.

Drinking made everything bad disappear. I started doing it again and again. Dad was still working away and mum's alcohol problem was obvious.

I decided to join the Navy. At 17 I was in military jail, at 21 I served a year in a Young Offenders' jail, and at 25 I served three years for armed robbery and burglary. It was a nightmare. I really loved my family and I know it was devastating for them. They tried to stick by me, but a police raid was the straw that broke the camel's back.

I moved to Bournemouth in 2000 for residential drug and alcohol treatment. It wasn't until 2004 I found long term recovery. I was ready by then to take responsibility for myself, for what I needed, but I couldn't do it alone. Instead of looking for love, I asked for help.

Today I'm married to a woman I love and I have two fantastic sons. I'm deeply grateful for them every single day. I work in the drug and alcohol support field, managing a young people and family service in the same building that I used for my own treatment.

When I work with people, I freely share parts of my story. I know that by making a connection I can offer profound hope.



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# I can reach out to others and tell them to grab my hand and I'll help them up.

**Lynsey** is a former client with Addaction. In 2018 she won a Marsh Award for volunteering.

I started on alcohol and cannabis at the age of 14. By the time I was 21, I was using heroin as a painkiller – both psychologically and physically. I used it to numb my grief after the death of my child and I used it to numb the physical pain from an injury during an abusive relationship.

When I came to Addaction, my key worker was amazing. He empowered me to do things. He sat with me in social work meetings, he went to community payback meetings with me. He showed me recovery was possible.

I managed to detox with methadone, but I replaced it with alcohol - and I hid that. Or at least I thought I was hiding it. I was afraid of what people would say. But when I opened up with my key worker, things got so much better. I don't have criminal justice in my life now. I don't have addiction. I don't have fear.

The thing that first struck me at Addaction is that the staff didn't want anything from me. All they wanted was for me to be well. I felt their support and genuine care. Now that I'm a volunteer, I can reach out to others and tell them to grab my hand and I'll help them up.

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**SECTION 2**

# Strategic Report

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# Our year in numbers



We worked with 36,083 adults in England and Scotland to overcome drug and alcohol problems



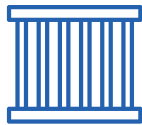
718 volunteers gave more than 215,000 hours to help support our clients and role model recovery



We supported 5,232 young people aged 11-24 to reach their potential and reduce substance problems



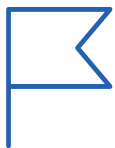
13,499 over 50s took part in our Lottery-funded Drink Wise, Age Well programme



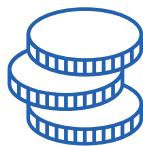
We helped 771 prisoners to tackle substance problems and reintegrate in communities



14,200 people began treatment with us in our mental health programme



568 young people in Cornwall and Kent completed our Mind and Body self harm and wellbeing programme



We received £9 million in grants and donations from supporters, donors and trusts and foundations



12,742 people chatted with a trained advisor on our award-winning national webchat service

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# Our year in highlights



## Helping people make safer choices

We piloted the UK's first Home Office licensed drug checking service. The service ran for five weeks in Weston-super-Mare. People had their drugs tested by a team of clinical pharmacists and our team gave harm reduction advice to help manage risks and reduce harm. News of the trial reached more than 68 million people in the UK. The trial paved the way for others to take services like this into their local communities.



## Reaching more people online

Our webchat service has grown substantially since its launch in 2017. Last year we provided support, advice and information to more than 12,000 people. We trained 30 online advisors, all of whom have specialist experience with drug and alcohol problems. The service runs seven days and five evenings a week and is helping us meet our ambition to be there for everyone.



## Reaching children of alcohol dependent parents

We were awarded £200,000 from the Department of Health and Social Care and the Department for Work and Pensions to run a pilot project for children of alcohol dependent parents in Lancashire. It's estimated that more than 5,000 people in the area live with an alcohol dependent adult, but less than 18% receive support. Our project includes support groups for young people, and training programmes for professionals in community, education and social care organisations.



## Reaching millions with partnerships

This year we became the official charity partner for Beautiful Boy, a film based on the real life story of a young man's addiction to methamphetamine and his father's struggle to help him. We featured on 50 billboards on the London Underground, reached millions of people through the national media, and held a major public event with the actor Timothée Chalamet. We also joined Boy George as fundraising partner on his UK tour.



### **Helping people make connections**

In 2018 we were granted £100,000 by The National Lottery Community Fund to double the number of people we reach through mutual aid partnerships. These are groups to help people make friends and talk about their experiences. The funding will help us bring more than 5,000 people together in groups led by people with lived experience of drug or alcohol problems.



### **Making a difference with over 50s**

The number of deaths from alcoholic liver disease and other conditions have increased by 50% among people in their 60s. Our Drink Wise, Age Well programme is working in partnership with people over 50 who want to cut down or stop drinking. Research showed that our clients in Glasgow, Wales, and Sheffield cut their number of drinking days in a month from 15 to eight.



### **Improving access to mental health support**

We redesigned our talking therapies services to support more people. We were the first IAPT service to offer bookings for assessment. We simplified our website and radically improved how we communicate with clients. We stripped away a lot of the obstacles for people trying to register with our service. People are now able to book online and choose appointment slots that suit them. Making these changes has increased the number entering treatment by 20%.

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# It's about not making it a habit, not letting it control you.

**Vince** was a client of our Drink Wise, Age Well service in South Wales.

I was a technician in aerospace and motorsport. I was based all over, Holland, Luxembourg, Austria and up and down the UK. It was always the case of drinking after work, not to get drunk.

But as my career went on my knee started giving way. I had a couple of operations in the early noughties so the dynamic changed from social drinking to having a drink to deal with the pain. It was mainly drinking at home, having a drink at lunchtime to get through the afternoon and then in the evening to numb the pain.

In 2015 I was signed off work and that's when it got worse. My wife noticed I was drinking a lot and told me I should try to cut down. I was adamant I was alright. I put on a lot of weight and wasn't very mobile. I had no energy to do anything. I went to my GP and they put me in touch with Drink Wise, Age Well.

It's helped me tremendously. They put me forward for a detox and afterwards it was a case of going to peer support groups. It's basically people with the same problem helping each other carry on with their lives. The beauty of the programme is they're not anti-drinking, they aren't saying never have a drink. It's about not making it a habit, not letting it control you.

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# What it's like to run a needle exchange service.

**Cilicia Wyman** works at our service in Lincoln.

A needle exchange service is a space where people can pick up fresh needles while disposing of used ones safely. This reduces the chance of people sharing needles and the spread of blood borne viruses. It also helps reduce drug paraphernalia from being discarded in public areas.

I do a full risk assessment with everyone who walks through the door and give them advice about how best to reduce the harms of the drugs they are using.

I teach them how to inject safely and encourage them to seek medical help where appropriate. This means getting to know people properly and without judgement.

The people who use the needle exchange come from all walks of life. Some come in wearing the suit they wore to work. Others have nothing except the clothes they're wearing. Often these two different kinds of people are using the same substance. A lot of the time drug use is a reaction to trauma, a way of managing pain.

While I love my job I'd be lying if I said it doesn't come with challenges. Drug related deaths are at an all time high in England and I feel this in our service. Recently, I attended the funeral of a client who died. It's hard going back to work knowing I'll never see him again, but it also strengthens my resolve to give the best possible service to my clients.

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**SECTION 3**

# Service Delivery



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# New services and retentions

This year several existing contracts went out to tender. Addaction retained or welcomed the following services:

- Shropshire Community Drug and Alcohol Treatment and Recovery Service (Adult and Young People)
- Stoke-on-Trent Drug and Alcohol Services (Adult and Young People) and Recovery Service (Adult), (in partnership with the NHS Foundation Trust and BAC O'Connor)
- Pan-Cheshire Exploitation and Missing From Home Service for young people
- Wigan Homelessness Support Service (in partnership with The Brick)
- North Lincolnshire Substance Misuse, Treatment and Harm Reduction Services (Adults)
- North Somerset Hospital-Based Domestic Abuse Service

We also transferred services to other providers including Greenwich Young Persons', Greenwich Prisons, YOI Cookham Wood, Warwickshire Adult and Young Persons', Buckinghamshire Young Persons', Merton IAPT service and our Primary Care services (Healthaction) in Liverpool.

In addition, we transferred our social enterprise 'Re:Source Kernow', to Cornish Hospice Care.

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# Adult drug and alcohol services

## Drug and alcohol treatment

Our adult services provide pathways to recovery through structured programmes, advice and information and peer support. In 2018-19 we worked with 36,083 adults in England and Scotland. Of this number, 20,813 participated in structured treatment programmes. During the year we received 40,847 referrals and enrolled 11,807 new starters in structured treatment.

## Criminal Justice: Prisons

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 recover from substance and mental health problems and reintegrate into their communities. We provide therapeutic interventions in eight prisons and we offer follow-on services on release. In 2018-19 we worked with 771 prisoners and former prisoners, including 211 in structured treatment programmes.

## Over 50s

We are the lead partner in Drink Wise, Age Well, a unique programme to help over 50s make healthier choices about alcohol. We deliver direct support, as well as resilience activities, training and workforce development. We provide advice and guidance at [www.drinkwiseagewell.org.uk](http://www.drinkwiseagewell.org.uk). In 2018-19 we helped 13,499 people, including 5,762 who were supported by our prevention teams, which includes alcohol awareness sessions. We reached a further 2,373 through our resilience work, 4,328 received training and 1,036 individuals and families were supported through one-to-one support and mutual aid meetings. Drink Wise, Age Well is funded by the The National Lottery Community Fund and delivered in conjunction with 17 partners.

40,847

drug and alcohol referrals

13,499

people over 50 helped last year

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# Clinical services

## Nursing

In Bournemouth we completed a hepatitis C peer educator pilot. We found 58% of clients who went on to be tested had previously refused testing. Across the country we continue to work closely with hepatitis C nurses to support access to treatment.

This year our blood borne virus and hepatology nurses had abstracts accepted for poster presentations at the European Association study of the liver conference.

In Wigan and Liverpool we took part in the annual flu vaccine Greater Manchester Health and Social Care Partnership pilot. This enables our sometimes vulnerable clients to have easier access to the vaccine.

The Director of Nursing continued in her role as a member of the Opiate Substitute Treatment Good Practice group, a non-executive body tasked with advising and supporting Public Health England on the development of resources to address the use of illicit drugs.

# 58%

of clients who went on to be tested for hepatitis C had previously refused testing

## Pharmacy

This year we focused on updating and improving our internal prescribing guidelines, reporting mechanisms and training delivery.

This has also supported our work to focus on treatment optimisation and we're working hard to ensure clients are on the best medication and dose. This is our top priority, made even more important as the price of buprenorphine (one of the two medicines most commonly used as an opioid substitute), has continued to rise. As one of the leading providers in the field, we've joined other organisations in responding to this challenge while ensuring that buprenorphine can still be offered as a treatment option.

With the University of Hertfordshire, we also piloted the UK's first pharmacist-led Home Office licensed drug checking service.

# 68m+

UK adults saw news of our drug checking pilot

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## Family services

We support family members affected by a relative using drugs or alcohol. Our services offer a range of family interventions and support for parents, carers and young people.

They include the specialist Animate programme, an eight-week family group intervention, which uses the arts to support new ways of communicating and repairing relationships.

We started the Future Family Lancashire project, focused on children of alcohol dependent parents and funded by the Department of Health and Social Care, Department of Work and Pensions, and Public Health England.

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## Mental health services

Our mental health services provide vital support for those struggling with problems including depression, anxiety, stress and obsessive compulsive disorder. Our services are based in the south-east of England and delivered through the national Improving Access to Psychological Therapies (IAPT) service. In 2018-19 we received 26,764 referrals, 14,200 began treatment with us, and 9,695 completed a course of treatment.

“Our mental health services provide vital support for those struggling with problems including depression, anxiety, stress and obsessive compulsive disorder.”

26,764

mental health referrals

14,200

people began treatment with us

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# Young people and transitional services

We help young people who are struggling with drug and alcohol problems, poor mental health and self harm. We help people aged 11 to 24 take control, develop healthy patterns of behaviour and reach their potential. In 2018-19 we provided one-to-one help and support to 5,232 young people, with 1,902 in structured treatment. We reached 21,440 through our educational and outreach work in schools and communities.

“We help people aged 11 to 24 take control, develop healthy patterns of behaviour and reach their potential.”

5,232

people provided with one-to-one support

1,902

young people in structured treatment

21,440

young people reached through our educational and outreach work

We also deliver **Mind and Body**, a specialist service for young people involved in or at risk of self harm. In 2018-19, 568 completed the programme and 92% (300 out of 325) of participants reported being better able to manage risks relating to self harm. Additionally, 4,411 received advice from Mind and Body and 918 received one-to-one support.



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# Addaction in Scotland

We are 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 national network of 16 services. We employ more than 150 staff and we are supported by 90 volunteers, the majority of whom are in recovery.

This year saw the introduction of ‘Rights, Respect, and Recovery’, a new drug and alcohol treatment strategy for Scotland. We were heavily involved in the consultation phase of a plan that focuses equally on harm reduction and recovery. We are proud to serve as members of the Executive and sub-committees for the delivery of the strategy.

This year we continued to develop and invest in our service provision. In Glasgow our presence and visibility in the city continues to grow and we’ve developed a strong partnership with Glasgow Addiction Drug and Alcohol Recovery Services, Recovery Communities, and the Health and Social Care Partnership.

In South Lanarkshire we received funding to increase the focus of our ACE (adverse childhood experiences) and trauma informed practice. All our frontline practitioners will be ACE trained and every service will conduct ACE Routine Enquiry where appropriate and deliver trauma informed interventions. We will shortly roll out training across all services.

Our Borders service had its contract extended and we’re now moving ahead in partnership with the NHS to develop outreach for hard-to-reach groups. We were successful in retaining our East Ayrshire Recovery service. Our South Ayrshire service received a contract extension and we are working with our partners to build on our family support offer. In Dundee we continue to work in partnership to tackle the very significant challenges posed by drug related deaths in the city.

We remain an active contributor to policy debates in Scotland and the UK. We submitted evidence to the Scottish Affairs Committee inquiry into problem drug use in Scotland. We advocated for devolution of powers to the Scottish Government Assembly to support the introduction of a drug consumption room to tackle drug-related deaths and HIV infections in Glasgow. Our spokespeople contributed throughout the year to policy and public health conversations in the national media.

Our engagement teams continue to support clients to connect with the growing number of recovery communities that have developed all over the country. We also host Addaction’s webchat service, used by 12,742 people last year.

# 12,742

users of webchat service last year

# 2,500

people helped every month

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# I manage the drug service in the ‘drug death capital’ of Europe.

**Dave Barrie** leads our Dundee service.

The day-to-day reality of our work is tough, but it's motivating. We know our work saves lives. Our family support group educates families around overdosing, including training people in the use of naloxone, a vital drug which reverses opioid overdoses.

And we're also working tirelessly on the bigger picture. This includes meeting with the Health Minister Joe Fitzpatrick and influencing the redesign of the recovery oriented system of care in Dundee.

We also need to do more to address the link between poverty, trauma and drug use. In Dundee we regularly support clients who have experienced trauma and whose poverty makes it hard for them to plan for the future.

That's why we're working closely with the charity Social Bite to implement a Housing First model to give people more stability and support.

People often ask me what keeps me going in this job? It's the fact that you're immersed in a vibrant and passionate community. Some days I might be delivering a family support group, giving people information that could save lives. Other days I'll participate in defining the city's future recovery strategy. It's never boring. This isn't a job where you go home at five and clock out.

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**SECTION 4**

# Profile and influence



# Profile

We have a long history of working 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 clients.

This year we launched our own publication, Addaction Voices - a platform for insight and experience from the frontline of our work. It's designed to share best practice, encourage collaboration, and provides a window into our work. We began a new series of policy features, with the first of these focusing on drug use among the gay community, and women in treatment.

We work with journalists to communicate advice, how to get help, and to campaign for changes to policies that make it harder for people to get support. We reached tens of millions of people in the UK this year through our media work and grew our media volume by 117%

Highlights included national coverage of our drug checking pilot, the Beautiful Boy movie partnership, our concerns about the cost of Buprenorphine, our call for a gambling levy, and research about rates of self harm among young people. We also secured widespread national coverage for our response to drug related deaths in England and Scotland.

# 117%

growth in media coverage

# 37,521

visitors to Addaction Voices



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# Our supporters

In 2018 we received more than £8.6 million in grants and donations from individual supporters, trusts and foundations, and corporate donors.

Our dedicated supporters ran marathons across the country, walked the length of the Thames path, and tackled the 700kms of the Camino de Santiago, representing Addaction and raising vital funds for our work. We are also very grateful to people who made donations in memory of a loved one. In addition, many community groups raised money on our behalf and corporate supporters donated time, space and opportunities.

We were able to launch several new projects, and continue others, because of support from trusts and foundations. We secured funding to support a programme working with the children of alcohol dependent parents in Lancashire, veterans across England, and isolated adults across our services.

“Our dedicated supporters ran marathons across the country, walked the length of the Thames path, and tackled the 700kms of the Camino de Santiago, representing Addaction and raising vital funds for our work.”

We are grateful to the National Lottery Community Fund which has helped us run projects across England and Scotland, including our Drink Wise, Age Well programme; Blackpool Fulfilling Lives programme; and the Youth Journey project in Lanarkshire.

## £8.6m+

received in grants and donations

## 700km

of the Camino de Santiago walked by supporters to raise funds for our work

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# Public policy

We continue to use our clients' lived experience to shape our policy positions and responses to consultations, including the Health and Social Affairs Committee's inquiry into drug policy. We met with government ministers to highlight the limited provision of naloxone at the point of release from prison. We worked with politicians across all parties to highlight the escalating cost of buprenorphine.

We worked with the Home Office and Department of Health and Social Care on the development of a new alcohol strategy. We continued to support the Drugs, Alcohol and Justice Cross Party Group, focusing on women in treatment and best practice commissioning for treatment services.

**“We continued to support the Drugs, Alcohol and Justice Cross Party Group, focusing on women in treatment and best practice commissioning for treatment services.”**

We worked extensively with the Department of Work and Pensions to improve safeguards for clients on Universal Credit. We also advocated for a treatment levy on the gambling industry to increase access to high quality treatment.



**We worked with politicians across all parties to highlight the escalating cost of buprenorphine**



**We met with ministers to highlight the provision of naloxone at the point of release from prison**

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**SECTION 5**

# People and culture

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# Our people



At the end of 2018-19 we employed 1535 people



26% work part-time



14% are BAME



73% are women

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## Gender pay gap

Our gender pay gap on 5 April 2018 by mean average was 7.6% (8.6% last year) and by median average 1.6% (0.9% last year) in favour of men.

The majority of our staff work in frontline services, and the data shows that we consistently pay fairly at this level. However, the gap increases at more senior levels where there is a disparity in favour of men. Approximately 32% of our workforce included in this analysis are on different terms and conditions having joined us from a previous employer.

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## Gender balance

On 5 April 2018 we employed 1,045 women and 410 men. Our pay quartiles show that we have roughly the same proportion of women as men across the organisation at most levels. Since this data was gathered in April 2018, women now make up 67% of our Executive Team (58% last year), 70% of the wider leadership team (71% last year) and 63% of all managers (69% last year).

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## Staff engagement

In 2018 we held events across the organisation about our future. Our 120 managers ran workshops with their local services and teams all over the UK. We received more than 1,000 ideas from staff about what we should do to meet our future goals. These ideas were discussed at five events with around 500 staff. These events also celebrated our achievements. We gave out more than 20 awards to exceptional individuals and teams for outstanding work.

1,000+

ideas from staff about our future direction

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## Volunteers

Volunteers make a vital contribution to our work. Last year 718 volunteers collectively contributed 215,400 hours. 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.

215,400

hours contributed collectively

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## Talent and development

We support our staff to grow and develop their careers. As well as offering face-to-face training sessions, more than 40 additional modules are available through our online portal. We continue to offer Gateway-accredited programmes and have again retained our Centre of Excellence status.

40+

additional modules available through our online portal

In the months ahead, we'll transform how we offer learning. We're expanding our digital package to ensure staff teams have better access to innovative training materials. Additional practice supervision will help us share best practice across all teams. A new approach to staff induction is also being designed so all new starters can provide the care that clients need and deserve.

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# My goal is to become a recovery champion and support others finding their feet.

**Craig Strippel** is a client at our Cornwall service.

By the age of 24, I was working 60-80 hours a week as a senior chef. We had enormous daily targets and I'd sometimes work 4.30pm to 1.30am. I was hardly ever home. At my heaviest, I was drinking from 8.30pm to 3am at the weekends.

My girlfriend kept telling me to stop, but I didn't want to admit it, I thought I was alright. I used to go out fishing quite a bit to drink where the kids couldn't see me. As time went by, I was tired all the time, I'd lose my temper over small things and I was always thinking about drinking. I realised I had an alcohol problem, but didn't think there was any help out there.

Eventually I ended up in a bad place and I went to hospital. From there I found Addaction. I started going every day, attending sessions and meeting my key worker Gary. I still go twice a week and Gary gives me a call regularly to see if I'm okay. My passion for running has come back too and this has had a hugely positive effect on my mental health.

My goal is to become a recovery champion and support others finding their feet. I've seen with my own eyes how powerful that is.

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**SECTION 6**

# Financial review



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## Overview

The environment we work in remains financially challenging. Many of our services have faced local funding reductions, often at the same time as being asked to increase the variety or capacity of the services available.

Our income in each financial year depends significantly on tenders in the previous year. We faced an unusual number and scale of contract retentions in 2017-18 which meant that our income and charitable expenditure were both lower in 2018-19 than the previous year.

While fewer of our services were re-tendered this year, and we retained all those for which we bid, we decided that a number of our contracts were no longer financially viable. We also took a deliberate strategic decision to focus more tightly on our core work and charitable purpose.

We therefore decided to hand back our primary health care contracts and change our model of mental health service delivery to ensure longer term sustainability. These payment by results and 'any qualified provider' contracts are financially challenging and this year we took significant steps to improve their operational and financial performance. This has led to a gradually improving picture and we move into 2019-20 with more confidence that they are on a sustainable footing.

In common with other providers we faced unexpected financial pressure with the increasing price of the medication buprenorphine. This put strain on service and national budgets. We have worked closely with our local commissioners to mitigate this where possible, and are grateful for the additional support many of them provided.

# £67.2m

income

# £4.6m

cash balances at end of year

Despite this challenging environment, Addaction remains in good financial health and our reserves and cash positions are above our minimum requirements.

We set a planned deficit budget at the start of 2018-19 to allow us to make changes to our service models and invest in service development, and ended the year in a slightly more positive position than we originally intended. Our income was £67.2 million and expenditure was £68.5 million.

As a result of this planned deficit, our unrestricted reserves decreased from £6.9 million to £6 million. Free reserves at £3.8 million were above the minimum level required by our reserves policy (see page 35). We continued to spend down restricted grants brought forward and restricted funds fell from £1.7 million to £1.3 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

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were £4.6 million, significantly more than we need for working capital.

Looking ahead to 2019-20, 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 37).

Over the last 12 months we were particularly successful in our efforts to raise funds through trusts and grant making bodies, which will impact on our income for 2019-20. We also had success with a range of new contracts and retentions (see page 17), while we safely

transferred contracts that ended or moved to other providers.

We continue to consolidate towards our core business and charitable purpose, and expect to see our overall income reduce slightly in the year ahead. We plan to make a number of small strategic investments across the course of the year.

We are taking a targeted approach to business development in the year ahead, focussing on areas that are aligned to our wider strategic plan and goals.

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## 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 in the following table.

<b>Funding source</b>	<b>How it supports our work</b>
<b>Contracts from local authorities, NHS Trusts or similar institutions</b>	<i>These fund:</i> 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
<b>Grants from funding institutions</b>	<i>See Note 2 “Grant income” on page 63.</i>
<b>Individual giving</b>	Allocated to where it is needed most to help people to get treatment, support and enter recovery. See “Our supporters” on page 26.
<b>Trading income</b>	Mainly generated through our Re:Source subsidiary, this provides a wide variety of volunteering roles, as well as dedicated employability support. During the year we transferred this service to another provider.

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# Reserves

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

We hold 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, we hold general charitable funds or free reserves for four principal reasons:

- To supply working capital, enabling us to manage fluctuations in our cash flow
- To enable us to invest in implementation and other start-up costs for new services
- To provide protection against the contractual and operating risks that we face in our work, including potential costs arising on the termination of services
- 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 £3.7 million and £6.2 million.

Total funds at the end of the financial year were £7.0 million. Of these, £1.0 million were restricted and not available for the general purposes of the charity, while £2.3 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 £3.8 million, which is within the target range established by the reserves policy.

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## Going concern

Addaction's activities, together with the factors likely to affect our future development, performance and financial position, are set out on pages 10 to 31. The financial position of the group, its cash flows, liquidity position and reserves are described in the financial statements on pages 32 to 72. In addition, Note 1 to the financial statements includes our policies for managing funds. The management of financial and other risks is described on page 42.

Addaction has significant liquid financial resources, comprising short-term cash deposits and balances totalling £4.6 million, which is more than our free reserves. In addition, we obtain funding from a wide range of sources. As a consequence, the Trustees believe that Addaction is well placed to manage 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.

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## 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 2019 was 14 (2018: 11). The Trustees are members of the charity but this entitles them only to voting rights. The Trustees have no beneficial interest in the charity.

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## Auditors

BDO LLP have indicated their willingness to be re-appointed as statutory auditors.

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# Plans for future periods

Conversations with our staff, volunteers and those who use and support our work over the past year led us to set three big goals for the future. We want to help more people, improve their chance of recovery, and transform how we work.

These goals are based on what we see every day, and what the numbers show. At the moment just a small proportion of the millions of people experiencing mental health, drug or alcohol issues seek and obtain help. And once they find it, their chances of getting better are not good enough.

We will continue to work in a context of tight budgets, increasing pressure on public service delivery and rising expectations from users of our services. This means we need to focus on the right things as an organisation in order to remain sustainable, relevant and impactful.

Over the past two years we have deliberately refocused our work on our core mission and services, improved our financial performance, invested in our internal capability, and developed a range of exciting and innovative service offers.

We expect a small reduction in income over the year. We are focused on finding new and better operational models, and will bid for opportunities where we believe commissioners have a similar ethos and focus.

## Over the next year we plan to:

- Extend our innovative IAPT model across all our mental health services, including the ability for people to book their choice of appointments online
- Work in partnership with the people we help and commissioners to find and test new solutions
- Be open about what we're thinking and developing, so others can benefit from our experience and we can learn from them
- Continue to raise the profile of mental health, drugs and alcohol issues through our media and influencing work, with a focus on making it easier for people to seek and find help
- Change how we set goals and manage development and performance, and provide space and support to reflect on practice
- Improve the digital tools our staff use to do their jobs, connect with each other and share experiences and support
- Continue to focus on delivering the best possible support to people who want our help

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# I've done a lot of therapy and work on my self-esteem. I actually like myself as a person now.

**Paula Loader** is a former client and is now a Recovery Worker.

All I'd wanted was a happy family life; a husband who loved me, and kids. That dream fell apart when my marriage ended and before I knew it, alcohol had a grip on me.

The glass of wine turned into a bottle, then two bottles. My mum and my friends started to worry, so I started to hide it and put vodka in squash or a water bottle.

Eventually, I asked for help, but as a single mum, it was tough. One of my sons is autistic so it was doubly challenging to go to support groups. I was lucky because I had family who wanted me to get well, so it was all hands on deck to help me out.

I did three months in rehab, begrudgingly away from my boys, and it was the making of me. After rehab, I started going to a support group and my life started to come back together.

These days, I give talks to trainee social workers about the pressure women and mums face with alcohol and I've just started working at Addaction as a recovery worker. I'm delighted to give back to others some of the support that Addaction has given me over the years.

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# What I've learned from running a support group for LGBT+ young people.

**Phil McClure** works at our Halton service.

Every week we run two sessions at the local youth hub, one for 11–16 year olds and one for 16–24 year olds. For the first half hour people drift in. They get a cup of tea or some toast, chatting about their week. Often we do much of our best work in this time. It gives young people the chance to talk about things that matter to them.

This peer to peer support is really important. Many young people attend for the first time because they feel isolated. We notice they're generally really supportive of each other and happy to share their experiences. Where we can we listen, support and encourage young people to build their own strategies for dealing with the challenges they face.

The biggest thing we provide is actually the simplest: a safe space. Young people come for somewhere they're accepted. They don't have to worry about which toilets to use or if someone's going to judge them. For some who've had a hard day, then gone home to parents who aren't quite accepting of them, it's their respite and relief. It's giving them the time and room to reflect and make decisions, to understand their own journey.

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**SECTION 7**

Infrastructure,  
governance and  
management



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# 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. We recruit and appoint Trustees by advertising vacancies 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 induction into their role through a meeting with the Chief Executive and members of the executive, 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.

During the year four new Trustees were appointed to ensure that the board is 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. During the year a committee model more fit for purpose was implemented. The existing five standing committees with specific responsibility to the Trustees were reorganised into four committees to better reflect the organisational structure. These are the Resources Committee; the Income and Profile Committee ; the Service Delivery and Clinical Governance Committee ; and the Nominations Committee.

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 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 five Executive Directors with functional areas of responsibility.

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# Technology

We set a new technology strategy this year, giving us a clear route to move to the secure public cloud, use software as a service where possible, focus on the needs of technology users and improve the tools and services our staff and volunteers use.

One important step has been providing good collaboration software to all our managers. This has resulted in more than 28,000 documents being worked on in a collaborative way, and more than 8,000 video calls being held across our charity. This has saved time, travel and improved our ability to work collaboratively.

We've prepared for a wider implementation of this next year and have upgraded almost all mobile devices used by our staff, and started using tablets in our services.

Our five year contract with our main external IT supplier, Exponential-e, ends in March 2021. We held a detailed review of how this is working and have made some changes to improve efficiency and service levels.

We also completed our preparations for GDPR and a number of external security certifications.

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# Risk management

We work with some of the most vulnerable people in society and safeguarding is at the core of our work. 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.

Every service has a risk register which is reviewed at team meetings and also at the relevant business hub meeting. Risks that can be managed and mitigated at the service level remain with the regional team. Where we are unable to mitigate risks we raise them to the next level within the organisation. This means some service level risks may be escalated to the

corporate risk register. The corporate register is reviewed and action taken as necessary by the Executive on a monthly basis and by the Trustees at every sub-committee and at the main Trustee Board. The Trustee Board ensures that all emerging or unforeseen risks are managed and acted upon swiftly.

We are fully compliant and registered with the Care Quality Commission which carries out independent inspections of regulated activity within our services. The resulting report and rating awarded to each service is published on the CQC website.

We have clear policies on safeguarding children and vulnerable adults with access to training for all staff across Addaction. All policies including, health and safety and managing complaints are reviewed regularly to ensure compliance with any statutory requirements.

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# Risk register

<b>Risk area</b>	<b>Mitigation and management</b>
<b>Safeguarding the people who use our services effectively</b>	Safeguarding and quality assurance processes developed with clear training strategy. Clinical governance and supervisory plans in place with practice supervision in development. Complaint and incident management reporting runs effectively.
<b>Contract performance</b>	Key performance indicators are set and monitored through refreshed meeting structures across all contracts. New quarterly reporting systems implemented. Clear and accountable performance management structure. Clinical audit team. Data driven performance management.
<b>Income</b>	Clear planning and prioritisation of tenders. New business team plans and processes. Prudent reserves policy. Flexible cost base where possible.
<b>Reputation</b>	Clear systems which focus on organisational performance, transparency and accountability. Clear systems and processes within the media team with oversight from Trustee subcommittee.
<b>Attract, retain and recruit staff</b>	Recruitment and retention plans. Improved staff communications systems. Learning and talent development plans. People and culture directorate plans. Oversight from Trustee subcommittee.
<b>Suppliers</b>	Clear contractual arrangements and service level agreements. Legal advice as needed.
<b>Financial performance</b>	Strong, refreshed financial controls, internal and external audit processes. Regular budget reviews and oversight via Trustee subcommittee.

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# Fundraising

Our approach to fundraising is underpinned by our values. We ensure the trust of our supporters and our responsibility to clients is not compromised. We apply this approach to all of our funding streams, with our staff and suppliers adhering to a range of policies and processes.

- Prospective corporate partnerships are assessed through our Corporate Engagement Procedure which ensures the partnership fits our values and ethos, organisational strategy, the dignity or rights of our beneficiaries and the pursuit of our purposes
- We do not 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 have conducted sufficient risk assessments and are responsible and liable for the health and safety of participants and insurance needs
- We do not sell or exchange donor details to third parties
- We do not place individuals under pressure to give. We have clear ethical guidelines for staff and volunteers about what this means in practical terms
- Our main methods of fundraising communication are by email and post, limited to a handful of times each year. At every opportunity, donors have the option of opting out.

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Our Vulnerable Supporters Policy 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 clients.

We are members of the Institute of Fundraising and Fundraising Regulator, which replaced the Fundraising Standards Board.

We also expect the same standards from any third party suppliers we employ to carry out fundraising on our behalf. This is subject to regular review.

We received two complaints relating to our fundraising activities this year. With the first, we promptly responded offering our apologies, which were accepted, and we reviewed our procedures and updated processes as a result.

We also received a complaint from a member of the public regarding 'in aid of' fundraising undertaken for one of our jointly-run services. This complaint was escalated to the Fundraising Regulator and investigated. This is ongoing and the findings are in draft.

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# 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.

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.

Digital technology offers a huge opportunity to remove long-standing barriers to engagement and access to support, including fears around confidentiality and stigma. Fundamentally, digital services are able to promote equality of opportunity in ways typically complex for physical building-based services: through providing support outside of working hours, removing geographic and language barriers, and by offering help access beyond in person support. We plan to move forwards with this in the year ahead.

Practically, we will support equality, diversity and inclusion by:

- Testing our services with diverse communities where possible (including gender, age, sexual orientation, disability, ethnicity, socioeconomic status and geography) to balance feedback and ensure products and services work for everyone

- Managing information carefully and securely, and collecting data responsibly
- Designing for accessibility, ensuring all digital designs and services meet government accessibility standards and work with assistive technologies
- Monitoring performance and impact on diverse communities, including reviewing whether improved online or multichannel access supports or presents barriers to particular groups and tailoring content and engagement to respond
- Regularly monitoring equality and diversity in relation to our existing staff profile, gender pay, recruitment practice and take action on any problems identified

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.

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# Environment

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

Practically, we look after our physical, social and economic environment by:

- Reducing the need for physical storage and archiving with less paper
- Reducing our carbon footprint by switching travel with remote and online working and incentivising car sharing and cycling
- Using less paper with more intuitive digital forms and self-service tools
- Making better use of mobile and reducing hardware costs while reaching more people
- Championing energy efficient products and practices across services
- Developing use of Green Space in our services

We have reviewed our meeting structures to increase the use of online collaboration tools and video conferencing to further reduce the travel footprint for our workforce.

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).

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# 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 16 July 2019 and signed on their behalf by:



Lord Alex Carlile of Berriew

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**SECTION 8**

Reference and  
administrative details



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**Company number**  
02580377

**Charity number**  
1001957

**OSCR number**  
SC40009

**Trustees**

**Registered office and operational address**

Lower Ground Floor,  
Gate House, 1-3 St John's Square  
London, EC1M 4DH

**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 (*ended 14 February 2019*)  
Mark Beaumont  
Anne Chapman  
Lynne Clow (*appointed 24 January 2019*)  
Sarah Drummond (*appointed 18 October 2018*)  
Ron Finlay  
Jeremy Fish (*appointed 18 October 2018*)  
Richard Gould  
Susan Ludgate  
Nigel McCorkell  
Mehul Tank (*appointed 18 October 2018*)  
William Willis  
Jane Winehouse

**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

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# 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.

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# 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 2019 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 2019 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
- 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

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## 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

## 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 Trustees' 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

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Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the 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**

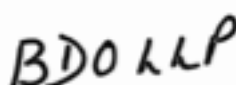
We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

The image shows a handwritten signature in black ink that reads "BDO LLP". The signature is written in a cursive, slightly slanted style.

#### **Fiona Condron (Senior Statutory Auditor)**

For and on behalf of BDO LLP, statutory auditor  
Gatwick, West Sussex, 29 August 2019

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

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# About this report

This report 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 49), and this charitable company is what we mean when we refer to "the charity". Addaction also owns 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 49, the Statement of Trustees responsibilities on page 50 and the Financial statements on pages 56 to 72.

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 60 to 62 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 50.

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# I'm an online advisor for people with drug and alcohol problems.

**Steph Keenan** leads our webchat service and is based in Glasgow.

More than 12,000 people have now accessed our webchat. There are 33 webchatters overall, all of whom have at least two years experience of supporting people struggling with substance misuse issues. We have people who specialise in different areas, from child sexual exploitation to the habits of older drinkers. But all pride themselves on giving nonjudgemental, human support.

People who access webchat are often different from the people you'll find in a drug and alcohol service. We've had teachers, social workers, even doctors asking for support. Women account for roughly 70% of all chats which is the opposite of traditional services. Understandably, many of these people are unsure about how treatment works. A lot of their knowledge seems to come from American movies, standing in

front of the local community declaring themselves an alcoholic or drug user. A huge part of webchat is dispelling these myths so people have the confidence to access support.

For others, accessing webchat can be an end in itself. It fits in with some people's lives better. People can chat on the bus on the way to work or while the kids are at school. People who struggle to open up in 'real life' often find the anonymity of chatting online very liberating.

I've worked in almost every type of service there is. From needle exchange and detox units to community alcohol support and early years support for pregnant women who use drugs. Webchat allows me to use all that experience to provide meaningful support to people who maybe feel there's nothing out there for them.



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## SECTION 9

# 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.



# Consolidated Statement of Financial Activities

(incorporating an income and expenditure account) for the year ended 31 March 2019)

Income from	Notes	Unrestricted funds (£000)	Restricted funds (£000)	Total funds 2019 (£000)	Total funds 2018 (£000)
Fundraising income	2	212	8,391	8,603	8,193
Trading income		120	-	120	405
Investment income		21	-	21	13
Surplus on sale of fixed assets		744	-	744	-
Other income	3	489	-	489	953
		<b>1,586</b>	<b>8,391</b>	<b>9,977</b>	<b>9,564</b>
<b>Charitable activities</b>					
Adult services		43,164	230	43,394	48,406
Family services		-	-	-	216
Mental health services		6,785	-	6,785	6,414
Primary care services		503	-	503	1,625
Young people's and transitional services		6,239	311	6,550	7,174
		<b>56,691</b>	<b>541</b>	<b>57,232</b>	<b>63,835</b>
<b>TOTAL INCOME</b>		<b>58,277</b>	<b>8,932</b>	<b>67,209</b>	<b>73,399</b>
<b>EXPENDITURE ON:</b>					
<b>Raising funds</b>					
Fundraising		192	-	192	-
Bidding for new services		572	-	572	550
Cost of trading		109	-	109	469
		<b>873</b>	<b>-</b>	<b>873</b>	<b>1,019</b>
<b>Charitable activities</b>					
Adult services		44,005	8,035	52,040	55,177
Family services		46	144	190	369
Mental health services		7,366	10	7,376	7,790
Primary care services		913	-	913	2,765
Young people's and transitional services		5,492	1,084	6,576	6,335
Profile and influence		520	-	520	917
		<b>58,342</b>	<b>9,273</b>	<b>67,615</b>	<b>73,353</b>
<b>TOTAL EXPENDITURE</b>	4	<b>59,215</b>	<b>9,273</b>	<b>68,488</b>	<b>74,372</b>
Net loss on investments		-	-	-	(2)
<b>NET (EXPENDITURE) FOR THE YEAR</b>		<b>(938)</b>	<b>(341)</b>	<b>(1,279)</b>	<b>(975)</b>
<b>NET MOVEMENT IN FUNDS</b>		<b>(938)</b>	<b>(341)</b>	<b>(1,279)</b>	<b>(975)</b>
Funds brought forward at 1 April		6,926	1,680	8,606	9,581
<b>FUNDS CARRIED FORWARD AT 31 MARCH</b>		<b>5,988</b>	<b>1,339</b>	<b>7,327</b>	<b>8,606</b>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds and transfers between funds are disclosed above and in Note 13 to the financial statements. The notes on pages 60 to 72 form part of these financial statements. The detail of comparative figures for the previous year is shown in Note 19.

# Balance Sheets

(as at 31 March 2019)

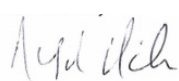
	Notes	The Group		The Charity	
		2019 (£000)	2018 (£000)	2019 (£000)	2018 (£000)
<b>Fixed assets</b>					
Tangible assets	9	1,693	1,802	1,416	1,511
Intangible assets	9	898	672	898	672
		<b>2,591</b>	<b>2,474</b>	<b>2,314</b>	<b>2,183</b>
<b>Current assets</b>					
Debtors	10	7,410	8,125	7,410	8,075
Stock		-	20	-	-
Cash at bank and in hand including short term deposits		4,631	5,375	4,629	5,361
		<b>12,041</b>	<b>13,520</b>	<b>12,039</b>	<b>13,436</b>
<b>Creditors</b>					
Amounts falling due within one year					
Creditors and accrued expenses	11	(7,205)	(7,388)	(7,200)	(7,161)
<b>Net current assets</b>		<b>4,836</b>	<b>6,132</b>	<b>4,839</b>	<b>6,275</b>
<b>Creditors</b>					
Amounts falling due after more than one year		(100)	-	(100)	-
<b>Net assets</b>		<b>7,327</b>	<b>8,606</b>	<b>7,053</b>	<b>8,458</b>
Represented by					
<b>FUNDS</b>					
<b>Unrestricted</b>					
Designated fund		2,201	1,999	2,201	1,999
General charitable funds		3,787	4,927	3,857	5,122
		<b>5,988</b>	<b>6,926</b>	<b>6,058</b>	<b>7,121</b>
<b>Restricted</b>	14	<b>1,339</b>	<b>1,680</b>	<b>996</b>	<b>1,337</b>
<b>TOTAL FUNDS</b>	13	<b>7,327</b>	<b>8,606</b>	<b>7,054</b>	<b>8,458</b>

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 2019 the Charity results showed a deficit of £1,404,000 (2018: deficit £939,000). The financial results of the Charity are summarised in Note 18.

The notes on pages 60 to 72 form part of these financial statements.

The Financial Statements were approved by the Trustees on 16 July 2019 and signed on their behalf by:



Nigel McCorkell  
Chair, Resources Committee

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 2019 the Charity results showed a deficit of £1,404,000 (2018: deficit £939,000). The financial results of the Charity are summarised in Note 18.

The notes on pages 60 to 72 form part of these financial statements.

# Consolidated Statement of Cash Flows

(for the year ended 31 March 2019)

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
<b>Cash flows from operating activities:</b>		
Net cash/(used in) operating activities	(946)	(1,107)
<b>Cash flows from investing activities:</b>		
Payments to acquire tangible fixed assets	(539)	(118)
Payments to acquire intangible fixed assets	(252)	(672)
Receipts from sales of investment properties	-	218
Receipts from sales of tangible fixed assets	893	-
<b>Net cash generated by/ (used in) investing activities</b>	<b>102</b>	<b>(572)</b>
<b>Cash flows from financing activities:</b>		
Social Investment loan	100	-
<b>Net cash provided by financing activities</b>	<b>100</b>	<b>-</b>
<b>Change in cash and cash equivalents in the reporting period</b>	<b>(744)</b>	<b>(1,679)</b>
Cash and cash equivalents at the beginning of the reporting period	5,375	7,054
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>4,631</b>	<b>5,375</b>
<b>RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net loss for the reporting period (as per the statement of financial activities)</b>	<b>(1,279)</b>	<b>(975)</b>
<b>Adjustments for:</b>		
Depreciation charges	388	362
Amortisation	136	-
Loss on Investments	-	2
Profit on disposal of fixed assets	(744)	-
Decrease in stock	20	2
Decrease/ (Increase) in debtors	715	(857)
(Decrease)/ Increase in creditors	(184)	359
	<b>332</b>	<b>(132)</b>
<b>Net cash (used in) operating activities</b>	<b>(946)</b>	<b>(1,107)</b>

	<b>As at 31 Mar 2018</b>	<b>Cash flows £000</b>	<b>As at 31 Mar 2019</b>
Analysis of changes in cash and short-term deposits	5,375	(744)	4,631

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# Notes to the financial statements

for the year ended 31 March 2019

## 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.

##### 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.

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

#### 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.

#### 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.

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# Notes to the financial statements (cont)

for the year ended 31 March 2019

## **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. Re:Source Kernow Limited (Proposed transfer to another Charity completed 31 st July 2018), as a wholly owned subsidiary 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.

## Continued income

### 2. GRANT INCOME

	<b>2019</b> <b>All restricted £000</b>	<b>2018</b> <b>All restricted £000</b>
National Lottery Community Fund		
-Fulfilling Lives Multiple Needs - Blackpool (BLF Ref:30114808)	1,617	1,450
-Amy Winehouse Foundation Resilience Programme (BLF Ref:31006049)	692	740
-Drink Wise, Age Well (BLF Ref:31014853)	4,741	4,641
-Building Connections Fund (Ref: 10346058)	20	-
-Young Start (Ref: 0010356819)	49	-
-Life Chances Fund Grant (BLF Ref:10298686)	-	8
National Lottery Community Fund and ESF Building Better Opportunities Grant via:		
-The Learning Partnership for Cornwall and Isle of Scilly Ltd	55	41
-Pluss	377	205
-Ixion Holdings (Contracts) Ltd	92	64
-Active Pluss Community Interest Company	271	160
Agnes Hunter Trust	-	7
ABF the Soldiers' Charity	30	-
Barrow Cadbury Trust T2A Pathways - Liverpool	7	7
BBC Children in Need	9	45
Comic Relief UK Project Grants - Tech for Good	42	-
Department of Health and Social Care; Department of Work and Pensions		
- Children of Alcohol Dependent Parents fund Section 64 grant	49	-
Corra Foundation - Families Plus-East Dunbartonshire	26	30
Good Things Foundation Reboot UK	3	5
Heineken UK	-	62
Royal Air Force Benevolent Fund	15	-
Peter Harrison Foundation	-	10
South Ayrshire Council	-	5
The Mickel Fund	10	-
The Royal British Legion	32	48
The Scottish Government - Survivor Support	50	50
Veterans' Foundation	30	-
Zurich Community Trust (UK) Ltd	94	110
Other grants	12	298
Donations and gifts	68	17
	<b>8,391</b>	<b>8,003</b>

## Continued income

### 3. OTHER INCOME

	2019 All unrestricted £000	2018 All unrestricted £000
Court reports	5	12
Training	77	74
Rental	190	312
Reimbursement of property costs	-	400
Social placements	14	45
Other	947	110
<b>Total</b>	<b>1,233</b>	<b>953</b>

## Resources expended

### 4. EXPENDITURE

	Direct Staff costs £000	Other direct costs £000	Support costs £000	2019 Total £000	2018 Total £000
<b>Costs of raising funds</b>					
Fundraising	139	37	16	192	-
Bidding for new services	484	42	47	572	550
Trading operations	84	(74)	99	109	469
<b>Charitable expenditure</b>					
Adult services	30,311	17,477	4,252	52,040	55,177
Family services	143	31	16	190	369
Mental health services	5,162	1,612	602	7,376	7,790
Primary care services	644	194	75	913	2,765
Young people's and transitional services	4,535	1,504	537	6,576	6,335
Profile and influence	310	167	43	520	917
<b>Total</b>	<b>41,812</b>	<b>20,990</b>	<b>5,687</b>	<b>68,488</b>	<b>74,372</b>

Included in support costs are staff costs totalling £3,090,750 (2018; £3,405,101)

### 5. ALLOCATION OF SUPPORT COSTS

	Executive & Central	Finance, IT & HR £000	Governance £000	Quality £000	Re: Source Overheads £000	2019 Total £000	2018 Total £000
Fundraising	1	11	1	3	-	16	-
Bidding for new services	2	34	1	10	-	47	41
Costs of trading	-	-	3	-	96	99	157
<b>Adult services</b>	<b>174</b>	<b>3,078</b>	<b>99</b>	<b>901</b>	<b>-</b>	<b>4,252</b>	<b>4,141</b>
Family services	1	11	1	3	-	16	28
Mental health services	25	436	14	127	-	602	585
Primary care services	3	54	2	16	-	75	207
Young people's and transitional services	22	389	12	114	-	537	476
Profile and Influence	2	31	1	9	-	43	69
<b>Total</b>	<b>230</b>	<b>4,044</b>	<b>134</b>	<b>1,183</b>	<b>96</b>	<b>5,687</b>	<b>5,704</b>

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



## 6. GOVERNANCE COSTS

Staff costs
Audit fees and other fees payable to auditor
Trustees' expenses
Trustees' indemnity insurance
Company secretariat

2019 £000	2018 £000
42	41
58	51
1	2
2	2
31	32
<b>134</b>	<b>128</b>

## 7. NET EXPENDITURE FOR THE YEAR

*is stated after charging:*

Depreciation
Trustees' indemnity insurance
Trustees' expenses
Auditors' remuneration:
<i>Audit of the group accounts - current year</i>
<i>Audit of subsidiary accounts</i>
Operating lease rentals:
<i>Property</i>

2019 £000	2018 £000
388	362
2	2
1	2
48	40
4	4
1,993	3,042

Trustees' expenses represent travel for 2 (2018: 6) trustees relating to attendance at meetings.

No trustee received any remuneration from Addaction in the current or preceding years.

During the year, £273,046 (2018: £396,979) 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.

## Employees

### 8. EMPLOYEES

The total costs of salaries and wages were as follows:

Salaries and wages  
Social security costs  
Pension contributions  
Agency/support staff

	<b>2019 £000</b>	<b>2018 £000</b>
	37,171	40,462
	3,371	3,795
	2,326	2,493
	2,514	2,514
	<b>44,381</b>	<b>49,264</b>

Redundancy and other termination costs included in expenditure during the year were £823,563 (2018: £253,560)

The average number of employees was as follows:

Costs of generating funds  
Fundraising  
Young people's services  
Adult services  
Family services  
Mental health services  
Primary care services  
Profile and influence  
Governance

	<b>2019 No.</b>	<b>2018 No.</b>
	18	14
	5	-
	189	183
	1,022	1,147
	13	14
	176	170
	13	26
	8	14
	0	1
	<b>1,444</b>	<b>1,569</b>

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

£60,001 - £70,000  
£70,001 - £80,000  
£80,001 - £90,000  
£90,001 - £100,000  
£100,001 - £110,000  
£110,001 - £120,000  
£120,001 - £130,000  
£130,001 - £140,000  
£140,001 - £150,000

	<b>2019 No.</b>	<b>2018 No.</b>
	10	15
	7	6
	2	3
	2	1
	0	3
	1	-
	1	2
	1	-
	1	-

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

Total pension contributions paid for these employees were £113,957 (2018: £147,674)

During the year 4 members of Addaction's staff received a salary over £100,000 (2018: 5).

The total amount of remuneration and employee benefits received by key management personnel for their services during the year was £882,743 (2018: £900,490).

## Assets and Liabilities

### 9. FIXED ASSETS

	Freehold Land & Buildings	Improvements to short leasehold premises	Fixtures, fittings, equipment and vehicles	Computers and IT equipment	Total 2019
<b>The group</b>					
Cost at the start of the year	654	4,165	141	1,683	6,643
Additions	-	458	55	26	539
Reclassification	-	-	-	(110)	(110)
Disposals	(245)	-	(63)	(44)	(352)
<b>Cost at the end of the year</b>	<b>409</b>	<b>4,623</b>	<b>133</b>	<b>1,555</b>	<b>6,720</b>
Accumulated depreciation at the start of the year	121	3,725	141	854	4,841
Depreciation for the year	10	152	5	222	388
Depreciation for the year on disposals	(76)	-	(72)	(54)	(202)
<b>Accumulated depreciation at the end of the year</b>	<b>55</b>	<b>3,877</b>	<b>73</b>	<b>1,022</b>	<b>5,027</b>
<b>Net book value at the end of the year</b>	<b>354</b>	<b>747</b>	<b>60</b>	<b>533</b>	<b>1,693</b>
Net book value at the start of the year	533	440	-	829	1,802
<b>The charity</b>					
Cost at the start of the year	654	3,494	78	1,639	5,865
Additions	-	458	55	26	539
Reclassifications	-	-	-	(110)	(110)
Disposals	(245)	-	-	-	(245)
<b>Cost at the end of the year</b>	<b>409</b>	<b>3,952</b>	<b>133</b>	<b>1,555</b>	<b>6,049</b>
Accumulated depreciation at the start of the year	121	3,364	69	800	4,354
Depreciation for the year	10	118	4	222	354
Depreciation for the year on disposals	(76)	-	-	-	(76)
<b>Accumulated depreciation at the end of the year</b>	<b>55</b>	<b>3,482</b>	<b>73</b>	<b>1,022</b>	<b>4,632</b>
<b>Net book value at the end of the year</b>	<b>354</b>	<b>470</b>	<b>60</b>	<b>533</b>	<b>1,417</b>
Net book value at the start of the year	533	130	9	839	1,511

#### Intangible Fixed Assets

##### Development of digital tools

	Group £000	Charity £000
Cost at the start of the year	672	672
Additions	252	252
Reclassifications	110	110
<b>Cost at the end of the year</b>	<b>1,034</b>	<b>1,034</b>
Amortisation at the start of the year	-	-
Amortisation for the year	136	136
<b>Amortisation at the end of the year</b>	<b>136</b>	<b>136</b>
<b>Carrying amount at the end of the year</b>	<b>898</b>	<b>898</b>
Carrying amount at the start of the year	672	672

## Assets and Liabilities

### 10. DEBTORS

	Group		Charity	
	2019 £000	2018 £000	2019 £000	2018 £000
Trade debtors	4,450	5,879	4,450	5,644
Accrued income	2,318	1,548	2,318	1,548
Other debtors	112	172	112	145
Amounts owed by subsidiary undertakings	-	-	-	213
Prepayments	530	526	530	525
	<b>7,410</b>	<b>8,125</b>	<b>7,410</b>	<b>8,075</b>

### 11. CREDITORS AND ACCRUED EXPENSES

	Group		Charity	
	2019 £000	2018 £000	2019 £000	2018 £000
Trade creditors	2,776	2,036	2,776	1,815
Social security and other taxes	1,101	1,307	1,099	1,292
Deferred income	523	445	523	445
Amounts owed to subsidiary undertakings	-	-	-	12
Accruals	2,805	3,600	2,802	3,597
	<b>7,205</b>	<b>7,388</b>	<b>7,200</b>	<b>7,161</b>

#### Movements in deferred income

Deferred due to timing of receipt

	Balance b/f £000	Released to SOFA £000	Received in year £000	Balance c/f £000
	445	(445)	523	523

### 12. LONG TERM CREDITORS

#### Charity

Social investment bond

	Balance b/f £	Balance c/f £
	100	100
	<b>100</b>	<b>100</b>

Included in accruals is a provision for dilapidations relating to offices leases of £180,929 (2017: £180,929)  
The estimated future costs of dilapidations are reviewed annually and adjusted as appropriate.

## Funds

### 13. MOVEMENTS IN FUNDS

	General Charitable funds £000	Designated fund £000	Restricted funds £000	Total 2019 £000
Net (Expenditure) for the year before transfers	(938)	-	(341)	(1,279)
Transfers	(202)	202	-	-
<b>Net Movement in Funds</b>	<b>(1,140)</b>	<b>202</b>	<b>(341)</b>	<b>(1,279)</b>
Balance at the start of the year	4,927	1,999	1,680	8,606
<b>Balance at the end of the year</b>	<b>3,787</b>	<b>2,201</b>	<b>1,339</b>	<b>7,327</b>

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 2019 this was made up of £2,201,000 representing the net book value of unrestricted fixed assets.

### 14. RESTRICTED FUNDS

	Balance at 1 April 2018 £000	Income £000	Expenditure £000	Balance at 31 March 2019 £000
<b>Revenue grants</b>				
Fulfilling Lives Multiple Needs - Blackpool	13	1,617	(1,582)	48
Amy Winehouse Foundation Resilience Programme	66	742	(754)	54
Drink Wise, Age Well	692	4,741	(4,868)	565
Recovery Pursuits SLanarkshire	-	49	(44)	5
The Learning Partnership for Cornwall & Isles of Scilly Ltd	7	55	(60)	2
Pluss	13	377	(385)	5
Ixion Holdings (Contracts) Ltd	15	92	(95)	12
Active Pluss Community Interest Company	-	271	(270)	1
Techfor Comic Relief	-	47	(47)	-
Zurich community Trust (UK) Ltd	6	94	(79)	21
Other funds	393	847	(1,004)	236
	<b>1,205</b>	<b>8,932</b>	<b>(9,188)</b>	<b>949</b>
<b>Capital grants</b>	475	-	(85)	390
<b>Total restricted funds</b>	<b>1,680</b>	<b>8,932</b>	<b>(9,273)</b>	<b>1,339</b>

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 2019 £000
Fixed assets	-	2,201	390	2,591
Current assets	11,092	-	949	12,041
Current liabilities	(7,205)	-	-	(7,205)
Long term liabilities	(100)	-	-	(100)
	<b>3,787</b>	<b>2,201</b>	<b>1,339</b>	<b>7,327</b>

## 16. SUBSIDIARY UNDERTAKINGS

Re:Source Kernow Limited, company registration number 04004464. A transfer of operations of Re:Source Kernow Limited to another charity was completed on 31 July 2018. Assets and liabilities remained with the company. A summary of the results of this subsidiary is shown in Note 17. We expect to liquidate Re:Source Kernow Limited in 2019/20.

## 17. SUBSIDIARIES

### Profit and Loss Account for the Year Ended 31 March 2019

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

Re:Source Kernow Year	
2019 £000	2018 £000
268	479
(84)	(207)
184	272
(25)	(272)
159	-
(215)	(215)
(56)	(215)

### Balance Sheet as at 31 March 2019

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

2019 £000	2018 £000
-	310
-	50
-	20
0	14
(3)	(555)
(3)	(161)

The total amount of intragroup transactions during the year was £11,941.80 (2017: £26,238).

## 18. PARENT CHARITY

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

Gross income
Net expenditure for the year

2019 £000	2018 £000
66,987	72,963
(1,404)	(939)

## 19. STATEMENT OF FINANCIAL ACTIVITIES - DETAIL OF COMPARATIVE FIGURES

Income from	Notes	Unrestricted funds (£000)	Restricted funds (£000)	Total Funds 2018 (£000)
Fundraising income		190	17	207
Grant income	2	-	7,986	7,986
Trading income		405	-	405
Investment income		13	-	13
Other income	3	953	-	953
		<b>1,561</b>	<b>8,003</b>	<b>9,564</b>
<b>Charitable activities</b>				
Adult services		48,083	323	48,406
Family services		156	60	216
Mental health services		6,414	-	6,414
Primary care services		1,625	-	1,625
Young people's and transitional services		6,864	310	7,174
		<b>63,142</b>	<b>693</b>	<b>63,835</b>
<b>TOTAL INCOME</b>		<b>64,703</b>	<b>8,696</b>	<b>73,399</b>
<b>EXPENDITURE ON:</b>				
<b>Raising funds</b>				
Fundraising and bidding for new services		550	-	550
Cost of trading		469	-	469
		<b>1,019</b>	<b>-</b>	<b>1,019</b>
<b>Charitable activities</b>				
Adult services		47,686	7,491	55,177
Family services		123	246	369
Primary care services		2,765	-	2,765
Young people's and transitional services		5,034	1,301	6,335
		<b>64,315</b>	<b>9,038</b>	<b>73,353</b>
<b>TOTAL EXPENDITURE</b>	4	<b>65,334</b>	<b>9,038</b>	<b>74,372</b>
<b>Net loss on investments</b>		(2)	-	(2)
<b>NET (EXPENDITURE) FOR THE YEAR</b>				
<b>NET MOVEMENT IN FUNDS</b>		(633)	(342)	(975)
Funds brought forward at 1 April		7,559	2,022	9,581
<b>FUNDS CARRIED FORWARD AT 31 MARCH</b>		<b>6,926</b>	<b>1,680</b>	<b>8,606</b>

## Lease obligations

### 20. LEASE OBLIGATIONS

The following payments are committed to be paid in the future in respect of leases:

Operating leases on land, buildings vehicles and equipment, by expiry date:

*Under one year*

*Two to five years*

*Over five years*

Total commitment

Group		Charity	
2019 £000	2018 £000	2019 £000	2018 £000
861	932	861	932
2,214	1,151	2,214	1,151
1,099	596	1,099	596
<b>4,174</b>	<b>2,679</b>	<b>4,174</b>	<b>2,679</b>

### 21. PENSION SCHEMES

The pension cost charge for the group's defined contributions schemes represents contributions payable under the schemes by the group and amounted to £1,826,032 (2018: £1,762,283).

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 contributions payable to the Scheme for the accounting period. The total employer contributions payable in the year were £427,300 (2018: £603,714). 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 2019 there were 156 (2018: 123) active members in the scheme employed by Addaction.

Addaction has Admitted Body status with the Local Government Pension Scheme in Shropshire, Hereford and Greater Manchester and Merseyside. The Scheme is a multi-employer defined benefit scheme. The total employer contributions payable in the year were £53,561 (2018: £34,258).









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