

Annual report 2016/17



**citizens
advice**

We are Citizens Advice.

We're here for everyone.

We provide free, confidential and independent advice to help people overcome their problems.

We work to fix the underlying causes of these problems. We are a voice for people on the issues that matter to them.

We value diversity, champion equality and challenge discrimination.



Introduction

The Citizens Advice service has much to celebrate this year, despite a challenging economic climate.

We've helped 2.7 million people with 6.3 million problems through high quality advice provided by local Citizens Advice. People accessed this advice face to face, over the phone and by email and webchat. This was because of the hard work of staff across the service, and the incredible volunteers who gave an estimated £114 million worth of time.

Our consumer helpline helped over half a million people this year and we're delighted that our network will now deliver this service. We continued to refresh our digital content to make sure it meets people's needs. The number of people accessing our online advice increased from 36 million visits in 2015/16 to 43 million in 2016/17.

We've introduced changes to the Witness Service including a new delivery model and a new outreach service. This means we can give more tailored support to those who give evidence in criminal courts – 156,400 people in 2016/17.

Our One Service strategy (2015-20) continues to make good progress. Last year we adopted our new membership agreement, the result of 3 years of close collaboration with our network. This new way of working will help us to deliver even better services, give us more robust data and reaffirm our commitment to quality.

We've maintained a relatively strong financial position. Our total income for the year was £99.1 million, down from £108.6 million in 2015/16. We expected this because of a reduction in some of our one-off project

funding. We supported our network to raise £6.4 million in new business income – in addition to £21.5 million of core funding. We're continuing to explore how we can make our funding more sustainable, our services more resilient and help more people.

The theme of our annual conference was 'staying ahead in a changing world'. Innovation is an important part of this and it's been exciting to see this brought to life through the Martin Lewis Fund. More than half of the network shared ideas for new ways to help people in their communities. We've been able to give several of them the opportunity to test and develop their projects, and the whole service will learn from their experiences.

The rich data from across our network helps us to get a clear picture of the problems people are facing and the underlying causes. We use this evidence to identify solutions and advocate for changes in public services and consumer markets. This year the government adopted our recommendations to ban letting agent fees, cap prepayment meter costs and increase funding to enforce the national minimum wage.

It's been a year of significant change for our service and the people we help. Tough economic times mean our advice and influencing work – and how we work as one service to deliver this – is more important than ever. Citizens Advice has a long and proud history of helping people facing uncertainty. We're committed to being there for everyone who needs us. A big thank you to our staff and volunteers whose hard work and commitment means that we can continue to change lives for the better.

David Varney
Chair of Trustees

Gillian Guy
Chief Executive

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Our strategy

Our One Service strategy 2015–2020 has 5 key goals:

1. Make it easier to get advice
2. Be more influential
3. Work together as one service
4. Be even more effective and sustainable
5. Be a stronger equality champion

In our annual report you can see how we're achieving these goals using the following key.



1. Advice



2. Influence



3. Service



4. Sustainable



5. Equality

1. ADVICE
2. INFLUENCE
3. SERVICE
4. SUSTAINABLE
5. EQUALITY

Advice for everyone

Citizens Advice is here for everyone in England and Wales. In 2016/17 we worked to make sure people have a choice in how they access our advice and support. We help people on a range of issues and in a number of different ways – whether it's face to face, on the phone or online.

Supporting people in new ways. There are some areas where people need more specific advice and support, such as when giving evidence in court or with consumer issues. In 2016/17 we:

- supported 156,400 people to give evidence in criminal courts through the Witness Service
- helped an estimated 510,000 people with consumer problems. The consumer service will be delivered by our network of local Citizens Advice from April 2017
- gave people a chance to volunteer for Citizens Advice in new ways with our national phone line and webchat.

Rolling out webchat and phone services. People can get face to face advice from us but some prefer to access our services in other ways. In 2016/17 we rolled out our phone line – in both English and Welsh – and introduced webchat and email support.

Helping people with money and debt advice. We support local Citizens Advice and partner organisations in helping people resolve unmanageable debt and improve their financial skills and situation.

- we supported specialist casework for 280,000 clients with the Money Advice Service, including the Debt Relief Order processing unit, telephone casework contact centre and dedicated telephone debt call centre in partnership with National Debtline
- our financial capability forum means we work with over 1,500 organisations to exchange ideas and share resources to help people
- our face to face Pension Wise service gave guidance in 37,243 appointments in 2016/17 – an increase of 16.3% on the previous year.

Advice in Wales. Local Citizens Advice in Wales helped more than 114,000 people with 436,000 issues. Citizens Advice receives funding from the Welsh government to provide advice services across Wales. In 2016/17 we:

- brought in over £20.8 million of additional income for people through Better Advice, Better Lives to help those whose health is likely to be affected by poverty
- supported 15,850 people in the Communities First areas in Wales working with residents, community organisations and businesses
- delivered advice from specialists in debt, discrimination, housing and welfare benefits in partnership with Shelter Cymru and SNAP Cymru through Front Line Advice. We helped 6,483 clients with debt, housing or welfare benefits advice.

CITIZENS ADVICE ANNUAL REPORT AND ACCOUNTS 2016/17 | TRUSTEES' REPORT

How our organisation works

The Citizens Advice service is made up of Citizens Advice – the national charity – and a network of around 300 local Citizens Advice members. Our members are all independent charities.

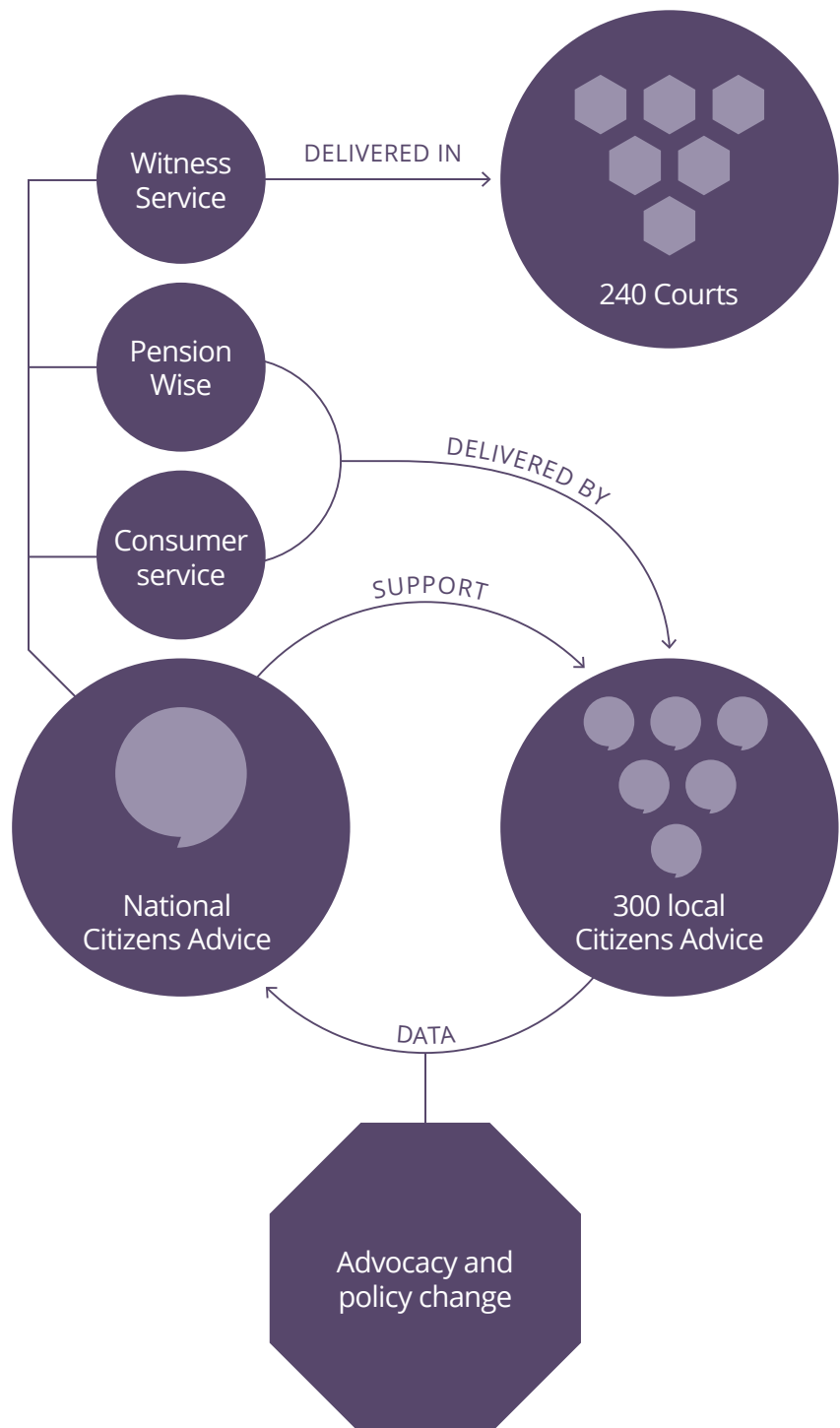
Our network delivers services from:

- over 600 local Citizens Advice outlets
- over 1,800 community centres, GPs' surgeries and prisons
- over 240 courts across England and Wales




We do this with:

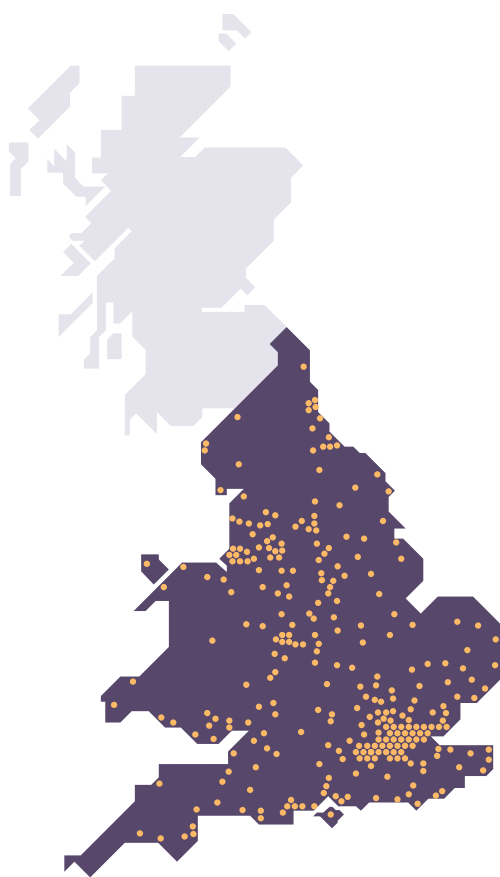
- 800 national staff
- 6,500 local staff
- over 23,000 trained volunteers

Our reach means 99% of people in England and Wales can access a local Citizens Advice within a 30 minute drive of where they live.





-  National offices
-  Local Citizens Advice
-  Witness Service courts




Temí's story

Temí is a single mother with 3 young boys. She moved from London to Kent after a divorce to find better schools for her children.

Temí had been living in a rented property for a few months when she had some **bad news**. Her landlord wanted an extra six months rent in advance or he was going to **evict her and her family**.

Temí felt helpless and was **depressed and worried** about what to do next. That's when she went to her local Citizens Advice for help. Following the **advice and support** she was given, she was able to get the payment dropped and stay in her home.

After seeing **how important volunteers are** to Citizens Advice, Temí decided to train as a Citizens Advice volunteer to help others.



“I had a feeling of relief and empowerment that someone was there to listen. They looked at the problem in a different way. But they didn’t hold my hand – they strengthened my grip. I can’t express how grateful I am because I kept my home.”

The people we help

The Citizens Advice service helped **2.7** million people with **6.3** million problems in 2016/17.

How people got advice and support from us*

* Number of enquiries where the main channel was face to face, phone and webchat



1,840,000
face to face



1,664,800
phone

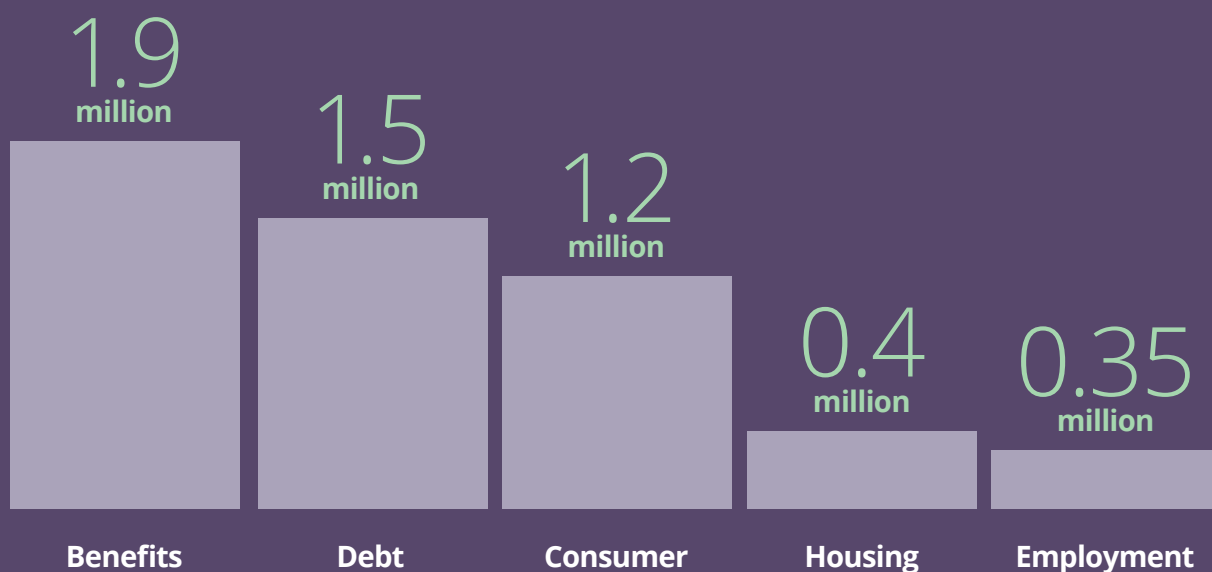


259,700
email and
webchat



43 million
visits to our
online advice

Top 5 issues people come to us about in person, on the phone, through webchat and email



The top 5 issues people
come to us about online

Benefits
17.4
million

Employment
9.4
million

Consumer
8.9
million

Debt
7.4
million

Relationships
6.2
million

43 million
visits online (36 million in 2015/16)



With our help 7 in 10 people who came to us solved their problem

9 in 10

rated their experience as good or very good

82% said our advice made a difference to their lives

£426 million

was saved by the government and public services

Our impact and value

We are committed to understanding and demonstrating our impact. Credible evidence and insight helps us to:

- improve our services and ensure that they meet people's needs
- make effective decisions about how to best use our limited resources
- show the difference we make to people and society.

We're here for everyone. Having a problem can affect people's lives, including their mental health and finances. People often come to us for support when they've faced barriers to solving their problem, don't know what to do next or don't have the confidence to take action.

We help people find a way forward. We help 7 in 10 people solve their problem. – and 77% said they couldn't have done it without us. 9 in 10 people we help would recommend us to their friends and family.

We change lives. 4 in 5 people said our advice improved their life – reducing stress, improving finances and stabilising employment and housing circumstances.

We benefit society. Our volunteers gave an estimated £114 million worth of time last year. £426 million was saved by the government and public services. Nearly £2.6 billion in estimated total social and economic value was contributed to society. There was a £13 benefit to the people we help for every £1 spent on Citizens Advice.

For more on our impact and value, including new research and an updated estimate of our value to society, see our impact report for 2016/17.



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Using digital and technology to help more people get advice

Our digital advice helps people take action to solve their own problems. In 2016/17 we invested in refreshing our advice to make it easier to understand. This will help people solve their problems faster.

Our digital team works with subject experts to provide accessible, practical and tactical online advice that people wouldn't get anywhere else.

This advice is also used by thousands of advisers across our service to support people. Investing in digital advice frees up our advisers to give face to face help to people with more complex problems.

This year, we began the development of our new case management system – Casebook – to help advisers save time and focus on giving advice to the people who need it. The development continues and Casebook is being rolled out throughout 2017.



Improving our support for witnesses

In April 2016 we made major changes to the Witness Service to make sure our service works for everyone.

We introduced a new delivery model, an online referral form, a new case management system and a new outreach service. This means we can give more tailored support to meet the individual needs of the people we support.

We've worked with prosecuting authorities and defence agencies so that everyone who needs to can access our service.

We've also introduced a performance and quality framework to make sure we are delivering a consistent service.


The changes mean we can offer new, flexible volunteering roles. We now have over 3,000 volunteers in the Witness Service.

Alison's story

Alison's husband wasn't able to work because of health problems he experienced after leaving the army. Their family got into £44,000 of debt.

Alison accessed our service in different ways. She found out about Citizens Advice after searching **online**. She **phoned** the national helpline where she spoke to an adviser. They realised her issue needed additional support so she got a **face to face** appointment with her local Citizens Advice.

Alison found out her family was entitled to more benefits than they were receiving. The support from her local Citizens Advice helped with ongoing problems – like getting out of debt – and made her feel she wasn't alone.



“I was able to realise
there was help out there –
it wasn’t just me on my own.”



Improving our whole service

We support local Citizens Advice to give advice and help to people who need it. In 2016/17 we focused on helping make our whole service as effective as possible.

Improving our approach to quality and performance. The quality of our advice is fundamental to our clients. In 2016/17 we developed and introduced a new system of quality assurance with our members, designed to make sure we're giving accurate and joined-up advice. It gives real-time data about our advice and how to improve it.

- the new performance and quality framework (PQF) allows us to understand the quality of our service so we can continually improve
- the new approach to quality of advice assessment (QAA) means local Citizens Advice can use their data to build confidence with local funders and stakeholders
- we prepared to roll out our new case management system Casebook – designed and tested with the people that will use it to help them do their jobs
- we continued improving our online content so advisers in local Citizens Advice can give even more practical advice to clients.

Making sure our service is accessible for all. We worked with local Citizens Advice to improve new services around specific needs of the people we help. This includes researching the barriers some people face when trying to use digital services and working to improve our capacity to support Deaf clients who want to access our services. We developed a training and support programme – the ASK Routine Enquiry programme – to encourage early disclosure of domestic or gender-based violence and abuse. By the end of 2016/17, 75 local services were using this programme with clients.

Helping to reach new markets and diversify funding. We always want to help more people and we supported our network to secure £21.5 million in core funding to do this. We also supported the network to raise £6.4 million in new business income. In 2016/17 examples of these new sources include a social prescribing service in Hull, a crisis intervention service in Devon and a community bank in Brighton. We are now a key partner for the Department of Health – as a part of the Voluntary, Community and Social Enterprise Alliance – using our insights to shape national health and social care policy.

- in 2016 Citizens Advice North Staffordshire and Stoke-on-Trent were awarded a contract from Staffordshire's Police and Crime Commissioner to provide better support for victims of crime – specifically victims of hate crime – putting their needs at the centre of the criminal justice system
- a number of local Citizens Advice are co-locating with library services across England and Wales. In some cases libraries are fully operated by our staff and volunteers such as Citizens Advice Hammersmith and Fulham.



A new membership agreement

At our 2016 AGM our members voted overwhelmingly in favour of a new membership package. The package was the result of nearly 3 years of collaboration across the service – each element has been designed and tested with local Citizens Advice.

The new package will help us continue to provide a better service and be more sustainable and effective in a rapidly changing world. It went live on 1 April 2017.

It helps:

- local Citizens Advice to experiment, innovate and learn from each other and to pool resources to help clients
- clarify accountability between national and local Citizens Advice
- shift the national focus towards in-depth support, consultancy and facilitation.



Martin Lewis Fund

In June 2016 we launched the Martin Lewis fund using our £669,000 share of his very generous donation. We've committed this money to support local Citizens Advice to help people in inventive ways – across digital exclusion, health and wellbeing and new ways of volunteering.

In 2016/17:

- 52 local Citizens Advice received £1,000 each to develop an idea and test it with people
- 25 local Citizens Advice received £25,000 each to run their project for a whole year

10 projects will receive funding for a further 6 months to build their evidence and knowledge base.

We'll also support local Citizens Advice to measure the impact of these projects and share what they learn with the whole network. This will help us to develop our service and help more people.

Martin Lewis Fund

Here's how 3 local Citizens Advice are using the Martin Lewis fund to help more people in their communities.

Citizens Advice Elmbridge West are training specialist volunteers to provide support to victims of domestic abuse. The aim is to help them take control of their housing and financial situations and follow a 'freedom programme' to break the cycle of abuse.

Citizens Advice Denbighshire are engaging with mothers and families in need of support by working with their local health visitor and midwifery team to deliver early advice on problems such as debt, benefits and finances.

Citizens Advice Three Rivers are helping people who can't access their local Citizens Advice because of disability or a long term health condition to get face to face advice at their local pharmacy. They are gathering evidence on how providing advice in this setting could reduce GP appointments.

Martin Lewis: "I wanted to do something to help Citizens Advice pioneer new ways to reach out and improve people's lives, and I'm excited to see where this takes us."





Solving the underlying causes of people's problems

We have real-time data from the millions of people who use the Citizens Advice service. This evidence helps us identify emerging issues that people are facing, understand what is causing them and make recommendations to government, regulators and other organisations on how to fix the problems.

We're also the statutory consumer watchdog for the energy and post industries. We advocate on behalf of consumers in these markets and we represent people to regulators and policy makers – helping them to solve their problems, seek redress and report bad practice.

Money, debt and pensions.

Our research, evidence and recommendations helped ensure:

- the government announced an intention to ban pensions cold calling
- there were changes to guidelines for guarantor loan lenders to give better notice to guarantors
- banks and creditors signed up to a set of guidelines to help domestic abuse victims
- protection for logbook loan borrowers and third party purchasers.

Consumer markets. Our research, evidence and recommendations helped ensure:

- letting agent fees charged to tenants were banned by the Chancellor
- fines of up to £30,000 for private landlords who breach a banning order were introduced
- the Competition and Markets Authority (CMA) introduced a price cap for prepayment meter customers. This helped 4 million households
- the government committed to mandatory Client Money Protection for private renters
- there was a cap on the monthly cost of mobile phone bills
- the CMA launched a market study into the care home market
- the Department for Business, Energy and Industrial Strategy (BEIS) and energy suppliers agreed best practice on how to inform consumers about the limitations of early smart meters
- the CMA used our evidence in setting out ways the government can decarbonise the power sector more cost-effectively. They also nominated us to provide the backstop market price comparison tool for energy consumers
- the Housing Bill changed to ensure vulnerable tenants are protected from the new abandonment clause
- BEIS altered the drafting of their switching principles to make them more effective following our recommendations.

Work security. Our research, evidence and recommendations helped ensure:

- the government commissioned a review of modern employment practices and employment rights enforcement
- there was increased funding for enforcement of the national minimum wage
- the government agreed to adopt a standard framework for job adverts. This will mean everyone gets open, transparent information when applying for a job
- the Office of Tax Simplification reviewed bogus self-employment regulations.

Welfare reform and implementation.

Our research, evidence and recommendations helped ensure:

- people receiving the Personal Independence Payment were able to keep their mobility cars when appealing benefit decisions
- the government committed more money to the Discretionary Housing Payment budget
- we secured exemptions to the removal of Housing Benefit for 18–21 year olds
- our Talk About Abuse campaign was cited as best practice by the government's Tackling Violence against Women and Girls' strategy.



How we use our insights

We use our unique, anonymised data sets and original research to change people's lives by working to solve the underlying causes of the problems they face.

In 2016/17 we saw a rise in the number of people using our website for employment-related issues. Data from our network suggested bogus self-employment – where people are wrongly classified as self-employed by companies they work for, when actually they are employed – was an increasing problem for our clients.

Using our own data and official statistics we showed that 4.5 million people in England and Wales were in work that did not provide a regular, stable income.

Our ability to combine different types of data – numbers of people using our service, detailed insight from advisers as well as analysis of external statistics – makes our policy work stand out.

Constantino's story

Constantino came to Citizens Advice because his son Michael had a problem with letting agent fees. Michael was charged £350 in admin fees by the letting agent. When he reconsidered the contract he was told the fees were non-refundable.

Citizens Advice helped Constantino understand his legal rights and showed how he could get his son's money back.

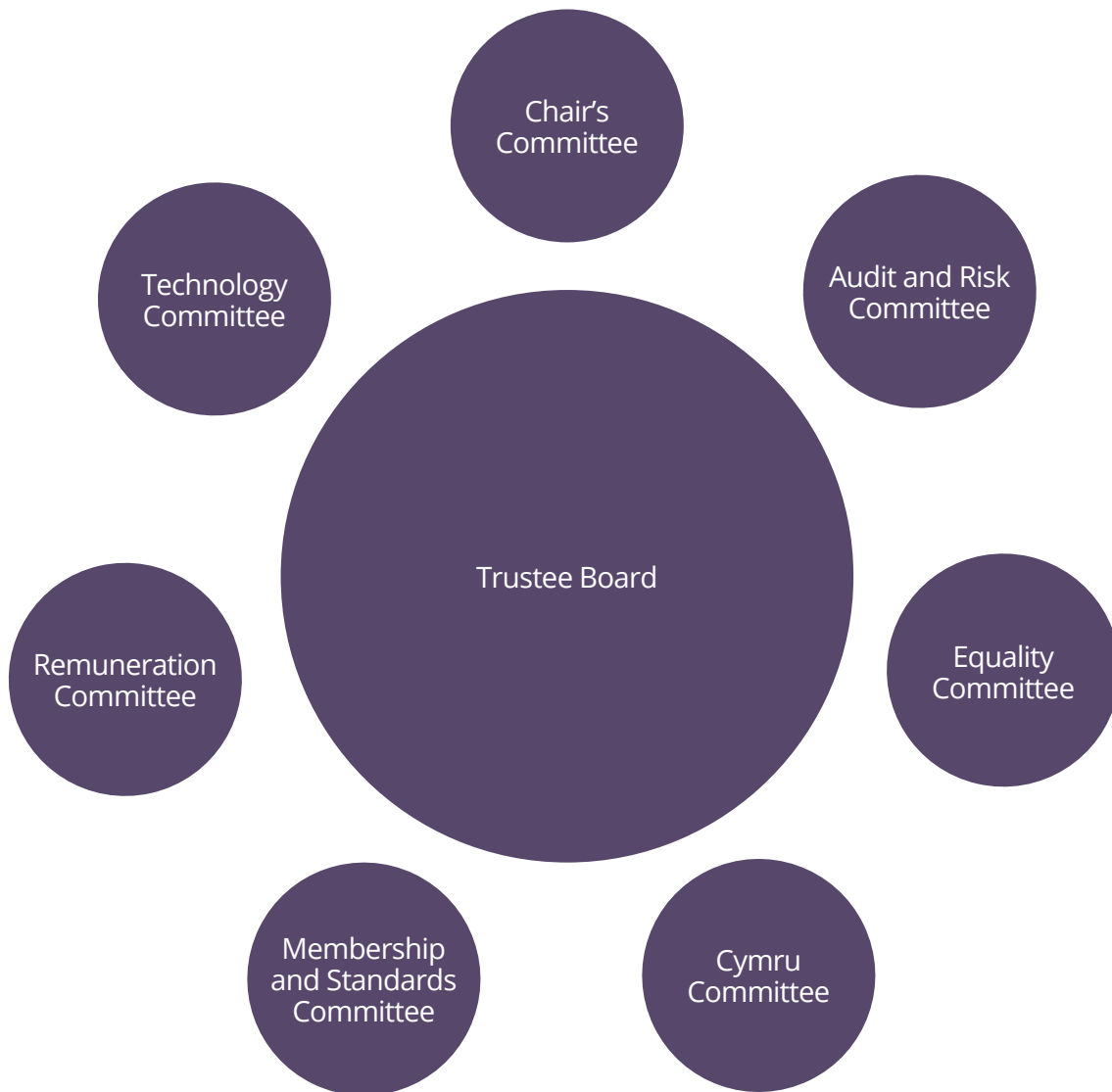
Constantino's problem was **one of 6,500 problems** about letting agents that Citizens Advice has helped with. Our research shows that the average fee charged by agents is £337, with 9 in 10 agents imposing extra fees on top of this. We estimate that renters in England are spending over £13 million on these fees each month.

After **7 years of campaigning by Citizens Advice**, in 2016 the government committed to banning all letting agent fees charged to people living in rented homes. We're working closely with ministers, officials and stakeholders in the housing sector to make sure this change is brought in quickly and smoothly.



“They showed me a path of how to get the money back. Without the help of Citizens Advice, I think we would have been out of pocket.”

Our structure, governance and management



Governance structure

Our Trustee Board provides strategic direction and vision for Citizens Advice. The board is made up of 12 members who are trustees under charity law and directors of the charitable company. There are 6 Trustee Board meetings each year, plus less formal

meetings and events for trustees to shape the organisation's strategic direction and develop as a team. Our Chief Executive, working with the executive team, is responsible for delivering the strategy and day to day operations.

Our trustees

Sir David Varney (Chair) is currently Chair of Packt Publishing Ltd and a pro-chancellor of Surrey University. He is a former FTSE 100 Chief Executive and has been a Permanent Secretary of HM Treasury. He was also Chairman of The Stroke Association.

David is Chair of the Equality and Chair's Committees and a member of the Remuneration Committee.

Warren Buckley (Deputy Chair) is Global Head of Contact Centres for HSBC and Chair of the Business Disability Forum, a charity working with the disabled community and business.

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

Anne Stephenson (Deputy Chair) retired in 2010 after a 30 year career in the Civil Service in Wales. Anne is Chair of the HR Committee and a trustee of the University of Bristol.

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

John Woodman (Treasurer) is a lay member of the Upper Tribunal, Tax and Chancery Chamber, the non-executive Chairman of BATS Trading Ltd and a non-executive director of Northumberland County Council's development company, Arch. He is also a trustee of Citizens Advice Northumberland.

John is Chair of the Audit and Risk Committee and a member of the Chair's and Remuneration Committees.

Mark Gamsu is a trustee of Citizens Advice Sheffield and lay member of Sheffield Clinical Commissioning Group. Mark is a professor at Leeds Beckett University.

Mark is a member of the Cymru Committee

Rolande Anderson has had a wide-ranging senior career in government and now works as an independent non-executive.

Rolande is a member of the Membership and Standards Committee.

Lucy Inmonger is an Investment Manager at LGT Impact Ventures, investing in sustainable businesses seeking to improve the lives of disadvantaged people.

Fran Keene was Head of Diversity at the Audit Commission. She is now an independent consultant for the production and design of commercial and residential property developments.

Fran is a member of the Equality Committee.

Jonathan Rees is currently a Director of the Lending Standards Board, Ombudsman Services and the Personal Finance Society, as well as a Director/Trustee of the Employers' Network on Equality and Inclusion.

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

Barbara Shaw is Chief Executive at Citizens Advice West Oxfordshire.

Barbara is a member of the Technology Committee and Membership and Standards Committee.

Ashok Vaswani is the CEO for Barclays UK, covering Retail Banking, Wealth, Business Banking and Barclaycard UK.

Ashok is a member of the Audit and Risk Committee.

Mark Washer (Treasurer) is Chief Financial Officer and a board member of Clarion Housing Group, one of the largest housing groups in England.

Mark resigned as a trustee on 19 September 2016.

Delegation of duties

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

Trustee committees

We have a range of committees which support the Trustee Board in its work.

Chair's Committee

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

Audit and Risk Committee

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

Remuneration Committee

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

Equality Committee

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

Cymru Committee

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

Membership and Standards Committee

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

Technology Committee

The Technology Committee is responsible for helping shape, monitor and feed back on the technology strategy.

Recruitment, induction and training of trustees

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

Trustees may serve for up to 2 consecutive terms of 3 years, but must then step down. During 2016/17, we began the process to recruit 4 new trustees, to fill positions which have and will become vacant.

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

Statement of trustees' responsibilities

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

- select suitable accounting policies and apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records. The records must disclose with reasonable accuracy at any time, the financial position of the charitable company and ensure that the financial statements comply with the Companies Act 2006. They are also responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website.

Trustees must safeguard the assets of the charitable company and the group and take reasonable steps to prevent and detect fraud and other irregularities:

- as far as the trustees are aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Public benefit

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

Our charitable objects are:

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

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

Executive team

Our executive team is responsible for delivering the Trustee Board's vision and for the day-to-day operation of Citizens Advice. The Executive Directors on the date the report was approved or who served during the reporting period were:

Gillian Guy CBE, Chief Executive

Strategic direction and leadership of Citizens Advice.

Alistair Cromwell, Director of Finance and Transformation

Financial strategy and management, business development, business planning and performance, business change, property and accommodation, communications, governance, risk management and legal services.

James Plunkett, Director of Policy and Advocacy

Data, news and external affairs, policy research and development, government relations, representing consumers of energy and post services.

Michele Shambrook, Director of Operations

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

Steve Whitehead, Director of People and Equality

People services, volunteering strategy, equality strategy, learning and organisational development, information assurance.

Mike Dixon, Assistant Chief Executive

Internal and external communications (including public affairs and government relations), digital services and information technology. After 6 years at Citizens Advice, Mike Dixon resigned in March 2017. His responsibilities have been shared between the other executive directors whilst the trustees and Chief Executive decide on the future executive structure.

Our staff

We employ over 700 people working across our different services, membership support and corporate functions. We place strong emphasis on ensuring that our staff have a good understanding of how they are contributing to our business and strategic objectives and that they feel proud to work for Citizens Advice. This year 95% of our staff told us that working for a charity that aims to help people is important to them and 89% feel able to suggest ideas to improve our ways of doing things.

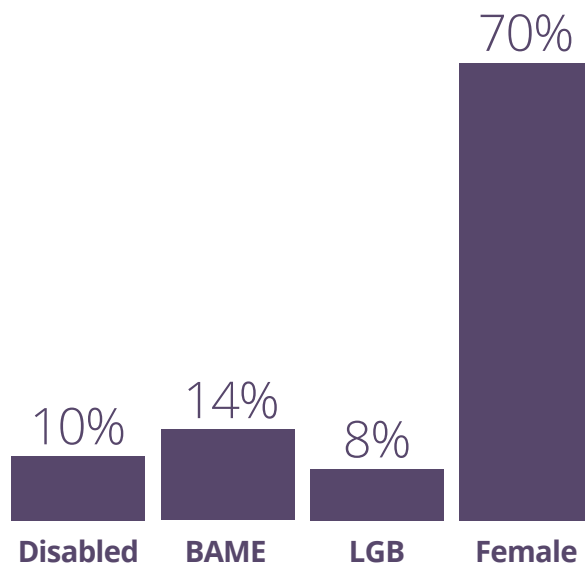
We hold an annual staff conference and in March this year we focused on the theme of working better together to encourage effective joint working across different areas of the organisation. We continue to ensure our staff have the skills and capabilities needed to contribute to our goals and have developed a new learning and development strategy, a leadership competency framework and appraisal system to encourage staff to achieve their full potential.

We recognise that our ability to attract and retain staff and volunteers from diverse communities is critical to our future sustainability as a service. We are working hard to create an inclusive culture but recognise that there is more to do to ensure we are accessible to and representative of the communities we serve.

Over the past year we have made significant improvements to our systems which now show that:

- 10% have identified themselves as disabled or having a long term health condition
- 14% are black, Asian or minority ethnic (BAME)
- 8% are lesbian, gay, or bisexual (LGB)
- 70% are female.

We make a positive commitment to employing disabled people. Our recruitment procedures aim to ensure that no-one is disadvantaged because of their disability or other characteristics. We use the Disability Confident mark on our jobsite which means that disabled applicants who meet the minimum criteria for any role are guaranteed an interview. Reasonable adjustments are made to the workplace, including premises and equipment, work duties and practices or policies, as appropriate for our staff.



Witness Service volunteers

For our 3,000 volunteers in the Witness Service we're now offering outreach as a separate volunteer role. We've introduced 3 other new roles – training support, volunteer mentor and project volunteer – to offer even more development opportunities and we've made improvements to ensure that we support volunteers effectively in these important roles.

Risk management and internal controls

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

Our risks are identified and managed in the following ways:

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

Key risks and uncertainties

The economic environment remains extremely challenging and financial risks and uncertainties therefore continue to be a significant focus. Citizens Advice is heavily dependent on public sector derived funding both for our core operations and our wider services. During 2016 our pension scheme was revalued. Despite being closed to new members and further accrual in 2008 wider economic factors mean that the deficit has increased and we have therefore increased our annual contribution to fund the scheme. This has also increased the liability for the future payments and the pension reserve.

The key risks and uncertainties as well as the Trustee Board's plans and strategies for managing them are set out in the table below.

Sustainable funding

Income sustainability continues to be a key risk for both Citizens Advice and the network and this is unlikely to change in the current climate of economic and political uncertainty. We are also operating in a highly competitive environment with ongoing pressures on public funding.

Plans and strategies for managing

- We have secured a further year of core funding and a key focus for 2017/18 will be re-securing key services and securing major grants.
- Cost control will be given continued emphasis with a focus on delivering value for money.
- In line with our current and longer term planning, we will continue to diversify our funding sources and invest to support local Citizens Advice secure new, sustainable sources of income.
- Work has started to develop our new strategy and future business model to ensure we remain sustainable and competitive.

Technology

Technology underpins much of our delivery across a geographically distributed service. Our ambitious programme of technological change presents risks as well as benefits and we are paying close attention to costs and the impact of the change on our staff and the network.

Plans and strategies for managing

- We have made good progress in replacing ageing and inefficient systems and developing our digital capability to meet our clients' needs and the needs of the network more effectively and efficiently.
- In 2017/18, we will complete the roll-out of our new case management system, Casebook, and continue our journey towards a single, cloud-based platform.
- We apply programme and project management disciplines to manage these risks and embed change management support into every project.
- The trustees and the executive team review all major change activities regularly and assure themselves that the demands of these, both individually and in total, are sustainable.
- We continue to recruit to make sure we have the technical and change management skills we need.
- A trustee committee meets regularly to oversee the technology programme.

Governance

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

Plans and strategies for managing

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

Service delivery

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

Plans and strategies for managing

- We continue to strengthen our support services to help local Citizens Advice respond to funding threats and to ensure service continuity in areas affected by closure or consolidation.
- As part of our new membership package, we have introduced both national and local performance and quality frameworks which help us target support where it is most needed and to improve the quality of the support we provide for the network as a whole.
- We continue our joint work to develop and enhance our phone and digital channels, enabling local Citizens Advice to pool resources and help more people. In 2016/17, we brought the consumer service into the network and positioned ourselves to share delivery of telephone advice across the service.

Pension liability

The charity is the principal employer in a defined benefit pension scheme. Since its closure the deficit in the scheme has risen significantly driven primarily by decreasing mortality rates and underlying economic factors including the sustained period of low gilt rates.

Plans and strategies for managing

- The scheme was closed to new members and further accrual in 2008 and is overseen by independent trustee directors and pension administrators.
- The scheme has recently completed its 2016 revaluation and the valuation together with the recovery plan has been submitted to the Pensions Regulator.
- The plan includes an increased annual contribution which, alongside a review of the investment strategy and pension costs, maintains the overall repayment period as agreed following the 2013 revaluation.

Protecting our data

We take the protection of our clients' data extremely seriously. We are particularly alert to potential cyber attacks and other external threats and also to the changing regulatory environment signalled by the forthcoming introduction of the General Data Protection Regulation (GDPR).

Plans and strategies for managing

- We have conducted a comprehensive audit of information assurance and have further strengthened our information governance processes.
- We are making all of our web applications secure on the internet as we prepare to move off the wide area network.
- We are rolling out 2 factor authentication across our web applications. This is already standard for our office automation solution and our new case management system.
- Our Information Governance Risk Management board monitors privacy risks and we identify and track privacy risks on our risk register.
- We have plans in place to support the introduction of the GDPR in May 2018 and a dedicated information governance team to lead on implementation.

Plans for the future

Our One Service strategy sets out our goals. By 2020 we will:

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

During 2017/18 our main focus will be ensuring our new membership package is successfully managed and rolled out to our members and that the projected benefits – helping more people through shared delivery of advice across the service and strengthening our membership support offer – are realised.

We will also complete the roll-out of our new case management system, Casebook, continue to refresh our digital content and continue our technology strategy towards becoming fully cloud-based.

Through our influencing work, we will use our evidence and research to help address the underlying causes of people's problems and push for changes to public policies where these are demonstrably causing detriment.

Alongside this, we will focus on effectiveness and efficiency to ensure that our people are able to get the job done. We will do this by improving the way our shared systems and processes work and the ways we use them.

In terms of our financial goals, which are key to our continuing success, we will look to extend current funding agreements and find new sources of income. Public sector sources are the most likely target, but we will also actively seek other funding as long as the funder's goals do not conflict with our ethos.

We will also look for opportunities to secure funding that can be passed on in return for local Citizens Advice delivery of services, and will continue to support local Citizens Advice in their own bidding and competition for income.

Our financial controls, systems and behaviours will be improved so that we can identify opportunities to improve efficiency, maximise our resources and take fast, effective action.

In 2017/18, we will be turning our attention to our next strategy and the future of advice. We are having conversations across the service to help shape our business model for the years ahead. This includes finding ways to ensure we offer a truly multi-channel, seamless service to clients.

Our funders

Citizens Advice enjoys support from a wide range of funders. We take great care to ensure that we obtain the maximum value for every pound we spend. We would like to take this opportunity to thank all of the organisations that have supported Citizens Advice during 2016/17 and we look forward to working with you all in future years.

Government funders

Department for Business, Energy and Industrial Strategy
European Commission
Department for Energy and Climate Change
Department for Work and Pensions
Ministry of Justice
Welsh Government

Other public bodies

Money Advice Service
The Insolvency Service

Other

Advice Services Alliance
Bank of Ireland Plc
Barclays Bank Plc
Big Lottery Fund
Capital One
Comic Relief
CYBG Plc
EDF Energy
E.ON
First Utility Ltd
Gambling Commission
Gulbenkian UK
HSBC Plc
Lloyds Banking Group Plc
Money Advice Trust
Martin Lewis Charitable Fund
npower
Royal Bank of Scotland
Sainsbury's Bank Plc
Santander UK Plc
Scottish Power
Shelter
Sir Halley Stewart Trust
Smart Energy GB
SSE Plc
Telecom Plus
Tesco Personal Finance
TSB Plc

Legal and administrative details

Legal status

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

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

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

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

Telephone: 03000 231231
Fax: 03000 231053
citizensadvice.org.uk

Registered charity number: 279057
Company number: 1436945

Advisers

Independent auditor

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

Internal auditor

KPMG LLP
Canada Square
Canary Wharf
London E14 5HP

Bankers

Barclays Bank PLC
1 Churchill Place
London E14 5HP

Solicitors

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

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

Company secretary

John Nodder was company secretary during 2016/17. He resigned on 10 April 2017 and Rachael Badger was appointed.

Financial review

Summary

Despite a challenging funding environment our financial position in 2016/17 remains relatively strong.

The total income of the charity has fallen to £99.1 million from £108.6 million in 2015/16. This overall reduction is made up of a fall in restricted funding and a small increase in our unrestricted funding. The fall in restricted funding relates specifically to a reduction in the scale of the Pension Wise service and fewer one-off grants from energy companies. Our unrestricted funding increased to £27.4 million (2016: £26.8 million) primarily as a result of a legacy.

Overall the financial results show an in-year deficit of £4.8 million (2016: £236,000). The deficit is due to the planned expenditure on long running programmes funded by brought forward restricted funds so is as expected and in line with budgets. Our unrestricted activities show an overall in-year surplus of £4.2 million on our core operations.

Turning to our balance sheet the main change has been driven by the triennial revaluation of the pension scheme as at 31 March 2016. The valuation produced an increased pension deficit and we have agreed to increase our annual contribution to the scheme to ensure that the existing repayment period remains deliverable. This new level of annual contribution has increased our pension liability by £7.9 million which, together with the deficit on restricted activities, has contributed to the overall negative movement in reserves.

The trustees reviewed the minimum unrestricted reserve level as part of the business planning and budget review. In line with our policy to hold a minimum three months operating expenditure in reserves, the minimum was increased from £6 million to £8 million.

Our financial strategy for 2016/17 remained consistent with the previous year and is summarised in four goals:

Goal

Progress this year

Maintaining a diverse and resilient funding base so we continue to meet our charitable objectives and expand our services to clients.

As in previous years, funding remains constrained and our core unrestricted funding from the Department for Business, Energy and Industrial Strategy remained flat in cash terms in 2016/17. We have worked hard to secure new funding and re-secure existing grants. Overall, our total income was down by 9% due to a reduction in funding for Pension Wise and a fall in one-off energy grants. Overall we have maintained the diversity of our funding base despite the overall pressure on public funding.

Maximising the funding available to the local Citizens Advice network either directly by securing funding which we pass on in the form of grants or by supporting local bidding activities and initiatives.

In 2016/17, we made £40.9m in funding available to the network. This was £3.3m lower than 2015/16 due to the reduction in funding for Pension Wise. However we have maintained the overall percentage of our funding which is delivered through the network (40%). During the year we transitioned our consumer service from a third party provider to the local Citizens Advice network which will see this percentage increase in 2017/18.

Using our resources as efficiently as possible to support the network, clients and consumers.

We continue to take advantage of cloud technology and develop our in-house technical development capability. This has required investment upfront but will enable us to achieve significant benefits in the future.

We are managing our overhead costs effectively. We continue to improve our office utilisation, allowing for the continuing rationalisation of office space.

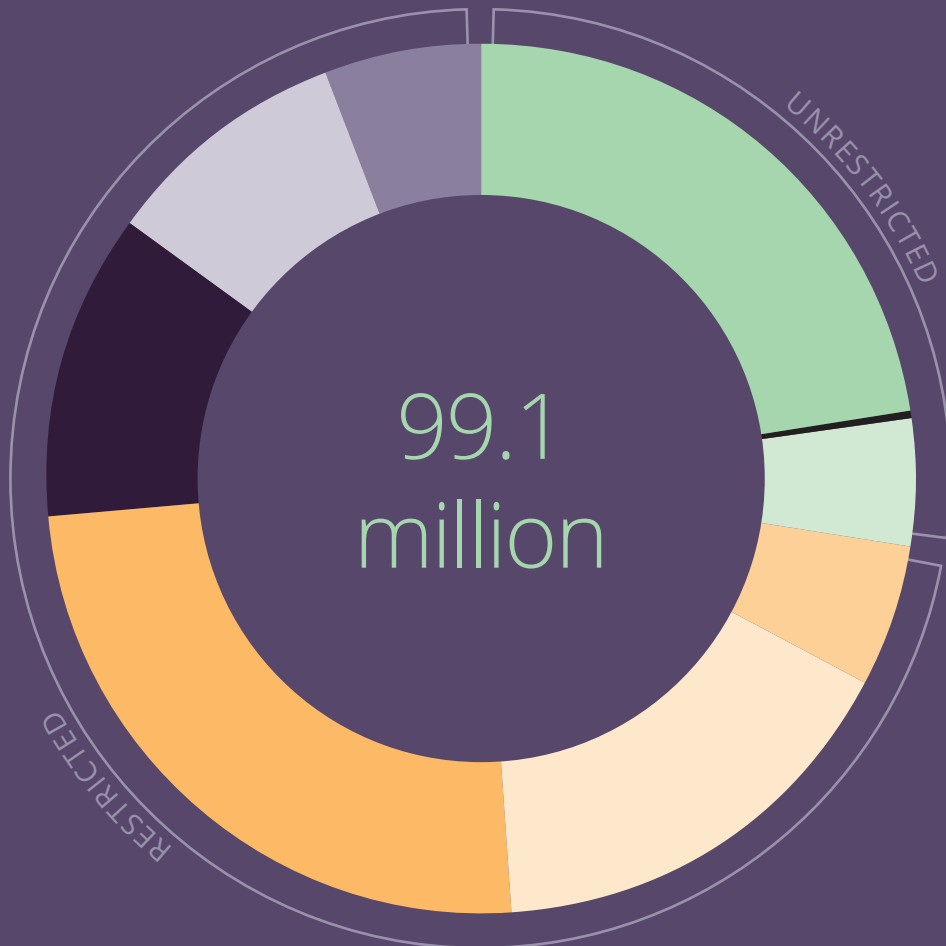
Investing in new channels to deliver services to clients in the ways that they need them.

In 2016/17 we worked with clients and advisers to completely redesign a significant proportion of our online advice content to make it easier to use.

We also developed our webchat and email offers, handling 108,838 contacts during the year.

Income

The chart below sets out our main sources of income in 2016/17.



Unrestricted

- Department for Business, Energy and Industrial Strategy - Core £22.3m (2015/16: £22.3m)
- Other public sector £0.4m (2015/16: £0.4m)
- Other income - Unrestricted (corporates, charities, donations, trading) £4.7m (2015/16: £4.1m)

Restricted

- Other income - Restricted (corporates, charities, donations, trading) £5.1m (2015/16: £11.3m)
- Department for Business, Energy and Industrial Strategy - Consumer £16.1m (2015/16: £15.7m)
- Money Advice Service £24.4m (2015/16: £23.9m)
- Ministry of Justice - Witness Service £11.3m (2015/16: £11.7m)
- Department for Work and Pensions - Pension Wise £9.1m (2015/16: £13.8m)
- Welsh Government £5.7m (2015/16: £5.4m)

We work with a range of government departments and agencies to help fund services to clients and to provide us with diverse and sustainable sources of income.

Within our total income of £99.1 million the largest components are our restricted funds for specific services and programmes, representing 72% of our income.

Within our restricted income, funding from the Money Advice Service of £24.4 million (2016: £23.9 million) to deliver money and debt advice is our single largest funding stream. Other important streams of restricted income were £16.1 million (2016: £15.7 million) from the Department for Business, Energy and Industrial Strategy for our consumer work, £11.3 million (2016: £11.7 million) from the Ministry of Justice for the Witness Service and £5.7 million (2016: £5.4 million) from the Welsh Government.

The overall reduction in restricted funding was largely due to the £4.7 million decrease in funding for pensions guidance from the Department for Work and Pensions (DWP) £9.1 million (2016: £13.8 million) as they adjusted capacity to reflect anticipated demand.

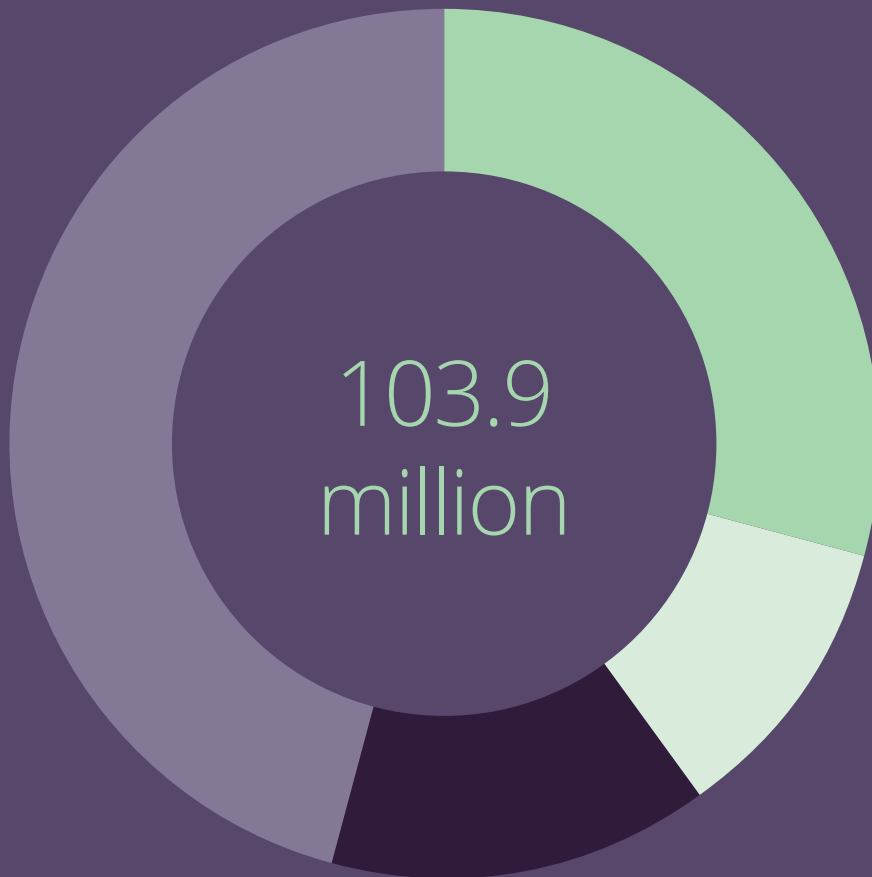
The bulk of our funding is awarded through annual funding agreements which makes longer-term planning and investment decisions hard and we continue to seek new ways to rebalance and diversify our income so that we can continue to meet our charitable objectives and expand and improve our services for clients.

In the coming year we expect to be focussing on maintaining a number of our key funding streams including the Witness Service and funding for money advice with service offers that meet the changing needs of individuals and communities. We will also continue to develop and seek funding to support clients with mental health and health and social care needs as well as newer areas of demand such as assisted digital and modern forms of criminal behaviour that affect our clients including cybercrime and online scams.

Our unrestricted funding to support our core membership services continues to be provided by the Department for Business, Energy and Industrial Strategy (BEIS). This remained static at £22.3 million (2016: £22.3 million).

Expenditure

This year we spent £103.9 million delivering our charitable activities (2016: £108.9 million). The chart below shows 2016/17 expenditure against our 4 areas of charitable activity.



- Delivering information and advice £30.3m (2015/16: £28.2m)
- Advice and advocacy £11.5m (2015/16: £13.3m)
- Strengthening the network £14.6m (2015/16: £16.3m)
- Delivering through partnerships £47.5m (2015/16: £51.1m)

Delivering information and advice.

We increased our spending on the direct delivery of information and advice in 2016/17 to £30.3 million (2016: £28.2 million). This category includes the direct delivery of services by Citizens Advice. The main areas of expenditure cover our consumer service, the Witness Service and the continued investment in our online and digital services for clients.

During the year we began the transition of the consumer service from an external provider to delivery through the local Citizens Advice network. We will therefore expect the proportion of our spend in this category to fall and the spend in Delivering through partnerships to increase.

Advice and advocacy. Our expenditure in 2016/17 on advice and advocacy fell to £11.5 million (2016: £13.3 million). This category includes the delivery of our energy and post statutory duties in line with our agreed work plan as well as expenditure on policy and influencing from our unrestricted funds to support our other key areas of advice work.

Strengthening the network. In 2017 we spent £14.6 million (2016: £16.3 million). This covers our core network support services, information services, systems support, training and quality assurance costs. The reduction of 11% in costs come from operational savings and reallocation of our some of our teams.

Delivering through partnerships.

This represents the largest proportion of our expenditure at £47.5 million (2016: £51.1 million). Within this we provided £40.9 million (2016: £44.2 million) to the local Citizens Advice network. The decrease is primarily due to the capacity adjustment made to Pension Wise by DWP which reduced the level of funding payable for pensions guidance to £7.1 million (2016: £12.9 million). It should be noted that despite the overall reduction in payments to the network, a wider range of services are being delivered by local Citizens Advice following the consumer service being brought in-house from a third party provider.

Remuneration policy

Staff costs are our single biggest area of expenditure. During the year we have continued to roll out our new approach to pay and grading with the aim of providing a more structured, transparent and fair pay scheme and achieving pay equality. All roles are evaluated using an industry standard evaluation scheme in order to ensure equal pay is offered for work of equal value. In order to attract the right talent, our pay and grading scheme is structured on the basis of market median salaries. All Citizens Advice employees earn in excess of the Living Wage.

A 1% annual salary increase was awarded to all staff in April 2016. The negotiations for the 2017 pay award are underway and it is hoped that these will conclude by the end of July 2017. Executive team remuneration is the responsibility of the Trustee Board remuneration committee which sets pay levels on the basis of job evaluation outcomes and comprehensive benchmarking.

Grant making policy

Citizens Advice awards grants to local Citizens Advice (and other local charities and organisations) in line with our grant agreements with funders and to meet the needs of clients.

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

The grant application process is based on good practice and the process is published on the Citizens Advice intranet so that applicants are aware of the methodology. Evaluators are trained in-house and include members of the network to ensure transparency and objectivity. In 2016/17 £44.2 million in grants has been allocated to the network and other organisations from funding sources including:

- Department for Business, Energy and Industrial Strategy (BEIS) for the consumer service
- Money Advice Service for the delivery of face to face debt advice in England and Wales and for the delivery of money advice in Wales
- Energy companies for energy advice and education programmes
- Department for Work and Pensions (DWP) for the delivery of pensions guidance through Pension Wise
- Welsh Government for the delivery of face to face advice in Wales.

Balance sheet

We continue to benefit from a strong cash flow supported by our funders. The total cash balance at the year-end was £34.1 million (2016: £32.8 million). Total funds were £8.0 million at March 2017 (2016: £20.7 million). The reduction is due to the increase in the pension liability by £7.9 million and the drawdown of restricted balances to fund agreed ongoing programmes of work.

Reserves policy

Citizens Advice holds both unrestricted financial reserves and restricted funds to be applied to agreed future activities. Unrestricted reserves provide protection against the immediate impact of funding changes and to provide cover for unforeseen, essential expenditure.

Unrestricted reserves

Each year our Trustee Board reviews our reserves policy and considers the appropriate level of unrestricted reserves. In doing so they consider the level appropriate for the current size and complexity of the organisation, the economic environment within which we are operating, the risks we are currently managing and known investment plans above and beyond annual budgeted costs. Trustees also consider our current risk profile, balancing the need to reflect that risk whilst ensuring that we are not holding funds unnecessarily at the expense of committing funds to meet our charitable objectives.

As result of this year's review the Trustee Board, advised by the Audit and Risk Committee, agreed to revise the reserves policy to increase the minimum level of unrestricted reserves from £6 million to £8 million. This was felt to be a better reflection of the risk environment in which the charity is operating and maintains the level at approximately 3 months of our core operating costs.

As at 31 March 2017, our total unrestricted reserves were £16.2 million (2016: £12.0 million). Of this, £5.3 million is designated for planned investment in technology and digital products to enable us to remain competitive as well as to provide funding for key, identified business development opportunities. Of the unrestricted reserves, £219,000 is in the form of tangible fixed assets and £712,000 in shares.

Restricted funds

Our restricted funds were £14.0 million as at 31 March 2017 (2016: £23.0 million) and represent the balance of ongoing funding and projects. These balances can only be applied in accordance with funders' requirements and are not covered by our reserves policy but help inform the minimum level of unrestricted reserves required.

Pension reserve

As noted in the next section, in line with the reporting requirements of the charities SORP the negative pensions reserve increased to £22.2 million (2016: £14.3 million). This represents the net present value of the agreed payments to the closed pension scheme over the remaining 17 year repayment period. This negative balance will be reduced by the annual deficit contributions over the payment period. The overall liability and the level of this reserve will vary based on the discount rate applicable to future contributions and periodic revaluations.

Pensions

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

The total deficit of the closed scheme as at 31 March 2017 was £59.7 million, increasing from £49.0 million in 2016. This movement illustrates the volatility of this liability due to changing conditions in the financial markets and the wider economic environment, which are outside of our control.

We remain committed to meeting our obligations in relation to the scheme and work closely with the Pension Scheme Trustee Board and its advisers. Accordingly, this year the Board has agreed a range of mitigating actions to help improve the position. This means we have been able to avoid extending the recovery period despite the significant deficit. The current deficit recovery period has a further 17 years to run with agreed annual pension deficit recovery payments of £1.5 million in 2017/18 and £1.6m from 2018/19.

Citizens Advice now operates a defined contribution scheme. New staff are automatically enrolled into the scheme and employer contributions are charged as they are incurred. We have a high level of enrolment with 95% of our staff in the scheme.

Investment

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

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

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

Going concern

Citizens Advice is well placed to manage its liabilities as they fall due and the business risks we face. This position is supported by a strong cash flow, sufficient reserves, good relationships with our key funders and a proven ability to secure new services. We therefore have a reasonable expectation that we have sufficient resources to continue in operational existence for the foreseeable future. We do not believe that there are material uncertainties which call into doubt our ability to continue as a going concern. Our planning processes, including financial projections, take into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. We acknowledge our pension fund obligations and have a clear strategy to recover the deficit over the next 17 years, subject to continued discussion with the Pension Scheme Trustee Board and the Pensions Regulator.

Approval

This annual report of the trustees, under the Charities Act 2011 and the Companies Act 2006, was approved by the Board of Trustees on 26 July 2017, including approving in their capacity as company directors the Strategic report, and is signed as authorised on the Board's behalf by:

Sir David Varney

Chair of Trustees

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

Year ended 31 March 2017

We have audited the financial statements of National Association of Citizens Advice Bureaux for the year ended 31 March 2017 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes numbered 1 to 23.

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).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

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

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

Scope of the audit of the financial statements

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

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2017 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report and Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Trustees' Annual Report.

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

- the parent charitable company has not kept adequate accounting records, or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Naziar Hashemi

Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
London

5 September 2017

Consolidated statement of financial activities

Year ended 31 March 2017

Incorporating an income and expenditure account

	Note	Unrestricted		Restricted		Total	
		2017	2016	2017	2016	2017	2016
		£'000	£'000	£'000	£'000	£'000	£'000
Income:							
Donations and legacies	2	1,193	367	-	-	1,193	367
Income from charitable activities:							
Grants	3	22,322	22,312	71,111	81,219	93,433	103,531
Delivery of services		2,581	3,068	344	354	2,925	3,422
Training and support		757	764	-	84	757	848
Other income:							
Other incoming resources		321	155	291	172	612	327
Investment income		190	115	-	-	190	115
Total income		27,364	26,781	71,746	81,829	99,110	108,610
Expenditure:							
Expenditure on raising funds	6	37	37	-	-	37	37
Expenditure on charitable activities:							
Delivering information & advice	6	5,247	6,361	25,081	21,835	30,328	28,196
Advice and advocacy	6	5,151	5,693	6,361	7,604	11,512	13,297
Strengthening the local Citizens Advice network	6	12,500	12,268	2,072	4,042	14,572	16,310
Partnerships	6	278	705	47,220	50,395	47,498	51,100
Total expenditure		23,213	25,064	80,734	83,876	103,947	108,940
Net gains/(losses) on investments		-	-	26	94	26	94
Net income/(expenditure)		4,151	1,717	(8,962)	(1,953)	(4,811)	(236)
Actuarial gains/(losses) on defined benefit pension schemes		(7,873)	924	-	-	(7,873)	924
Net movement in funds		(3,722)	2,641	(8,962)	(1,953)	(12,684)	688
Reconciliation of funds:							
Total funds brought forward	17	(2,311)	(4,952)	23,021	24,974	20,710	20,022
Total funds carried forward	17	(6,033)	(2,311)	14,059	23,021	8,026	20,710

All activities derive from continuing operations.

The Charity has taken exemption from presenting its unconsolidated profit and loss account under s408 of the Companies Act 2006. The unconsolidated loss for the year £12.7 million.

Consolidated balance sheet

(Registered number 1436945)

At 31 March 2017

	Note	Group		Citizens Advice	
		2017	2016	2017	2016
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	10	2,183	2,184	2,183	2,184
Tangible assets	11	219	487	219	487
Investments	14	712	4,892	712	4,892
Current Assets					
Investments	14	-	1,246	-	1,246
Debtors	12	2,945	2,642	3,246	2,812
Cash at bank and in hand					
Infrastructure funding	15,17	4,681	4,218	4,681	4,218
Other	15	29,388	28,574	29,087	28,404
		37,014	36,680	37,014	36,680
Creditors: amounts falling due within one year	13	7,950	7,194	7,950	7,194
Net current assets		29,064	29,486	29,064	29,486
Total assets less current liabilities		32,178	37,049	32,178	37,049
Provisions for liabilities and charges	16	24,152	16,339	24,152	16,339
Total assets less all liabilities		8,026	20,710	8,026	20,710
Funds					
Restricted funds	17	14,059	23,021	14,059	23,021
Unrestricted funds	17	16,190	12,039	16,190	12,039
Pension Reserve	17	(22,223)	(14,350)	(22,223)	(14,350)
Total funds		8,026	20,710	8,026	20,710

The financial statements were approved and authorised for issue by the Trustee Board on 26 July 2017 and signed on their behalf by:

Sir David Varney
Director (Chair)

John Woodman
Director (Treasurer)

Consolidated statement of cash flows

Year ended 31 March 2017

	2017	2016
	£'000	£'000
Cash flows from operating activities		
Net movement of funds	(12,684)	688
Adjustments for:		
Depreciation of property, plant and equipment	268	351
Amortisation of intangible assets	923	1,140
Interest receivable	(190)	(115)
Decrease/(increase) in debtors	(303)	470
Increase/(decrease) in creditors	756	(46)
Increase/(decrease) in revenue provisions	7,813	(364)
Net cash generated from operating activities	(3,417)	2,124
Cash flows from investing activities		
Purchase of intangible assets	(922)	(765)
Increase/(decrease) in other fixed asset investments	5,426	(1,475)
Interest receivable	190	115
Net cash used in investing activities	4,694	(2,125)
Net increase/(decrease) in cash and cash equivalents	1,277	(1)
Cash and cash equivalents at the beginning of the year	32,792	32,793
Cash and cash equivalents at year end	34,069	32,792

Cash and cash equivalents at year end are represented by cash.

Notes to the financial statements

Year ended 31 March 2017

1. Accounting policies

a) Accounting convention

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. Citizens Advice meets the definition of a public benefit entity under FRS 102.

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

b) Going concern

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

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

c) Fixed assets

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

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

The estimated lives of the assets are as follows:

Office and computer equipment – three years.

Infrastructure software – between three and eight years, depending on the duration of license.

Software development costs and infrastructure purchased and developed in-house have been capitalised within intangible assets as they can be identified with a specific project anticipated to produce future benefits. Once brought into use they will be amortised on the straight line basis over the anticipated life of the benefits arising from the completed project.

Fixtures and fittings – five years.

d) Leases

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

Notes to the financial statements

Year ended 31 March 2017

e) Pension costs

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

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

f) Financial Instruments

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

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

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

At the balance sheet date the charity held financial assets at amortised cost of £36,084,000 (2016: £35,538,000). Financial assets at fair value through income or expenditure of £36,084,000 (2016: £35,538,000) and Financial liabilities at amortised cost of £6,197,000 (2016: £5,508,000)

g) Grants payable and receivable

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

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

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

h) Deferred income

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

i) Legacies

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

j) Delivery of services

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

Notes to the financial statements continued

Year ended 31 March 2017

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

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

k) Training and support

The training and support activities comprise income from the provision of training courses in debt, employment, welfare benefits and consumer issues as well as contributions towards the cost of providing insurance cover on behalf of the network in England and Wales

l) Other income

Other income includes voluntary donations from private individuals and corporate donors. Income bequeathed from legacies and wills are also included as other income.

m) Resources expended

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

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

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

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

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

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

n) Reserves

Unrestricted funds represent funds raised or grants awarded for no specified project which are expendable at the discretion of the trustees in furtherance of the Charity's objectives. The expenditure will arise in subsequent financial periods. There are no carry forward restrictions on unrestricted funds. Transfers to and from designated funds are subject to the approval of the trustees.

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

o) Provisions

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

Notes to the financial statements continued

Year ended 31 March 2017

p) Consolidation

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

The net outgoing resources for Citizens Advice alone were £4,811,000 in 2016/17 (net outgoing resources £236,000 in 2015/16).

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

q) Critical accounting judgements and key sources of estimation uncertainty

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

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

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

Dilapidations – Liability is estimated to prevent inclusion of costs today in real terms. The estimated future liability is discounted and disclosed as part of our provisions in note 16.

Notes to the financial statements

Year ended 31 March 2017

2. Donations and legacies

	2017	2016
	£'000	£'000
Legacies	916	332
Donations	277	35
Total donations and legacies	1,193	367

During the year, £900,000 was received from a single benefactor's will and £262,000 from a private donor.

3. Grants

a) Government grants

Funder	2017	2016	Purpose
	£'000	£'000	
Government department grants			
Department for Business, Energy and Industrial Strategy (BEIS) unrestricted	22,300	22,312	Core charitable objectives
BEIS restricted	16,138	15,683	Consumer advice and other restricted activities
Department for Energy and Climate Change	301	201	Big Energy Saving Week
HM Revenue & Customs	-	173	Capacity building projects
Department of Work and Pensions	9,115	13,822	Pension guidance
Ministry of Justice	11,266	11,703	Court based Witness Service
Welsh Government			
Welsh Government	150	100	Better advice: better health
Welsh Government	368	390	Discrimination advice
Welsh Government	1,577	1,568	Advice service
Welsh Government	1,269	1,300	Debt and housing advice
Welsh Government	2,040	1,806	Tackling Poverty
Welsh Government	-	222	Adviceline (Wales)
Welsh Government	279	-	Money Guidance
European grants			
European Commission	18	-	Equality advice
Total Government grants	64,821	69,280	

Notes to the financial statements

Year ended 31 March 2017

b) Grants from other public bodies

Funder	2017	2016	Purpose
	£'000	£'000	
The Insolvency Service	139	60	Debt relief orders
Money Advice Service	24,392	23,906	Face to face debt advice
	24,531	23,966	

c) Other grants

Purpose	2017	2016	
	£'000	£'000	
Financial capability	356	387	
Equality and diversity	247	25	
Energy advice	2,458	9,562	
Specialist support	-	8	
Money advice	710	178	
Homelessness advice	310	125	
Total other grants	4,081	10,285	
Total Government grants	93,433	103,531	

A list of grant funders is available in the strategic report.

Notes to the financial statements

Year ended 31 March 2017

4. Information regarding directors and employees

The trustees of Citizens Advice are the non-executive directors of the charitable company. No emoluments were paid to any non-executive directors (2016: nil). Payments of £5,764 (2016: £6,968) were made to seven (2016: six) non-executive directors during the year in respect of expenses for travel and expenses incurred in the course of executing their duties. No trustee indemnity insurance was purchased.

Employee costs during the year:

	2017	2016
	£'000	£'000
Wages and salaries	25,244	26,532
Social security costs	2,439	2,255
Pension costs (see note 21)	2,878	2,990
Temporary staff	888	1,206
	31,449	32,983

Pension costs shown above relate to amounts accrued in the year. Payments totalling £1,516,000 (2016: £1,478,000) were made to the Citizens Advice Group Personal Pension Plan and to the Civil Service Pension scheme for Consumer Futures staff who transferred to Citizens Advice in April 2014. There was also a contribution of £1,362,000 (2016: £1,512,000) to the NACAB Pension and Assurance Plan (1991) which closed on 27 March 2008.

Wages and salaries above include £665,000 (2016: £1,102,000) for redundancy and settlement costs. Redundancy payments were made in line with our contractual terms.

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

	2017	2016
	Number	Number
Charitable activities		
Delivering information and advice	292	335
Advice and advocacy	150	176
Strengthening the local Citizens Advice network	211	266
Partnerships	76	39
Average number of persons employed	729	816

Notes to the financial statements

Year ended 31 March 2017

Aggregate emoluments paid to executive directors in the financial year

Citizens Advice has identified all the key management personnel within the meaning of FRS102. These are the executive directors at Citizens Advice.

The figures below comprise gross salaries and employer's pension contributions paid to executive directors. In addition, the key management personnel were reimbursed £1,967 (2016: £5,871) for travel and out-of-pocket expenses incurred in the course of executing their responsibilities. No other amounts were payable. In addition, two (2016: four) other employees were paid between £80,000 and £89,999, nine (2016: eight) employees between £70,000 and £79,999 and 10 employees (2016: 14) between £60,000 and £69,000 (including compensation for loss of office).

Total employee remuneration for key management personnel is £761,262 (2016: £739,751)

Post	Salary 2017	Pension 2017	Total 2017	Total 2016 Restated
	£	£	£	£
Director of Policy and Advocacy*	101,308	8,537	109,845	106,399
Director of Operations	100,748	7,222	107,970	92,144
Director of People and Equality	102,010	1,105	103,115	99,148
Assistant Chief Executive	93,317	7,278	100,595	109,910
Director of Finance and Transformation	104,831	9,222	114,053	107,692
Chief Executive	147,131	–	147,131	155,080

*2016 comparator includes cost of Director of Consumer Futures to September 2015 when this function was taken over by Director of Policy and Advocacy.

During the year all staff, including the key management personnel, received a pay review of 1%. Other salary changes were a result of role changes and re-valuations. The remuneration policy is set out in the strategic report.

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

Notes to the financial statements

Year ended 31 March 2017

5. Grants payable

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

a) Grants to local Citizens Advice members

Purpose	2017	2017	2016
	Total No	£'000	£'000
Consumer empowerment	16	78	90
Welfare advice	-	-	2
Financial capability	74	99	141
BEIS funded projects	17	761	913
Equality and diversity	12	86	46
Debt Relief Orders	498	92	91
Energy advice	1,612	6,042	4,262
Pensions guidance	264	7,109	12,866
Money advice	75	651	-
Witness services	10	653	-
Debt advice	618	18,680	19,601
Fuel poverty project	42	6	225
Welsh Government funded projects	274	4,638	4,889
Various projects	218	1,982	1,100
Total local Citizens Advice network grants	3,730	40,877	44,226

Grants are received for the above purposes and distributed amongst local Citizens Advice members.

Notes to the financial statements

Year ended 31 March 2017

b) Grants to other bodies

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

Purpose	Recipient	2017 £'000	2016 £'000
Debt advice	Better Leeds Communities	-	51
Debt advice	Birmingham Community Law Centre	51	61
Debt advice	Birmingham Settlement	205	162
Debt advice	Burley Lodge Centre	103	26
Debt advice	Ebor Gardens Advice Centre	103	71
Debt advice	Homemaker South West	154	115
Debt advice and financial capability	Ipswich Housing Action	111	68
Debt advice	Luton Rights	30	32
Debt advice	Mind Salford	103	51
Debt line	Money Advice Trust	1,482	560
Various	Money Advice and Community Support	51	38
Debt advice	Norfolk Community Law	38	21
Debt advice	Shelter and Shelter Cymru	460	45
Debt advice	Snap Cymru	48	-
Energy advice	St Vincent Support Centre	103	77
Various	82 miscellaneous grants (2016: 86)	261	178
Total grants to others		3,303	1,556
Total grants		44,180	45,782

Notes to the financial statements

Year ended 31 March 2017

6. Total resources expended

Total resources expended for the year ended 31 March 2017:

	Direct staff costs	Grants	Other direct costs	Support costs	Total 2017
	£'000	£'000	£'000	£'000	£'000
Costs of generating funds	30	–	1	6	37
Charitable objectives					
Delivering information and advice	10,951	3,335	12,035	4,007	30,328
Advice and advocacy	5,658	340	3,280	2,234	11,512
Strengthening the local Citizens Advice network	7,909	120	4,463	2,080	14,572
Partnerships	2,787	40,385	1,585	2,741	47,498
	27,335	44,180	21,364	11,068	103,947

Total resources expended for the year ended 31 March 2016:

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

The increase in support costs is primarily due to an increased level of IT development costs.

See note 7 for the value of support costs allocated to grant making.

Notes to the financial statements

Year ended 31 March 2017

7. Support cost breakdown by activity

Support costs are allocated across activities based on direct staff numbers. The amounts below represent the allocated staff and other allocated costs in note 6.

Support costs breakdown for the year ended 31 March 2017:

	Premises	Admin	IT Services	HR	Finance	2017	2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Costs of generating funds	3	–	1	1	1	6	6
Charitable activities							
Delivering information and advice	404	676	1,961	358	608	4,007	1,713
Advice and advocacy	201	437	1,042	188	366	2,234	1,746
Strengthening the local Citizens Advice network	203	265	1,099	205	308	2,080	1,194
Partnerships	333	1,030	1,043	171	164	2,741	4,232
	1,144	2,408	5,146	923	1,447	11,068	8,891

Included in the strengthening the local Citizens Advice network heading are governance costs of £1,007,000 (2016: £458,000) which represents a full year's cost and increased staffing levels compared to approximately 50% in the prior year. These costs include management support costs, the Company Secretary, administrative support and an apportionment of senior management costs.

8. Corporation tax

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

9. Net expenditure

Net incoming resources for the year are stated after charging:

	2017	2016
	£'000	£'000
Operating lease costs		
Property	1,352	1,275
Office equipment	21	9
Amortisation	923	1,140
Depreciation	268	351
External Auditor's remuneration		
External audit fee	46	42
Non audit work	12	7
Internal Auditor's remuneration	48	43

Notes to the financial statements

Year ended 31 March 2017

10. Fixed assets – intangible assets

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

Intangible fixed assets includes computer licences and software purchases.

	Infrastructure software		Total
	Work in progress	Operational	
	£'000	£'000	£'000
Cost			
At 1 April 2016	557	6,393	6,950
Additions	885	37	922
Disposals	–	(93)	(93)
Transfers	(115)	115	–
At 31 March 2017	1,327	6,452	7,779
Amortisation			
At 1 April 2016	–	4,766	4,766
Charge for the year	–	923	923
Disposals	–	(93)	(93)
At 31 March 2017	–	5,596	5,596
Net book value at 31 March 2017	1,327	856	2,183
Net book value at 31 March 2016	557	1,627	2,184

The amortisation charge is reallocated over all charitable activities.

Notes to the financial statements

Year ended 31 March 2017

11. Fixed assets – tangible assets

This includes capitalised fixtures, fittings and equipment.

	Fixtures, fittings and equipment	Total
	£'000	£'000
Cost		
At 1 April 2016	1,353	1,353
Additions	–	–
Disposals	–	–
Transfers	–	–
At 31 March 2017	1,353	1,353
Depreciation		
At 1 April 2016	866	866
Charge for the year	268	268
Disposals	–	–
At 31 March 2017	1,134	1,134
Net book value at 31 March 2017	219	219
Net book value at 31 March 2016	487	487

12. Debtors

	Group		Citizens Advice	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Trade debtors	360	487	357	432
Other debtors	97	102	97	102
Prepayments and accrued income	2,186	1,938	2,186	1,938
HM Revenue and Customs	302	115	302	115
Subsidiary undertakings	–	–	304	225
	2,945	2,642	3,246	2,812

Included in other debtors is £95,000 (2016: £102,000), which relates to 56 (2016: 61) staff season ticket, car or career development loans. These are interest free, apart from one career development loan, and are recoverable through monthly payroll deductions. There were no executive directors (2016: 1) with a loan outstanding at the balance sheet date (2016: £3,000).

Notes to the financial statements

Year ended 31 March 2017

13. Creditors: amounts falling due within one year

	Group		Citizens Advice	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Trade creditors	1,550	233	1,550	233
Local Citizens Advice network grants	235	539	235	539
Other creditors including taxation and social security	689	953	689	953
Accruals and deferred income	5,476	5,469	5,476	5,469
	7,950	7,194	7,950	7,194

	Group		Citizens Advice	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Accruals and deferred income comprises:				
Accruals	4,394	4,713	4,394	4,713
Deferred income brought forward	756	370	756	361
Amount released from previous year	(756)	(370)	(756)	(361)
Incoming resources deferred in the year	1,082	756	1,082	756
	5,476	5,469	5,476	5,469

	Group		Citizens Advice	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Other creditors including taxation and social security comprises:				
HM Revenue and Customs	669	709	669	709
Other creditors	20	244	20	244
	689	953	689	953

Deferred income includes a grant from E-ON Energy which Citizens Advice is not entitled to until after 1 April 2017, grant clawbacks and subscription income for both paper and electronic information products.

Notes to the financial statements

Year ended 31 March 2017

14. Investments

The value of shares held in Citizens Advice Ltd is £2 being two ordinary shares of £1 each which represents 100 per cent of the issued share capital. The company is a private limited company which was incorporated on 16 July 1982. The company is incorporated in England. The company manages all forms of sponsorship on behalf of the parent company and covenants all profits each year under gift aid. The turnover in 2017 was £64,000 (2016: £189,000) which generated a profit of £124 (2016: profit £675). Net assets were £2 in 2017 (2016: £2). The shares are held as a fixed asset.

Moneysupermarket.com shares were received from the Martin Lewis Charitable Fund in 2012/13 for which the sale by Citizens Advice was restricted for three years. This is held as a fixed asset. The investment is listed on a recognised stock exchange and is held primarily to provide an investment return. The investment valuation was as at 31 March 2017 and is subject to market fluctuations. The investment is analysed below.

	2017	2016
	£'000	£'000
Brought forward	692	581
Revaluation	20	111
Carried forward	712	692

There were no cash deposits held as investments at 31 March 2017 (2016: £5,446,000) and none were held as fixed assets (2016: £4,200,000) or as current assets (2016: £1,246,000).

15. Cash at bank and in hand

Immediately available cash deposits valued at £34,069,000 (2016: £32,792,000) were held at 31 March 2017. These were all UK cash deposits varying from seven days' notice to one year fixed bonds and are held to manage the cash flow of the organisation. £4,681,000 of these has been identified in the balance sheet as needing to meet continuing costs of infrastructure and capital commitments (2016: £4,218,000).

Notes to the financial statements

Year ended 31 March 2017

16. Provisions

	Group		Citizens Advice	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Property provisions				
Provision at 1 April 2016	1,014	1,002	1,014	1,002
Released during the year	(58)	(23)	(58)	(23)
Utilised during the year	-	-	-	-
Additional provision	59	35	59	35
Provision at 31 March 2017	1,015	1,014	1,015	1,014
Other provisions				
Provision at 1 April 2016	15,325	15,701	15,325	15,701
Released during the year	(746)	(1,001)	(746)	(1,001)
Utilised during the year	-	-	-	-
Additional provision	8,558	625	8,558	625
Provision at 31 March 2017	23,137	15,325	23,137	15,325
Total provisions at 31 March 2017	24,152	16,339	24,152	16,339

The provision includes Citizens Advice's pension liability in compliance with FRS102 of £22,223,000 (2016: £14,350,000).

The nature of provisions and the expected timing of resulting payments are:

Nature of provision	Amount	Payment due
	£'000	£'000
Dilapidations payments due on major repairs on leased buildings after the first break clause	1,015	Between 2016 and 2023
HMRC liability	104	2018
Redundancies and settlements known and consulted on by 31 March 2017	5	2018
Local Citizens Advice pension liability	19	2027
Holiday pay accrued between January and March 2017	786	Reassessed annually
Pension liability	22,223	See note 21

Notes to the financial statements

Year ended 31 March 2017

17. Statement of funds

	At 1 April 2017	Income	Expenditure	Pension adjustment	Gains (losses) on investment assets	At 31 March 2017
	£'000	£'000	£'000	£'000	£'000	£'000
Infrastructure projects	8,265	16,489	20,988	-	-	3,766
Local government projects	115	-	-	-	-	115
Welsh Government projects	146	5,683	5,773	-	-	56
Social policy projects	234	1,520	932	-	-	822
Financial capability projects	340	-	96	-	-	244
Specialist support projects	1,133	91	60	-	-	1,164
Pension Wise	172	9,115	9,139	-	-	148
Court based witness service	-	11,266	11,241	-	-	25
Energy	9,990	9	4,534	-	-	5,465
Other projects	1,810	4,257	4,823	-	26	1,270
Money Advice Service debt advice	816	23,316	23,148	-	-	984
Total restricted funds	23,021	71,746	80,734	-	26	14,059
Designated funds	4,200	2,483	1,361	-	-	5,322
Unrestricted funds	7,839	24,881	21,852	-	-	10,868
Total unrestricted funds	12,039	27,364	23,213	-	-	16,190
Pension scheme	(14,350)	-	-	(7,873)	-	(22,223)
Total pension reserve	(14,350)	-	-	(7,873)	-	(22,223)
Total funds	20,710	99,110	103,947	(7,873)	26	8,026

Notes to the financial statements

Year ended 31 March 2017

The unrestricted funds represent the free funds and designated funds. A minimum level of £8 million has been agreed by the Trustee Board to mitigate the risks to which the organisation is exposed. Total unrestricted reserves at 31 March 2017 were £16.2 million of which £5.3 million has been identified as a designated fund to be used for future technology investment including casebook content and development (£4.7m) along with digital infrastructure (£0.6m).

The pension reserves at 31st March was £22.2 million (2016 £14.4 million) and represents the discounted liability on the defined benefit pension scheme of Citizens Advice.

Infrastructure projects comprise funding for service transition and for the delivery of capital projects.

Welsh Government covers a range of money advice, debt, housing and poverty projects and funding for Adviceline.

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

There is funding from fourteen organisations (2016: five organisations) to deliver financial capability projects and funding from eleven organisations (2016: seven organisations) to deliver specialist support and advice.

Energy projects comprise of funding received from EDF and E-ON Energy to provide energy advice to consumers.

The Money Advice Service debt advice has widened beyond face to face advice since November 2014 and comprises seven projects (2016: seven projects).

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

Notes to the financial statements

Year ended 31 March 2017

18. Analysis of net assets between funds

	Unrestricted		Restricted		Total	Total
	2017	2016	2017	2016	2017	2016
	£'000	£'000	£'000	£'000	£'000	£'000
Fund balances at 31 March are represented by:						
Fixed assets – intangible	2,183	2,013	-	171	2,183	2,184
Fixed assets – tangible assets	219	244	-	243	219	487
Fixed assets – investments	-	4,200	712	692	712	4,892
Current assets	21,236	13,335	15,778	23,345	37,014	36,680
Creditors: amounts falling due within one year	(5,519)	(5,764)	(2,431)	(1,430)	(7,950)	(7,194)
Provisions	(24,152)	(16,339)	-	-	(24,152)	(16,339)
Fund balance	(6,033)	(2,311)	14,059	23,021	8,026	20,710

19. Local Citizens Advice network

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

20. Operating lease commitments

At 31 March 2017 Citizens Advice was committed to making the following payments in respect of operating leases:

	2017		2016	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Leases which expire:				
Within one year	1,444	21	880	9
Between two and five years	4,928	-	2,627	-
After five years	1,548	-	3,364	-
	7,920	21	6,871	9

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

Notes to the financial statements

Year ended 31 March 2017

21. Pension scheme

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

Citizens Advice (‘the Principal Employer’) operates a defined benefit scheme (‘the Plan’) in the UK which provides both pensions in retirement and death benefits to members. Pension benefits are related to the members’ final salaries at retirement and their length of service. The Plan also contains some money purchase AVCs and protected rights funds, which are not included in these disclosures.

The Plan is closed to future accrual. In accordance with the schedules of contributions in force over the 2017/18 accounting year, the contributions to the Plan for the year ending 31 March 2018 are expected to be £1,911,750, which includes £1,611,750 towards the deficit and £300,000 as an allowance for administration expenses and all scheme levies.

The Plan is a registered scheme under UK legislation. The Plan is subject to the scheme funding requirements outlined in UK legislation. The Plan is governed by the Plan’s Trust Deed and Rules dated 4 April 2011. The Trustee is responsible for the operation and the governance of the Plan, including making decisions regarding the Plan’s funding investment strategy (although they are required to consult the Principal Employer).

A full actuarial valuation of the Plan was carried out as at 31 March 2017 by a qualified independent actuary, based upon membership data as at 31 March 2016.

The most recent formal actuarial valuation of the Plan was as at 31 March 2016 and revealed a funding deficit of £52,374,000. In the recovery plan agreed following the valuation, the Principal Employer and other participating employers agreed to pay deficit reduction contributions of £1,749,000 per annum with effect from 1 July 2017 with the view to eliminating the deficit by 31 December 2033.

The liabilities of the Plan are based on the current value of expected benefit payment cash flows to members of the Plan over the next 60 or more years. The average duration of the liabilities is approximately 18 years.

The Plan is exposed to actuarial risks such as market (investment) risk, interest rate risk, inflation risk, currency risk and longevity risk.

If Citizens Advice paid its annual contributions as planned, using an actuarial discount rate of 2.6%, the net present value would be £22,223,102 (2016: £14,350,000 and 3.5% discount).

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

	31 March 2017	31 March 2016
	£’000s	£’000s
Fair value of plan assets	80,900	72,319
Present value of defined benefit obligation	140,553	121,350
Surplus (deficit) in plan	(59,653)	(49,031)
Unrecognised surplus	–	–
Defined benefit asset (liability) to be recognised	(59,653)	(49,031)

Notes to the financial statements

Year ended 31 March 2017

22. Related party transactions

Citizens Advice Limited is a subsidiary company owned by Citizens Advice and all Citizens Advice non-charitable trading is conducted through it. The Directors are the National Association of Citizens Advice Bureaux and Sir David Varney. During the year ended 31 March 2017, it made a surplus of £124 (2016: £675).

At 31 March 2017 Citizens Advice Limited (company number 1652053) owed £304,000 to Citizens Advice (2016: £226,000). There were 17 transactions (2016: 15) between Citizens Advice and Citizens Advice Limited during the year. The accounts for the year ended 31 March 2017 were approved on 26 July 2017.

A subsidiary company was registered on 4 April 2008, Citizens Advice Management Services, to provide management services to the local Citizens Advice network members. There were no financial transactions or balances in the year to 31 March 2017 (2016: nil).

Citizens Advice International is a company which was registered in Belgium on 6 December 2004. Although not a related party under FRS 102, it is included here due to the connection of name and objectives. It was established to provide support to Citizens Advice organisations throughout the world. No charge has been made for any expenditure incurred by Citizens Advice on behalf of Citizens Advice International during the year. At 31 March 2017, Citizens Advice owed Citizens Advice International nil (2016: nil). Citizens Advice International is not consolidated into the accounts as it is a separate entity and Citizens Advice does not have the power to control it.

NACAB Pension Trustees Limited is a company limited by guarantee and is the corporate Trustee of the NACAB Pension & Assurance Plan (1991). Citizens Advice is the sole member of this company. This subsidiary was incorporated on 14 February 2017. There were no financial transactions or balances in the year to 31 March 2017.

23. Company limited by guarantee

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

Free, confidential advice. Whoever you are.

We help people overcome their problems and campaign on big issues when their voices need to be heard.

We value diversity, champion equality, and challenge discrimination and harassment.

We're here for everyone.



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