

**addaction**

**Addaction  
Annual Report  
2015-16**



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## Introduction

Welcome to the Trustees' Annual Report for Addaction. This is one of the most important documents we produce and in it we provide information about our aims, objectives and activities, and about this year's performance and financial results. In publishing this report, we want to give a clear picture of what we do, what we have achieved, and how we use the money we receive to meet our charitable aims. The report also fulfils the requirements placed on us by laws and regulations to provide information publicly about the work we do.

Addaction is registered both as a charity and a company (see page 57), and this charitable company is what we mean when we refer to "the charity". Addaction also owns a number of subsidiary companies that are used to carry out specific activities. We refer to the charity and its subsidiary companies collectively as "the group".

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

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

The report as a whole includes the Reference and Administrative Details on page 57, the Statement of Trustees Responsibilities on page 58 and the financial statements for the year on pages 61 to 78.

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

- The document provides a trustees' annual report as required under charity law and a strategic report and directors' report as required by company law.
- It also fulfils the requirements of the reporting and accounting regulations set out in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued by the Charity Commission in January 2015 ("SORP 2015").
- The financial statements have been prepared following the accounting policies set out on pages 64 to 66 and comply with the charity's Memorandum and Articles of Association and the relevant laws that apply.

Addaction exists entirely for the public's benefit. The services we offer are available free of charge to all members of society in the areas in which we are contracted to provide services. This work benefits not only individuals and their families but also the wider community by reducing the harm, and related costs, caused to society by drug and alcohol-related crime, the impact on public health and other related issues. In setting plans and priorities for areas of work, the Trustees of Addaction have referred to the guidance contained in the Charity Commission's general guidance on public benefit. In particular, the Board of Trustees considers how planned activities will contribute to the aims and objectives they have set.

More information about the responsibilities of the Trustees can be found on page 58.

## Chair's Message

I would like to express my sincere gratitude to the staff and volunteers at Addaction, whose compassion, determination and professionalism continues to transform lives. In a year of change and consolidation following last year's merger with KCA, the charity now supports more people in ever more diverse ways. That stands out as a theme in these pages: continuous improvement of services which address a growing range of needs.

In an environment of ever tighter budgets, Addaction has coped admirably to find ways to deliver a higher quality of care and support. Whether through the reflective processes put in place by the charity's Quality Team, the efficiencies found by the clinical regime, the number of new services delivered and existing services retained, or the pragmatic approach to partnership working, Addaction continues to show a remarkable flair for adaptability and innovation.

I would particularly like to celebrate the 10 year anniversaries of our partnership work with both Heineken and Zurich Community Trust who have so often supported our most innovative projects. Zurich has been instrumental in the success of our Breaking the Cycle project and together we have helped thousands of parents and families to overcome their substance misuse problems and increase their self-esteem and confidence. Heineken has helped us to test new services and measure their impact in myriad ways over the decade, and I feel too that we have increased their understanding of alcohol misuse and responsible consumption.

As I approach my retirement in September 2016, the charity's robust health is heartening. My time as Chair of Addaction has been an immensely rewarding experience, and it has been an honour to be part of such an important and vital cause. When visiting Addaction services

over the years I have always been humbled by the life experiences of our services users and their fight to regain control of their lives.

It is no exaggeration to say that the charity you see today is significantly changed from the one I first joined nine years ago. Addaction's increasing focus on the recovery journey of our service users is delivering results which challenge the stereotyping, stigma, and exclusion too often associated with addiction. But so much more still needs to be done. I will leave knowing that Addaction's Executive Team and Board of Trustees are well prepared for the next stage of this journey.



**Adrian Auer**  
Chair



## Chief Executive's Message

During a year of significant change for public health, I want to pay tribute to the flexibility and resilience of Addaction and all of our staff and volunteers. Having spent time in services meeting staff, volunteers and the people who use our services, I have been inspired by our solution-focused approach and the results we've achieved. Our adaptability in a climate of public spending cuts that continues to ask us to provide more for less also has to be commended. We can confidently say that we can and do transform lives.

Addaction continues to support people to recover from substance misuse, make positive, long and lasting contributions to the communities in which they live, reconnect with family members and celebrate their successes. Increasingly though, we take a whole person approach and support people across a broader range of needs. Whether with mental health, homelessness, unemployment, problematic relationships or employability — we follow the evidence base which shows that true sustainable change is all the more powerfully effected when people are helped with all of their needs.

As you will read in this report, we have now concluded the three-year strategy we began in 2013. During the strategic period we grew our reach and support significantly from 43,000 people each year in 2013 to over 75,000 each year today. We have been able to continue to deliver vital services, introduced mental health provision and generic family support services, led the sector on improving Hepatitis C treatment and outcomes, developed veterans support through our Right Turn programme at almost 20 services across England, improved and developed our young people's services, strengthened our clinical regime, introduced a more comprehensive approach to safeguarding and pioneered innovative projects with the Amy Winehouse Foundation Resilience Programme, Drink Wise, Age Well and Blackpool Fulfilling Lives.

While we have come so far in Addaction services, we know too that the wider system is not working for everyone. The reality is that too many people with mental health or drug and alcohol problems continue to find themselves in the UK's overcrowded prisons, drug-related deaths continue to rise, negative attitudes towards people living with addiction prevail, young people's mental health services are at breaking point and both child and adult mental health services cannot keep pace with demand. If we are going to be true to our charitable values, in the years ahead we will need to influence change to tackle the deficiencies in that system.

Our ambition for the next five years acknowledges this: we all want to be well and healthy, but the system isn't working for everyone and we aim to find ways for more people to thrive. By integrating knowledge and expertise, bringing disparate services together and shifting thinking on what we can achieve, we can make the journey easier for those who use our services, and with better outcomes. We can also shift focus to ensure that early help, support and interventions — particularly for young people — are given the priority they deserve. None of this can be achieved without our staff, volunteers, supporters and commissioners. Working together as a team and in partnership with others, we can change lives.



**Simon Antrobus**  
Chief Executive



## Objectives and Activities

**Our overarching aim is to put service users in charge of their lives and at the heart of our organisation. This aim is built upon the values that define the Compassionate, Determined, Professional and, above all, Effective way in which Addaction works.**

We support adults, children, young adults, older people and families to make positive behavioural changes, whether with alcohol, drugs, or mental health and wellbeing at 98 service locations across England and Scotland.

Addaction's specialist adult substance misuse services help people to overcome problems related to drug or alcohol use. We know that for this to be both achievable and sustainable, people don't just need to address their drinking or drug use, but all the other interrelated issues in their lives too – such as housing, employability, education and family relationships. This means working in partnership with a broad range of other organisations to help the people who use our services to make lasting, significant life changes.

Our compassionate and professional staff work to reduce and prevent the harmful use of substances. We do this by delivering harm reduction advice and information; one-to-one recovery support; access to peer-support groups; work in small group sessions; residential and clinical treatments for people with drug and alcohol issues: all to help achieve sustainable recovery. We are ambitious for everyone who accesses our services – our staff work closely with each person to provide an individually tailored programme of support to best meet their needs, and which builds on their own innate strengths and abilities.

We provide specialist drug and alcohol support to young people through early intervention and prevention programmes at our Young Addaction services. Our staff support young people with a wide range of needs, from mental health, emotional wellbeing and low self-esteem to bullying, self-harm, sexual health and building resilience. We develop young people's potential through participation and engagement schemes, which benefits families and local communities. We also support almost a thousand families each year to improve parenting skills and employability, and reduce offending rates and truanting, through our family services.

Our Thinkaction services provide mental health support for adults across the UK. We deliver a wide range of psychological treatments for people who experience mild, moderate and severe mental health problems most often by providing IAPT (Improving Access to Psychological Therapy) services. Our mental health services receive excellent patient feedback and achieve very good recovery rates compared to the national average.

We also work within the criminal justice system to help people to make positive life changes, and reintegrate into their communities having addressed substance misuse, mental health problems and reoffending. We deliver substance misuse and mental health support to people in 15 prisons and on release.

Central to all of our work is ensuring that the people who use our services have a leading role every step of the way, whether it is related to their own treatment journey, their local service or Addaction as a whole.





Last year

**24,251**

of our service users were engaged in structured substance misuse treatment.

Our volunteers contributed over

**40,000 hours**

in total last year. Our volunteers average an amazing

**139 hours**

support each.



We employ



**1,697 staff members**

at **98 sites** across the UK.

Last year we worked with over

**75,000** people across

all our services. Over the last 12 months, the charity has shown steady improvement in the quality of our work.



We supported

**4,139**

young people with issues related to substance misuse.

**95%**

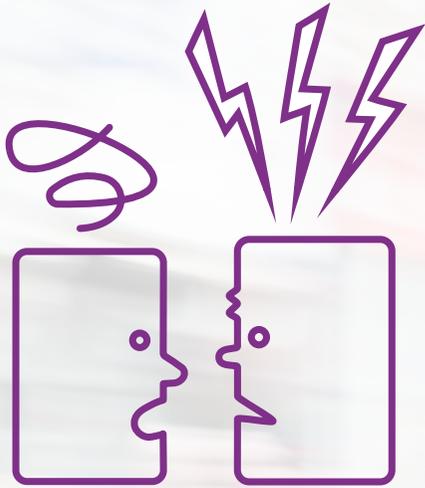
of our mental health clients reported a positive experience of their treatment on their patient experience questionnaire across the year.



We supported almost

**1,000 families**

through our Breaking the Cycle project and our Families Intervention Programme.



In the 2015 Best Companies survey of our workforce, we were awarded

## one to watch

accreditation and scored our best results ever, only narrowly missing a one star award. All categories showed an increase from 2014.



# 51%

of our mental health clients moved to recovery, compared to a national average of 47.9%.



We received

# 23,126

referrals to our Mental Health Services.



People using our substance misuse services reported significant improvements in their wellbeing after completing their treatment:

**75%** reported improvements in psychological health

**63.8%** in physical health and

**70.4%** in quality of life.

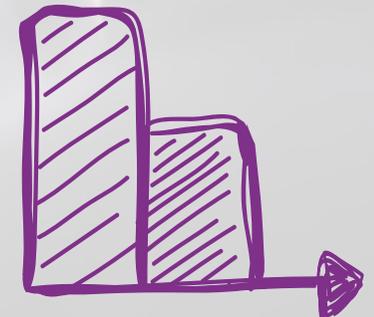
Over **45,000**



school pupils received “life shares” from volunteers with lived experience of substance misuse thanks to the Amy Winehouse Foundation Resilience Programme, run in partnership with Addaction.

# 37.28%

of people using our adult alcohol and adult non-opiate substance misuse services had successfully completed their treatment plan compared to a national average of 35.14%.



A woman with red curly hair and purple glasses is smiling. She is wearing a dark patterned top and a grey scarf. The background is a blurred office setting.

## Addaction staff top 5 responses to Best Companies Survey

“

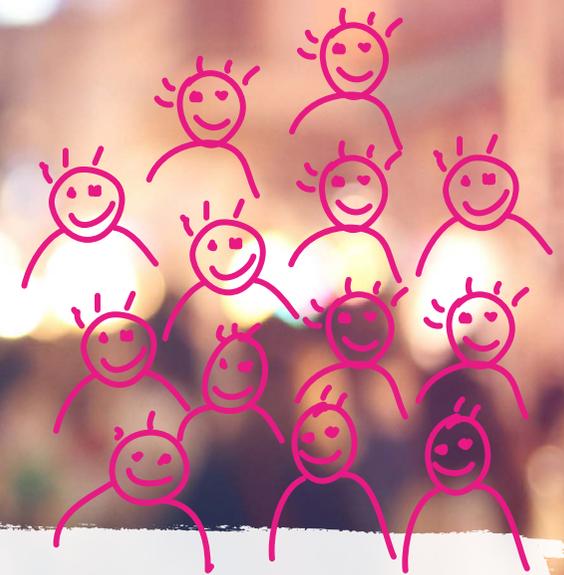
People in my team go out of their way to help me  
This organisation has a strong social conscience  
My work is an important part of my life  
I feel that my manager talks openly and honestly with me  
I believe I can make a valuable contribution to the success of this organisation

”

# Strategic Objectives

Our three year strategic planning period has now reached completion.

You can read about our plans for the next five years on page 51. Our strategic objectives for 2013-2016 ensured Addaction achieved its aims within this period and these are set out over the next few pages.



## 1. Reaching and supporting as many people as we possibly can

For Addaction to offer support and the chance of recovery to as many people as possible, it is fundamental that we continue our successful contract service development programme and develop new initiatives supported by voluntary income, as well as pursuing merger opportunities consistent with our definition of strategic growth. We measure our success against this objective by monitoring income growth. Over the three years of the strategy we met our year-on-year growth rate target of 10%.

## Growth and Diversification

Following last year's merger with KCA, Addaction has grown its expertise in mental health and wellbeing, and young people's services and family support alongside our substance misuse services. It is our aspiration for the people we work with that they achieve the same levels of wellbeing as the general population across a range of areas – including health, happiness, relationships, status, mortality outlook and employment. Now more than ever, the charity has both the diverse services and the pathways between them to face the complex, multiple needs of people and communities, and we're seeing the impact.

We now have 1,697 staff in total, across the following areas:

Adult substance misuse	1,033
Families	46
Young people	170
Prisons	82
Mental health	192
Central support and management	156
Retail (RE:SOURCE)	18

## New Services

Last year, we implemented new processes in the way we bid for contracts to deliver services. We invested in a dedicated team, revised our approach to risk assessment and prioritisation of bids closely aligned to our strategic objectives, improved bid quality and increased our technical expertise with the support of the wider organisation. In 2014-15 our success rate for taking on new services was

approximately 30%, which doubled to approximately 60% last year, while our service retention rate stands at a highly impressive 90% – a significant indicator of organisational health.

## We started delivering the following new services:

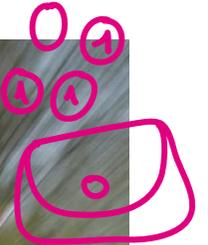
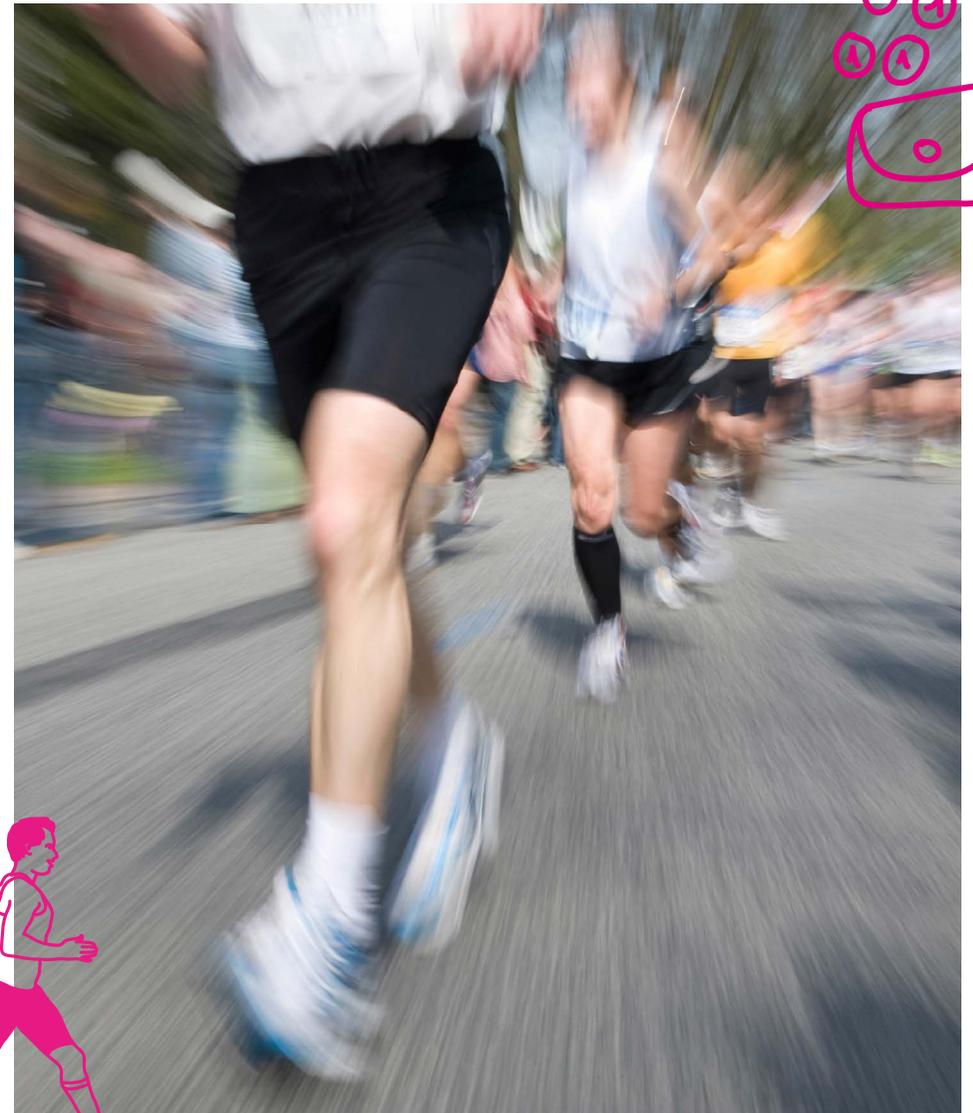
- Bradford Substance Misuse Clinical Support Service
- Dorset Provision of Residential Substance Misuse Services
- Dartford, Gravesend and Swale IAPT
- Derbyshire Inpatient treatment and residential rehabilitation for drug and alcohol misuse
- Herefordshire Council Substance Misuse Services
- West Kent IAPT
- Bournemouth Engagement, Assessment and Care Co-Ordination Service
- Shropshire Recovery Oriented Substance Misuse Services
- East Kent IAPT
- Lancashire Children and Young People's Substance Misuse Treatment Services
- Liverpool Substance Misuse Service
- Bournemouth Borough Council Young People's Specialist Substance Misuse Service
- Camden Drug and Alcohol Residential Rehabilitation Services
- Lewisham Tier 4 Drug and Alcohol Service Provision for Adults
- Surrey Primary Care Psychological Therapies (Adults) / IAPT Services
- Lincolnshire Substance Misuse Service
- Halton Representing Service Users
- Kent and Medway Fire and Rescue Authority Psychological Wellbeing Services

## Grants and Donations

Our voluntary income increased from £4.5 million in 2014-15 to £8 million in 2015-16. The increase comprises a significant grant from the Big Lottery Fund for our Drink Wise, Age Well programme, which started in April 2015, as well as a number of grants and donations from trusts, companies and people who give monthly gifts.

Last year saw additional investment in our Voluntary Income Team, which enabled Addaction to give greater focus to approaching grant making trusts, promote our challenge events more widely and test a face-to-face donor campaign. We also contacted 2,000 of our donors, updating them on our work, and asking them if they would consider supporting our cause once again.

Addaction's voluntary income continues to come from a variety of sources and while our individual giving programme is a small part of that income, it's extremely important to us. Following the tragic death of Olive Cooke, and the ensuing negative press around charity fundraising, Addaction has continued, as it always has, to prioritise excellent, ethical supporter care. We adhere to the regulations of the Fundraising Standards Board and Institute of Fundraising. Donations are so important to charities, so we need to balance continuing to ask people to give with doing so in a respectful and ethical way.



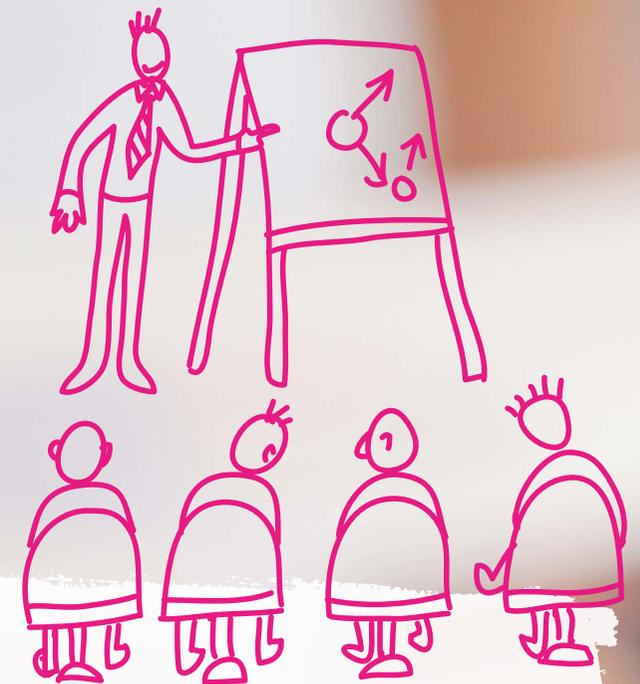
# Strategic Objectives

## 2. Professional Development of our Workforce

At Addaction, the skills development of our staff is an essential part of delivering excellent care to the people who need our support. We provide opportunities for development to our workforce, with career pathways spanning frontline and clinical delivery in both substance misuse and mental health, and in other areas of social welfare.

In order to make a real difference to the communities we work with, we need a strong leadership team and an effective management structure, ensuring that our service users really are at the heart of our organisation. This year saw the consolidation of a new operational and clinical staff structure, following our merger with KCA, building on the existing strengths of Addaction services and allowing for greater consistency across the organisation.

Our merger was the second largest of the year in the voluntary sector and took almost a year to complete from inception to the final transfer of staff. We restructured some 200 existing staff members and brought in approximately 350 new staff from KCA, consolidating and refocusing our charitable purpose and building an essential platform to transform the way we do things. The success of the merger was evidenced by our highest ever performance in the Best Companies survey and was recognised widely across the sector too, as we were placed second in the year's Good Merger Index.



## Training

Our Learning and Development (L&D) team continues to provide high quality learning opportunities to our staff through online modules, qualifications and classroom-based sessions. Last year our L&D team:

Delivered 211 training days, earning a 98.5% overall positive satisfaction rating.

Worked with Gateway Qualifications to develop and launch a new qualification, Award in Substance Misuse Awareness. This was designed for non-practitioner staff and at the end of April 2016, 43 people were registered and working towards the qualification.

Trained 28 people in the Level 3 Award in Delivering Training to facilitate peer learning.

Trained and supported 43 team leaders and managers to achieve a qualification through our Approved Centre status with the Institute for Leadership & Management.

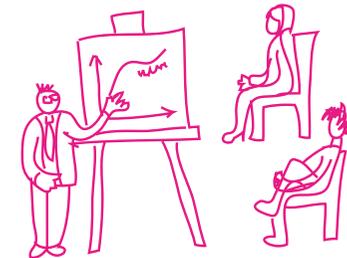
In 2015, Addaction was a Silver Award Winner at the Charity Learning Consortium awards for 'Best eLearning Module Design' (Data, Performance and Analysis module) as well as being a shortlisted finalist in the International 2015 eLearning Awards for 'Excellence in the production of learning content – not for profit sector' (Safeguarding modules).

In our mental health services, we employed ten High Intensity Therapists and eight Psychological Wellbeing Practitioners working across Kent who are approaching the end of their training. We also have eight High Intensity Therapists and 12 Psychological Wellbeing Practitioners working across Surrey as trainees.

Addaction is the first charity in the UK to offer doctors traineeships to gain specialist experience in drug and alcohol addiction. The training is otherwise only available at NHS Trusts that still deliver addiction services, the number of which is reducing as third sector organisations increasingly becoming the preferred providers. This year one of our trainees, Karen Cocksedge, won the prestigious Laughlin Award for gaining the UK's highest grades in her psychiatry exams.

## Apprentices

We offer apprenticeships to provide pathways for people to progress in a fast-paced environment, developing professionally and personally with ongoing support and guidance. Last year, we employed new apprentices across a range of services. Over 80% of the apprentices we have taken on since the scheme began have progressed into full-time employment, many in more senior roles at Addaction.

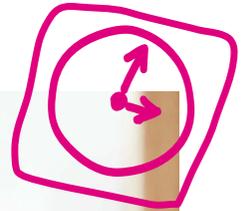


## Volunteers

We would like to thank all our volunteers for their dedication to changing the lives of the people who use our services. Last year, they contributed more than 40,000 hours of their time to Addaction.

The Marsh Volunteer Award is one way in which we at Addaction celebrate volunteers who have done truly exceptional things. The fourth annual occasion honoured four regional winners at a reception in the Palace of Westminster on December 2nd 2015. The awards were kindly sponsored by the Marsh Christian Trust and hosted by Baroness Stedman-Scott. The winners were Mark Merryfield, Alexia Zavros, Billy Connor and overall winner Dave Lee.

The additional support our volunteers provide means we can extend our reach into new areas and engage more directly with the local communities in which we work. We provide opportunities within Adult Services and Young Persons Services, including group work, administrative roles, community projects, and one-to-one client work. Some of our volunteers take up the chance to gain drug counselling qualifications. Others provide help, support and guidance to people who have completed drug and alcohol treatment, and who are trying to find work.



# Strategic Objectives



## 3. Improving our Performance and Impact

At Addaction, we continually look to improve what we do through new ways of working, and measuring our effectiveness. We do this by drawing together management information and data and putting in place systems to ensure we use that intelligence effectively to drive our performance and share our learning. A critical factor in any organisation's growth is a focus on performance improvement and for Addaction that means a genuine focus on better and better outcomes for our service users.

## Policy and Public Affairs

We pride ourselves on not only working within the system to improve people's lives, but working to change the system for the better. Our policy work influences decision makers, so that the people who use our services can get the support they need and the respect they deserve. Last year we submitted extensive evidence to the review on benefits for people with substance misuse problems and hosted Dame Carol Black at our Blackpool service so she could see first-hand the problems affecting the employability of people with complex needs. We also submitted evidence to the Health Select Committee on the effects of public funding cuts, and engaged in consultation on both the psychoactive substances bill and the Government's new drug strategy.

We founded Collective Voice with other organisations in our sector to be more effective on these issues and sit on the Drugs, Alcohol & Justice Cross-Party Parliamentary Group. We contribute to youth policy reviews through our membership of the Young People's Health Partnership and our Executive Medical Director, Dr Kostas Agath, is a member of the Advisory Council on the Misuse of Drugs.

## Improving and Ensuring the Quality of our Services



Our clinical work is tailored to the needs of the individuals and families that we support and delivers good results. We are constantly striving to improve how we work and the outcomes that we achieve through learning what works best and implementing that within our services. Effective, evidence-based clinical support forms the backbone of the vast majority of our services – whether this is our prescribing services, our mental health services or our approach to research and best practice. We take our responsibilities to service users seriously, and are committed to delivering Safe, Effective and Efficient services so that whether you are supporting someone that is using our services or using them yourself, you can be confident that what we're doing works.

In April 2015, Addaction invested in the development of a Quality Team that brought together the clinical and improvement leadership of the organisation, clearly demonstrating our commitment to clinical excellence and strong governance. The Quality Team includes senior clinicians who provide clinical supervision of practitioners, identify and incorporate best practice and contribute to national policy development. Recent work has included contributing to the development of the Orange Guidelines and NICE consultations. Our senior clinicians are accessible to staff and clients, and are available to support on complex clinical issues.



In 2015-16, we identified Risk Assessment as a priority area for development and initiated a programme of work across both mental health and substance misuse services. A new dynamic Risk Assessment Framework was designed in consultation with practitioners, piloted and then implemented with support through a national training programme. This approach has received positive feedback from practitioners and initial audit findings indicate improvements in practice have been achieved.

This year we also formed a national Safeguarding Steering Group to lead a programme of improvement so that Addaction services become a sector leader in Safeguarding practice. The national Safeguarding Steering Group includes representation from across the organisation and provides leadership on all aspects of Safeguarding including Safeguarding of Vulnerable Adults, Safeguarding of Children and Young People, Child Sexual Exploitation, Domestic Abuse, the Mental Capacity Act, the Prevent agenda, Female Genital Mutilation, and E-Safety. We look forward to sharing our approach with colleagues across the sector at our national Safeguarding Conference in February 2017.

## Compliance, Inspection and Audit

Addaction's commitment to ensuring compliance, continued improvement and delivering ever higher quality services led us to form a Compliance, Inspection and Audit (CIA) team, this year. The team conducts audits on all Addaction services to ensure that we not only meet the expectations of our regulators such as the Care Quality Commission (England) and Care Inspectorate (Scotland), but identify areas of improvement that exceed these standards.

The CIA team supports the charity's awareness of changes in regulations, best practice guidance and internal standards. This has proven to be particularly important this year due to recent significant regulatory changes made by the Care Quality Commission. The team's oversight has allowed Addaction to support these changes through involvement with the specialist substance misuse reference group set up by the CQC.

The CIA team oversees all incident and complaint reporting within Addaction. Service user feedback has been improved by further championing our complaints and feedback systems leading to better reporting and a positive increase in complaints. We have introduced new processes and state-of-the-art software to better record and learn from critical incidents. The new reporting system is significantly more streamlined and has reduced the workload and time involved in reporting incidents for frontline staff. The team also continues to support organisational compliance by ensuring that a comprehensive up-to-date set of version-controlled policies are in place throughout Addaction. In addition to scrutiny from our key regulators, our internal quality management system is externally audited to ISO9001 standard on an annual basis. We firmly believe that monitoring key information, being self-challenging and always looking for ways to improve is the way to ensure better outcomes for the people with whom we work.

## Wider Distribution of Naloxone

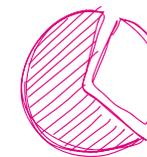
Following an amendment to medicines regulation in October 2015, drug services can now supply Naloxone – an emergency antidote to opioid overdose – to any individual needing access to it for life-saving emergencies.



Subsequently, we have rolled out Naloxone training and provision in our services. By April 2016, all staff at services that dispense Naloxone had been trained and since October 2015 over 2,000 kits had been given to service users with anecdotal reports suggesting upwards of 40 incidents of use in the community.

## Using Data to Improve Performance

Our Knowledge Management directorate ensures that we manage performance effectively and use our business intelligence to deliver better outcomes for the people who use our services. Working in this way helps us to demonstrate the impact that we have achieved, and supports effective decision making and resource allocation. In summary, it helps us to be clear about: exactly what we're delivering, how well we're delivering it, what difference we are making in people's lives and if we need to do things differently.



This work includes supporting case management systems and performance reporting to external and internal stakeholders. The team also takes the lead on Information Governance. Addaction has been compliant with the NHS Information Governance Toolkit for a number of years and takes very seriously its responsibilities in relation to information governance and security by supporting this work through a range of measures.

# Strategic Report

## Achievements & Performance



## Adult Substance Misuse

Our substance misuse staff provide information, advice and tailored support to reduce and prevent the harmful use of drugs and alcohol. The people who use our services support each other on the path to recovery.

Last year, **24,251** of our service users were engaged in structured substance misuse treatment. **37.28%** of people using our adult alcohol and adult non-opiate services had successfully completed their treatment plan compared to a national average of **35.14%**.

The majority of people using our substance misuse services reported improvements in their wellbeing at discharge. **75%** reported improvements in psychological health, **63.8%** in physical health and **70.4%** in quality of life.

It is an extremely brave step to admit a problem and seek Addaction's help. But we know that we must do more than just wait for people to come to us. The following services paint a picture of just some of the ways we reach out to adults that need support.



## Pathways to Employment at RE:SOURCE

RE:SOURCE in Bodmin, Cornwall helps people address their substance misuse issues alongside gaining the confidence, skills and contacts needed to find employment. The social enterprise collects, cleans, repairs, refurbishes and sells unwanted furniture, appliances, bikes and other goods. RE:SOURCE provides a wide variety of volunteering roles through this real working environment, as well as dedicated employability support, including strong links to local employers. RE:SOURCE is a unique social enterprise in Cornwall.

This year we completed our “Cornwall Works with Families” provision having worked with 716 participants, 293 of whom were Addaction service users. Of those, 73% completed 10 weeks on the programme with 63% completing at least one progress measure, which might have been volunteering or a personal development course such as Communicating with Confidence or Raising Aspirations. 71% of Addaction service users who were helped into work through the programme remained in work. Since that scheme, RE:SOURCE has been developing an Employment Pathway specifically for Addaction service users.



**RE:SOURCE**

working together with

**addaction**



“

I left RE:SOURCE after I found my apprenticeship in customer service. I had a lot of fun while I was there. It's a great place to get used to learning new skills, meeting new people. It's friendly, informative – just a nice place to be really.

Shane, former RE:SOURCE volunteer

”

## Supporting Veterans in the South West

Our Right Turn programme originated in the North of England with three aims: to train staff in veteran awareness, introduce veteran-friendly interventions and peer-support groups, and to raise awareness of substance misuse amongst veterans, their families and other organisations. This year, Right Turn has been successfully rolling out across the South West thanks to funding from the Forces in Mind Trust.

Since the South West launch in May 2015, a Right Turn Co-ordinator has been appointed, staff have been trained in veteran awareness, a veteran lead has been established in most services and dedicated peer support groups launched. The project's scope in the South West has also broadened and now offers a signposting service for veterans and their families as well as a veteran awareness training session which has been delivered to staff at partner organisations including the Department of Work and Pensions, probation, the prison service and residential rehabilitation centres. This year, Right Turn has directly supported 50 people and ensured a further 12 have been signposted for support elsewhere.

Vital links have been generated with veteran organisations across the region including the Royal British Legion, providing a service for veterans that did not previously exist. Partnerships are currently in place with 16 other organisations and joint assessments have been set up with the veteran's mental health service for those diagnosed with Post Traumatic Stress Disorder (PTSD). Right Turn is also designing PTSD and alcohol workshops for RM Poole, Hamworthy.



“

I got my military head back on, learned as much as I could from Addaction and that knowledge and the peers I met were amazing. It isn't all cups of tea and chatting, you've got to man up.

Kevin Price, former aircraft engineer in the Royal Navy on recovering from alcohol misuse

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## Addaction Liverpool

Building on many years' experience supporting people in Liverpool, Addaction have this year begun to deliver an ever-more ambitious city-wide service for those affected by substance misuse. The service offers a holistic care package which addresses an individual's addiction in the context of their mental and physical health, and wider social circumstances. We believe everyone has a positive contribution to make, and our passionate, driven teams engage with hard-to-reach individuals, families and communities.

As part of this focus on holistic healthcare, we've undertaken a pioneering study of chest disease in opiate users. Chest disease is the leading cause of death amongst people on methadone prescriptions, but little is known about the subject. Working alongside local partners to reach this isolated group of drug users, we have delivered diagnostic breathing tests for chronic obstructive pulmonary disease (COPD) to approximately 650 patients — the largest ever cohort to have the intervention. Of those tested, 49% were found to have COPD; these are new diagnoses that may not have been otherwise caught. Those clients who tested positive will be referred onto Liverpool Heart and Chest Hospital for a follow-up and discussion of treatment.

Addaction Liverpool, with the London School of Hygiene and Tropical Medicine, Hepatitis C Trust, University of Nottingham, Bristol University and Royal Liverpool and Broadgreen University Hospitals, is also developing ground-breaking services for people affected by hepatitis C. The HEPCATT peer support programme tackles stigma and last year saw 307 clients, of whom 63 were referred for treatment.



“ I used to come here for my needles and methadone, that's how I found out about Addaction. Now I'm starting Community Recovery Champion training, because I'd love to be able to help someone else. I know how it feels to be destitute and demoralised. I know what it feels like to be on the streets or in jail or in a hostel. There's no hope. When you're in that loop, it's a system and it just carries on for years. No one comes in to show that you can do it, but you can.

Tracy, Addaction Liverpool Recovery Champion ”

## Our work with Young People



Addaction supports young people with a wide range of needs, from substance misuse to mental health and emotional wellbeing. We develop young people's potential through participation and engagement schemes, positively impacting on families and local communities.

In 2015-16, Young Addaction supported **4,139** young people through treatment, and engaged many more through education and preventative work; for example, our Kent service alone saw an additional **5,233** young people for early intervention work last year. The following services support young people to understand the effects of substance misuse and so much more.



## Young Addaction Liverpool

In Liverpool, our young person's services work across a range of areas, including engagement, harm reduction, safeguarding and community work. We support people to address problematic substance use, but also resilience, sexual health and wellbeing.

In conjunction with Priority Youth, we deliver a street-based outreach programme four evenings per week. This work delivers brief interventions and targeted work on the streets and in youth centres and community settings, using intelligence from the Merseyside Police-led anti-social behaviour forum to target known hot spots. In the reporting year, 739 young people engaged with us through this initiative.

Last year, Young Addaction Liverpool led a targeted campaign to raise awareness of early mental health issues and how to support your peers. To mark the national Children's Mental Health Week from 8 to 12 February, the service reached 2,600 children and teenagers across the city, delivering Mental Health First Aid sessions across 21 schools and colleges, and the youth offending service. Following the sessions, 26 young people requested extra support and we supported them into appropriate counselling or mental health interventions.



youngaddaction



“

The help I've had has literally been life changing. I've had help with my anger issues and I've realised what the drugs were doing to me. I've been able to encourage my friends to stop too. My relationship with my parents is now much better and they're starting to trust me again. I'm reapplying for sixth-form and have a couple of job interviews lined up to keep me busy until then.

Service user, Young Addaction

”

## The Immortals

The Immortals is an innovative project led by young people for young people. Managed by Young Addaction Barnsley, the project began in 2012 to provide more for young people to do in the town, with a clear message that “you don’t have to drink or take drugs to have a good time.” Since then The Immortals have staged music events and provided a weekly safe space to socialise, engaging over 700 young people in total with support from Young Addaction.

An independent report carried out in January 2016 showed that the benefits to the community and to those taking part have been far reaching. Participants enjoyed an improved sense of wellbeing: 100% felt more active in the community; 100% said the project had a positive effect on their lives; 78% said they had learnt new skills; and 89% felt more confident. In the community there has been reduced anti-social behaviour and an increased sense of community cohesion, leading to The Immortals receiving a nomination for a Pride of Barnsley Award 2016 by the Barnsley Chronicle.

“

There’s so many young people in Barnsley who’ve no money and nothing to do. But here, there’s a space for them to come to where it’s safe. It’s good to go to events and see them enjoying themselves, instead of being outside the bus station, freezing.

Immortals group member

”



The IMMORTALS.



## The Amy Winehouse Foundation Resilience Programme



In 2014, we joined forces with The Amy Winehouse Foundation to deliver a five-year Resilience Education programme to secondary school children across England, thanks to a £4.3 million grant from the Big Lottery Fund.

The Resilience Programme gives young people the security, space and opportunity they need to talk about subjects and personal problems that they may feel embarrassed about or unwilling to share, and equips pupils with the skills and knowledge they need to make truly informed decisions around drugs and alcohol. Many of the interventions to young people are delivered by people with lived experience of substance misuse, which has been well received by pupils.

In the programme's second year:

45,651 pupils received "life shares" from volunteers and 30,602 attended workshops on self-esteem, peer pressure and risky behaviour.

1,515 parents have accessed sessions on how to talk about drugs and alcohol with their children.

Over 2,000 teachers have been trained in identifying and supporting pupils at risk from substance misuse.

393 referrals have been made to Skills 4 Change, which provides targeted support for young people who are affected by someone else's substance misuse, whether parents, close family members or friends.

85 volunteers with lived experience of substance misuse have been recruited and trained to deliver the programme.

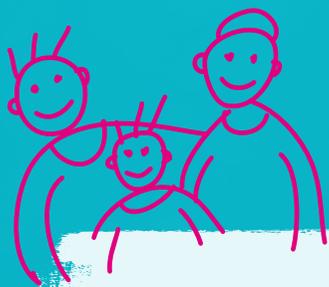


All of the students were sitting in silence and were totally absorbed by what was being said. The details that Brian (a volunteer on the Resilience Programme) gave about his life captured Year 11 and the questions they asked afterwards showed they had fully understood. They now know where they can go for help and advice should they ever need it.

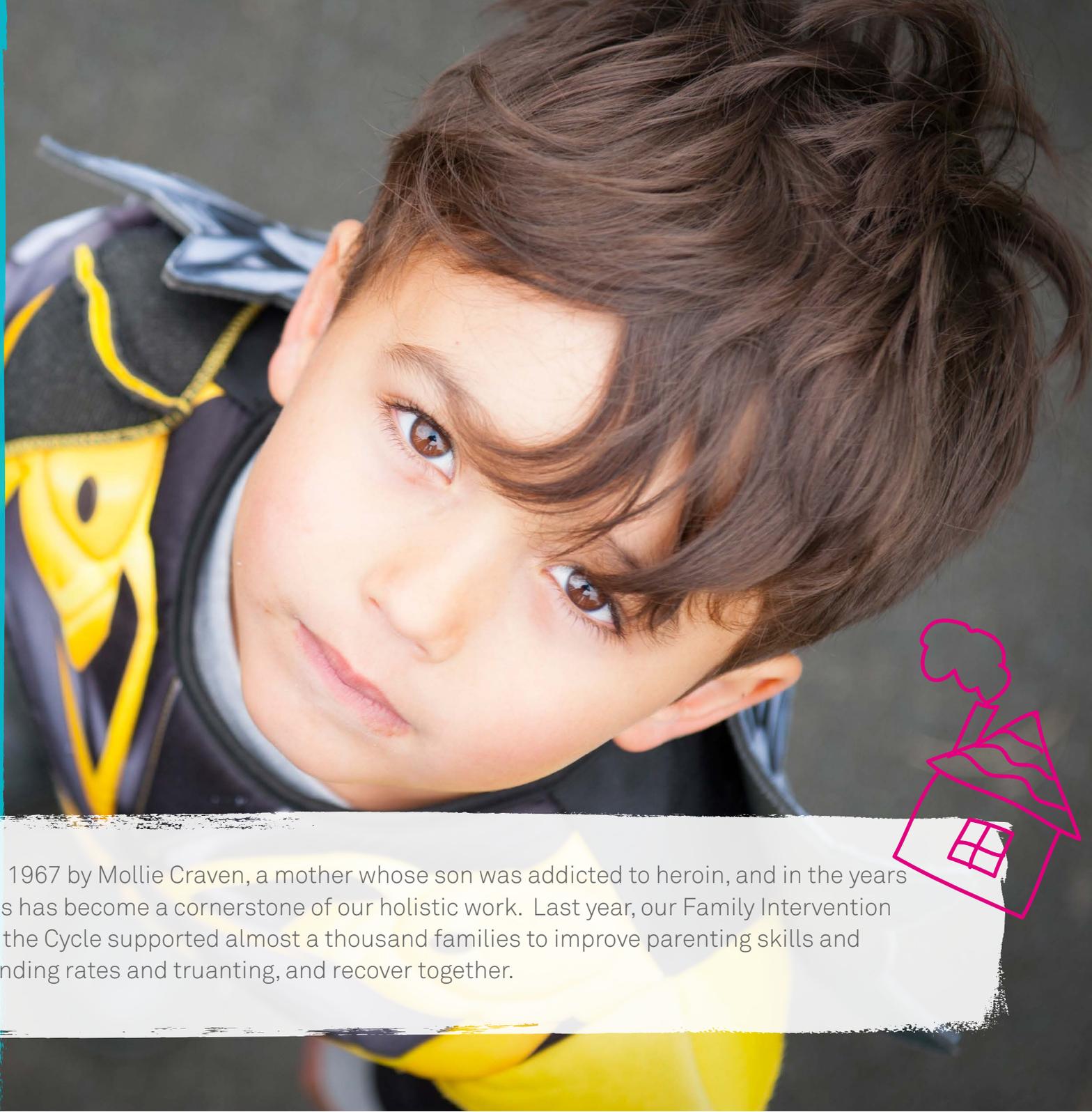
Form tutor, Lincolnshire school



## Our work with Families



Addaction was founded in 1967 by Mollie Craven, a mother whose son was addicted to heroin, and in the years since then helping families has become a cornerstone of our holistic work. Last year, our Family Intervention Programme and Breaking the Cycle supported almost a thousand families to improve parenting skills and employability, reduce offending rates and truanting, and recover together.



## Breaking the Cycle

Last year, Breaking the Cycle (BtC) supported over 450 families in ten sites across England. A longitudinal study demonstrated continuing improvement across a variety of outcomes for families, which continued to improve even after they had left the programme.

BtC provides an individually designed care package for parents and their children, which takes into account the needs of the whole family, to improve mental health, wellbeing and parenting. Over 90% of parents at surveyed BtC services reported either moderate or significant progress in their parenting skills thanks to the programme. Perhaps even more impressively, 69% of clients showed no clinical symptoms of depression and anxiety on discharge – an enormous improvement from joining the programme when only 31% of clients showed no such symptoms.

“

My worker made me feel better within myself. It made my family happier and I was able to regain the trust of my dad and now I work at his company again. I'm also now more focused on being a dad and I'm proud that I am a much better role model for my son. I'm spending more quality time with my son and my step-daughter and I really enjoy it!

Breaking the Cycle client

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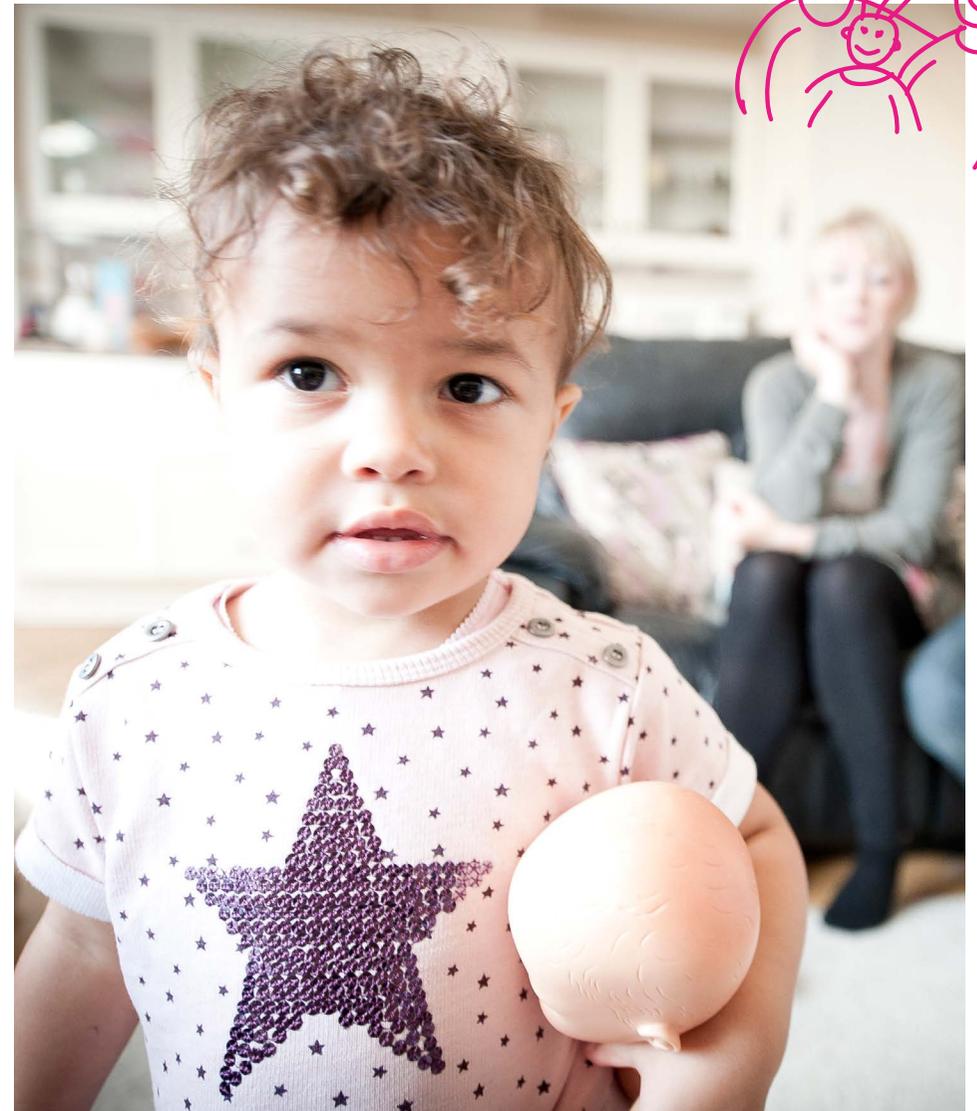
This year, BtC launched a 12-week art therapy programme called Animate. It is designed especially for working with families and uses animal-themed images and visual metaphors to symbolise behaviour and relationship patterns in an inclusive way. After a successful pilot, we will be rolling the programme out across BtC and then further across the organisation as we embed family work into wider Addaction services.

## Family Intervention Programme

Addaction Family Intervention Programme (FIP) focuses on strengthening the resources and resilience of Kent's most disadvantaged families. The programme aims to address key issues, including crime and anti-social behaviour, education and domestic abuse. This year the team have received referrals for over 365 families and actively engaged with over 330, which is approximately 1,800 individuals in total.

Success is identified and measured by turning around family perceptions and behaviours to meet agreed goals or to become a more cohesive unit. Outcomes are also recorded using a Payment by Results system linked to the family meeting criteria determined by central government, the council and other partner agencies.

FIP works closely with other agencies seeking specialised support for families, for example around debt, employment or mental health. Over the past year a team of 28 FIP workers have arranged a number of family fun days out, regular family coffee mornings encouraging them to build friendships in their communities and individual activities with children that promote wellbeing and reward positive behaviour.

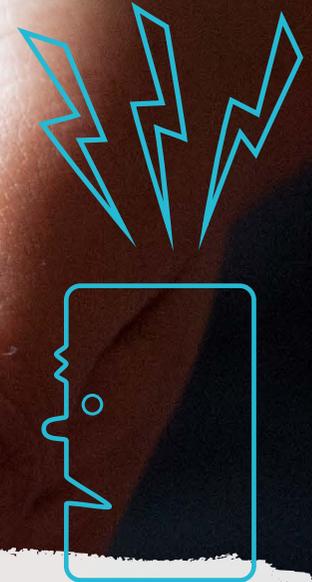


## Mental Health



I can't cope

I feel alone



Our mental health services, Thinkaction, provide vital support for adults across the UK at Improving Access to Psychological Therapies services (IAPT). We focus on a holistic approach and deliver a wide range of psychological treatments for people who experience mild, moderate and severe mental health problems.

- Last year we received **23,126** referrals.
- **13,449** people entered treatment.
- **9,851** people completed a course of treatment.
- On average, our mental health services achieved a moving to recovery rate of over **51%**. This exceeded the national average of **47.9%** and the national target.
- **95%** of our mental health clients reported a positive experience of their treatment across the year.

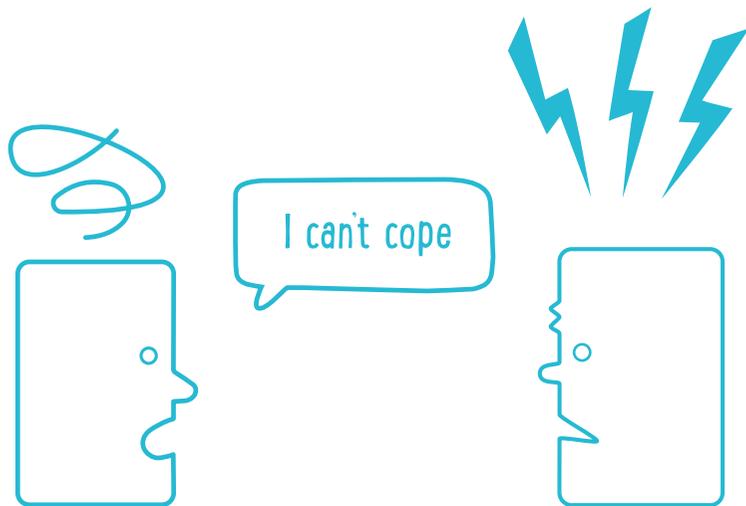
This year we have focused on adding to our excellent clinical results by improving the efficiency of our services including waiting times, and in that respect we have piloted remote workers at Merton IAPT and shared resources across sites. Workshops are being launched in June to continue to progress this work and look at further developments. The following services illustrate the breadth of our mental health work.

## Kent IAPT

Kent IAPT service stretches from Tunbridge Wells and Rochester all the way to Margate and Dover. Thinkaction staff work on site at our service centres but also visit GP surgeries across the county to deliver important psychological talking therapy to as many people as possible who are experiencing depression or anxiety.

At Thinkaction Thanet, we host a service-user-led art therapy group which has grown rapidly over the last year. The age of the group members ranges from 18 to 70. The Turner Gallery in Margate facilitated workshops in 2015 and the group will be travelling to Alexandra Palace in October to take part in a large-scale arts and crafts fair.

In 2015-16, Kent Thinkaction received 12,325 referrals, with 53% of these moved to recovery. In a patient experience questionnaire, 99% of those asked said they had a positive experience with the service.



**thinkaction**

“

I have so much respect for Thinkaction. I wouldn't be where I am today without them. What it's done for me and brought me out of was a real breakthrough. The techniques I learned to cope with everything really worked. I still use them today. I'm doing Psychological Wellbeing Practitioner training now because I thought, if the organisation could do what they did for me, then to be part of it and help other people across the area would be amazing.

Holly, former service user in Thanet

”

## Surrey IAPT

Thinkaction has two services in Surrey, with offices based in Woking and Reigate. Thinkaction services are driven to increase access to primary care psychological therapies to people across the communities in which we work. We offer our talking therapy services in both our local offices and at GP and community services, as well as providing a range of services via telephone. In Surrey referrals come from a wide demographic, often from those suffering stress and anxiety at work. In 2015-16 Surrey Thinkaction received 7,325 referrals. 50% of these moved to recovery, and 69% saw clinical improvement. In a patient experience questionnaire, 95% of those asked said they had a positive experience with the service.

## Self-harm among Young People

We have been concerned for some time about the rising number of young people who have reported self-harming behaviour whilst talking to our staff about their drug and alcohol use; for example, over the last 10 years in Cornwall the number of young people presenting at hospital because of self-harm has increased 68%. As a result, we have expanded Kent's successful Mind and Body programme, which addresses self-harm, to our YZUP Cornwall project and to Young Addaction Lancashire.

Our Mind and Body programme works with secondary schools to offer students specialist support for self-harming issues. During the Kent pilot, more than a quarter of participants had completely stopped self-harming by the end of the programme and 78.7% registered an improvement in their mental wellbeing.

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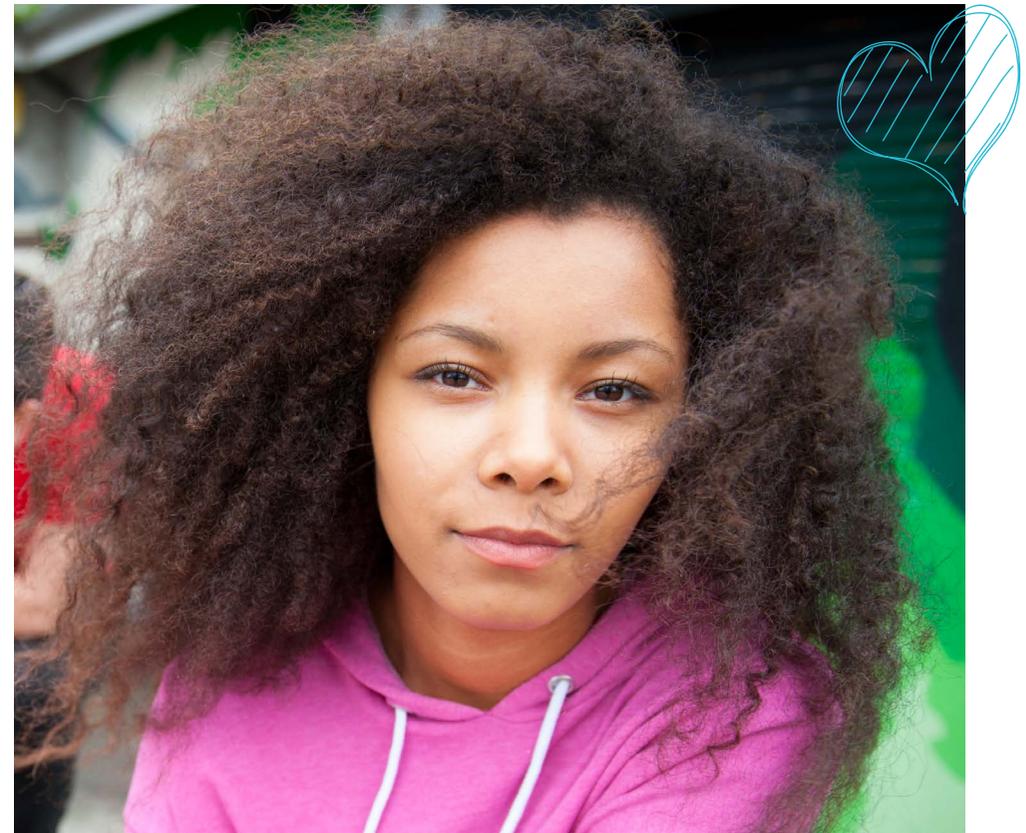
I was a lost teenager. I felt I didn't have much control over my life and emotions. As a result of this I was self-harming. I'm so glad I said 'yes' when I was asked to take part in Mind and Body. Not only did I stop self-harming but I'm much happier knowing that there are people there for me. I can honestly say I loved every minute of the programme.

Emily, Mind and Body Kent participant

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mind & body

The project, funded by the Health Education England Fund and the Department of Health, was developed in consultation with young people and professionals. It involves one-to-one sessions and group work to explore thoughts and actions in relation to self-harm and risk. It aims to provide young people with strategies to reduce their risk taking behaviour, develop their confidence and communication skills, and improve their emotional wellbeing.



## Our work in the Criminal Justice System



Addaction's work in the criminal justice system recognises the need to take the opportunities afforded by custodial settings to help people to make positive life changes. We want people to leave prison and reintegrate into their communities, having addressed substance misuse, physical and mental health problems and offending behaviour. We offer supportive therapeutic interventions in 15 prisons and on release.



## Trans4orm at HMP Lincoln

Addaction is pioneering an innovative programme in HMP Lincoln for adult offenders with substance misuse issues. Results are so encouraging that the programme could be officially evaluated next year and used in prisons around the country. It is also hoped that the Trans4orm model could be delivered to people in the Lincolnshire community.

Central to the Trans4orm programme is that participants are moved from their existing prison accommodation and live together in a self-contained recovery landing, refurbished and painted by the participants to foster ownership and pride in their environment. Addaction's approach addresses deep-rooted attitudes and thoughts which have resulted in negative behaviour and substance misuse, supported by peer facilitators on the programme. Trans4orm has a 90% completion rate — significantly higher than other substance misuse programmes in prisons.

“

My view is that Addaction's excellent Trans4orm programme is making a profoundly important difference to the lives of the men who take part.

Peter Wright, Governor of HMP Lincoln

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## Sheffield Drug Intervention Programme

Addaction Sheffield Drug Intervention Programme works with the police, the probation service, prisons, courts and other criminal justice agencies across South Yorkshire. The service aims to prevent and deal with problems in communities by reducing drug-related offending behaviour and engaging people in treatment. Last year, the service worked with over 250 people every month, around 80% of whom were male.

Addaction Sheffield supports people with preparing for release from prison, meeting people on release and taking people for appointments at their GP surgery. Service users attend the 16-week Momentum programme which offers a range of confidence-building and life skills. In addition, the service runs weekly Tea and Toast drop-ins, a fishing club with regular competitions, a weekly art club, and has access to a local gym as many service users find that keeping fit and healthy greatly improves their sense of wellbeing and confidence.

“

Addaction changes the way people think and changes people's lives for the better. I have learnt that the crime I was doing and the drugs I was taking didn't just affect me, they also affected other people. It's a ripple effect. They helped me to share my problems and understand different ways to cope with them.

Addaction Sheffield Service User

”

## HMP Young Offenders Institution, Feltham

Addaction works with young men between the ages of 17 and 21 at Feltham Young Offenders Institute with substance misuse issues. Every young man who comes to the prison receives drug and alcohol brief interventions appropriate to literacy and age within five days of being admitted into custody and with the majority of new referrals seen within 24 hours. Everyone who used our service was referred to education, training, employment and housing support in custody where needed.

Young people can receive up to 12 sessions of cognitive behavioural therapy, which focus on developing motivation to change. Last year, we ran 200 such groups in Feltham. Thanks to increased capacity the team can now carry out specialist treatment such as family intervention work in partnership with Adfam, a monthly New Psychoactive Substances awareness programme, and have created valuable links with Hounslow Youth Counselling and the Geese Theatre Company.

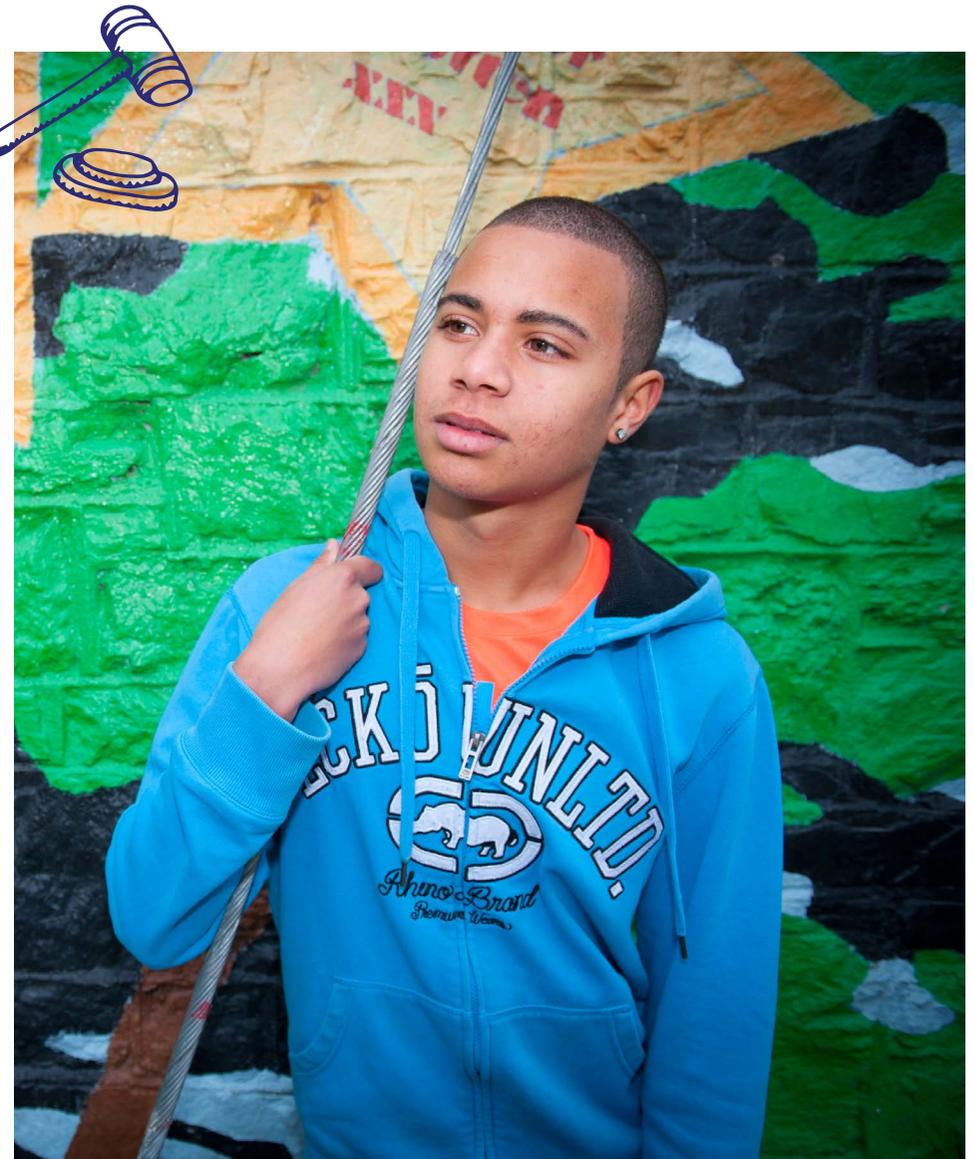
We also ensure links are made with services in the community to continue care once the prisoner has been released and in 2016, 88% of our young people left alcohol and drug treatment services in a care planned way.

“

I learned to cope with what I'll be faced with when I get out. I used to hide my problems until I started the programme with Addaction. Now I realise that it's good to talk!

Steven, YOI Feltham inmate

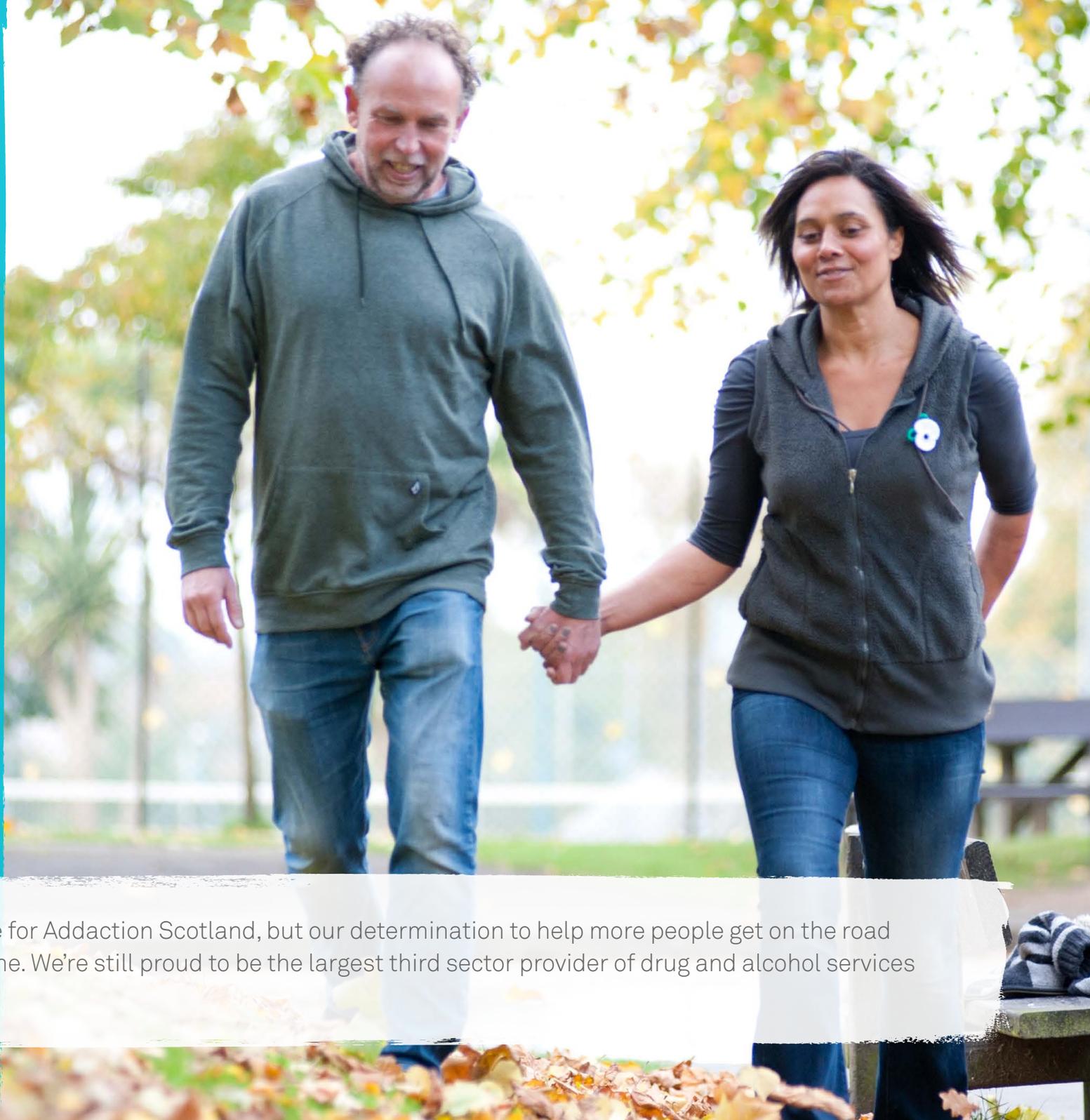
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## Addaction Scotland



It has been a year of change for Addaction Scotland, but our determination to help more people get on the road to recovery remains the same. We're still proud to be the largest third sector provider of drug and alcohol services in Scotland.



## Overview

A recent survey among our commissioners shows that more than 70% feel Addaction Scotland meets their needs “very well”. All those who answered the recommendation question said they would refer families and friends to our services.

New projects that have started this year include: Families Together (in Renfrewshire); East Dunbartonshire ARBD (for people affected by Alcohol-Related Brain Damage); and Clearer Choices Glasgow (for young people). We’re also pleased to have gained a two-year extension to our services in Dumfries and Galloway.

Addaction Scotland’s exciting new alcohol-related brain damage service in East Dunbartonshire was formed to support up to 20 people living with this condition. These people generally feel isolated in the community, so our aim is to connect them to what is happening in their local area and to improve their quality of life. So far, staff have established a lunch club and provide structured activities throughout the week.

Our partnership work in Kilmarnock train station continues to win plaudits. With a wide range of community partners we have managed to revamp the station creating a number of social enterprises. Our service users gain work experience in the café book shop. New opportunities are being planned for the years ahead.

Our successful ABC (Alcohol Behaviour Change) service closed after the contract came to an end. However, we’ve retained all staff and we expect ABC to be reinstated later this year.



## RISE

RISE is a Govan community group led by people in recovery. Flourishing from Addaction roots, its independent café is delivered by volunteers using Addaction's Govan premises with 50 to 70 people attending every week. The group members describe RISE as welcoming, friendly, safe, equal, united, fun and hopeful. The café includes everything from food, music, family bingo and games, to sport and acupuncture. RISE now forms an important bridge for people to move seamlessly from Addaction services to supported community recovery and independence. People from RISE, named after the Maya Angelou poem of the same name, often return to Addaction to give others a helping hand.

“ We could write a report on the support we receive from Addaction the organisation, but particularly the individual staff. You took a poem and made it real for us. ”

RISE Annual Report



## Young Addaction Dundee

Addaction staff in Dundee work with children and young adults to provide early intervention and education on substance misuse at schools and through community outreach. Young Addaction Dundee is a dedicated young person's project delivered in partnership with The Corner, where the project is based. Addaction staff in Dundee work with children and young adults to provide early intervention and education on substance misuse at schools and through community outreach. Young Addaction Dundee is a dedicated young person's project delivered in partnership with The Corner, where the project is based. The team's key aims are: alcohol interventions in schools and communities; education in New Psychoactive Substances and other drugs; workshops on identifying young people at risk; and training in intervention and referral. The service works closely with frontline services including A&E, police, street pastors, child protection teams and the council's education department. Last year, we worked with all nine of Dundee's high schools, delivering brief interventions to 1,500 young people. We also held 30 alcohol group sessions in schools, for a total of 900 pupils, engaged 182 young people in peer-led sessions and established links with 15 services across Dundee that focus on young people and alcohol, leading to three joint-working protocols.

“ As well as aiming to reduce street drinking, anti-social behaviour, substance misuse and offending, we're determined to increase the confidence and resilience of young people so they can make informed and safer choices. And by educating schools and communities, we hope to shape Dundee for the next generation. ”

Alain Saum, Young Addaction Dundee

## Conferences and Events



Addaction hosts conferences, seminars and roundtable events that reflect the wide ranging expertise of the organisation and our 1,600 employees. We bring together the most up-to-date, “ear to the ground” knowledge from our frontline service delivery, with the expertise of leaders and decision makers from across the sector, to create relevant, informative and influential events.

## Recovery Conference

Addaction's Recovery Conference saw hundreds gather in Greater Manchester in November 2015 to celebrate recovery. An impressive 477 people attended the conference in Bolton, half of whom were in recovery. From "how to end stigma" to "what addiction really is", there was a range of informative, lively debate, showcasing the diversity of Britain's recovery community.

Expert Judy Crane kicked things off with a warm and insightful talk on trauma, families and addiction. Journalist Johann Hari then gave a powerful talk on the negative impact of shame on addiction, offering a compelling alternative to how we currently treat those in addiction – one based on love and compassion.

We were proud to showcase the best of Addaction in a Conversation Café-style session, allowing delegates an insight into our most innovative areas of support, and to launch the first ever Marsh Recovery Awards to recognise the dedication, hard work and outstanding contributions that people in recovery have made to raising awareness and combatting the stigma associated with substance use. Winners were Kerrie Hudson, Club Soda, Peer Supporters at RISE Devon, Max Daly and Sarah Hepola.



## New Psychoactive Substances (NPS) Conference

In March 2016, BMA House in central London hosted Addaction's first major conference of the year "No Longer a Novelty: NPS – the expert view".

The event was an unparalleled success. Advance tickets sold out so quickly that the conference was moved to a bigger hall to accommodate more people. Over 200 delegates were in attendance, and more watched a live stream of the conference online.

The conference was timed to take place in the run up to the hotly contested Psychoactive Substances Act coming into force. Attendees heard from speakers from across the sector, from MP and Minister for Prisons, Andrew Selous, Professor David Nutt, and Dr Owen Bowden-Jones, to Addaction's experts in the field, Rick Bradley, Fern Hensley and Dr Kostas Agath. Speakers covered the impact of NPS use in prisons, among young people, in policy terms and the impact on health.

## Challenge Events

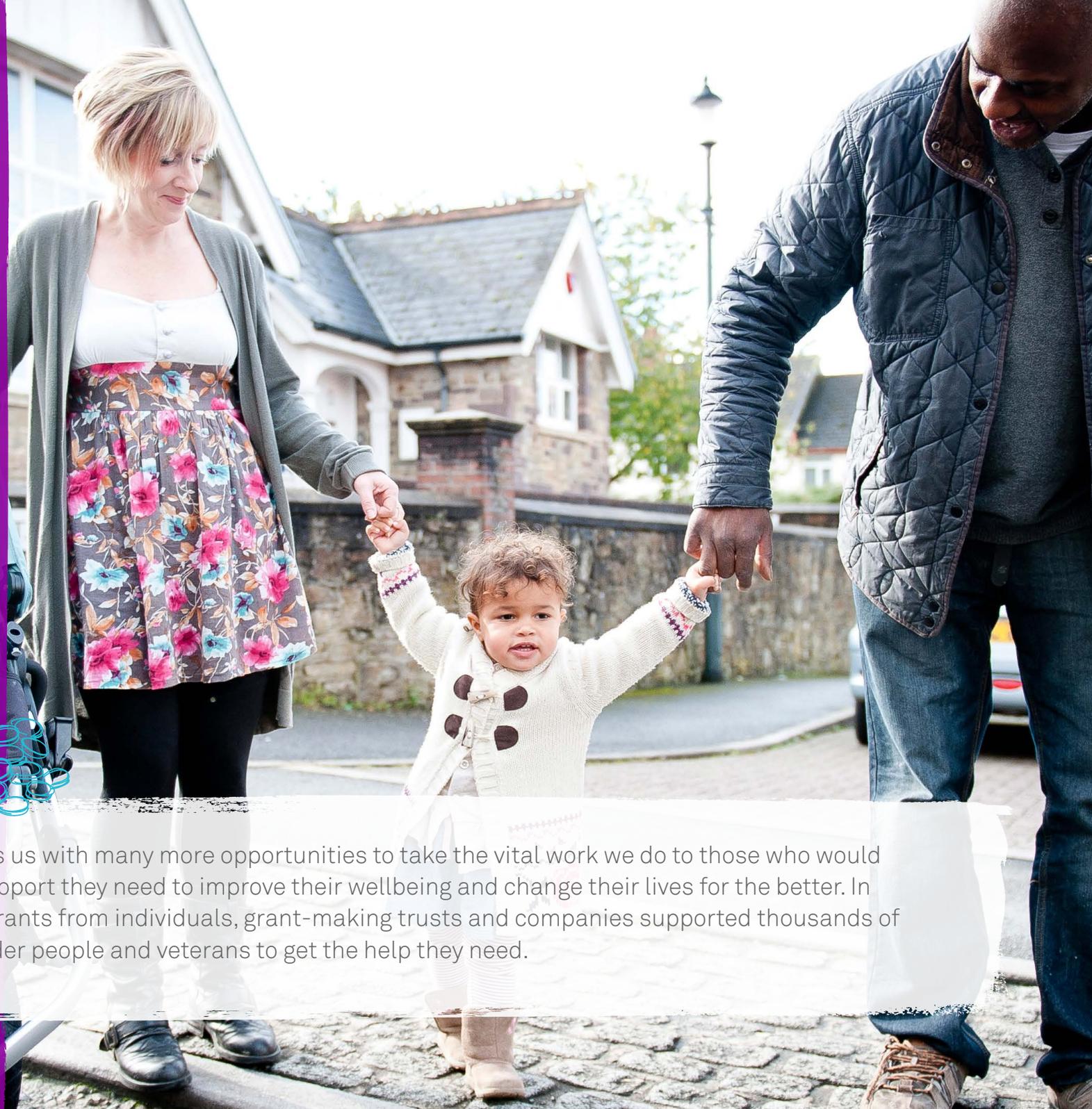
We would like to thank all of the amazing runners, cyclists, parachute jumpers and others who hosted fundraising events and coffee mornings in aid of Addaction over the last year. In just one example, we had an amazing 17 runners in the London marathon alone.

Money raised in this way is vital to our work and the stories our supporters tell us about why they're challenging themselves in aid of Addaction – their determination and commitment – is a constant source of inspiration for our staff, volunteers and the people who use our services.

## Grants, Donations and Voluntary Income



Voluntary income provides us with many more opportunities to take the vital work we do to those who would otherwise not have the support they need to improve their wellbeing and change their lives for the better. In 2015-16, donations and grants from individuals, grant-making trusts and companies supported thousands of young people, families, older people and veterans to get the help they need.



## Celebrating 10 years with our corporate partners

In 2015 we celebrated the 10th anniversary of Addaction's partnerships with Zurich Community Trust and Heineken UK.

Zurich Community Trust manages innovative and pioneering social transformation programmes that support the most vulnerable people in our society. Their programmes focus on key social issues that are often overlooked and where they can have the biggest impact. Since partnering with them in 2005, we have helped thousands of parents to overcome their substance misuse problems, increase their self-esteem and confidence, and transform the lives of their children.

Heineken has funded a number of Addaction projects, including a three-year alcohol resettlement project in Manchester, and a peer-support programme called Mutual Aid Partnership. In 2015, for the second year running, Heineken delivered its Act for Addaction employee fundraising scheme, raising £156,000 from "pledge a mile" and an array of challenge events including runs, treks and parachute jumps. Heineken staff also volunteered, refurbishing service centres and mentoring staff members. Act for Addaction has funded our Right Turn project in England, supporting veterans who have left the Armed Forces and are struggling with addiction and settling back into civilian life.



## Grant making trusts

The grants we receive from our trust supporters and the Big Lottery Fund have enabled Addaction to launch new services, help more people into recovery, and influence policy, practice and system change. The Alcoa Foundation this year funded the WorkReady programme, which helped around 80 young people aged 14-19 in Halton, Cheshire who are categorised as NEET (Not in Education, Employment or Training). WorkReady offers a range of personal and professional development activities aimed at tackling deep-seated problems, removing barriers to engagement, teaching new skills and helping young people to progress with their careers and their lives. Graduates of the programme are better prepared and motivated to secure a positive future through volunteering, apprenticeships, education and employment.

Funded and guided by the Barrow Cadbury Trust, Time to Change is a three-year project part-funded by the Trust as part of the Transition to Adulthood Alliance and located at Young Addaction Liverpool. In partnership with other agencies such as police, magistrates and youth courts, our team works with 18-25 year olds entering the criminal justice system due to an offence linked to alcohol or drugs. Instead of receiving a fine, criminal record or custody option, they are offered the opportunity to undertake a six-week education and treatment programme. By intervening at this early stage, we can steer young adults away from the criminal justice system.

## Individual Supporters

Last year, our individual donors gave over £90,000 in support of people in need with a further £9,000 raised through Gift Aid. Of those supporters, 80% were regular donors and 20% one-off donors. Regular donors are those who choose to set up a Direct Debit or to support Addaction through payroll giving, giving a small and regular donation, often every month. A number joined us this year as regular supporters during our one-week Face-to-Face recruitment campaign in Braehead Shopping centre in Glasgow.

Money raised by our supporters goes to where it is needed most to help people to get treatment, support and enter recovery. For many it is a long journey and it is crucial they are supported by their dedicated Addaction worker, volunteers who have gone through similar experiences, and by their families, friends and colleagues.

This year, for example, individual giving has contributed to refurbishment costs in our rehab centre Addaction Chy, helping people to become abstinent and participate in peer-support recovery groups. Your support has also contributed towards the Recovery Café in our Exeter service – a warm and welcoming space, run by volunteers in recovery for people thinking about getting treatment. People can drop in, meet others in recovery, find out more about what treatment entails and start their recovery journey.



## Drink Wise, Age Well

Drink Wise, Age Well is a UK-wide partnership led by Addaction. With £25 million funding from the Big Lottery Fund we are working with our partners Royal Voluntary Service, University of Bedfordshire, ILC-UK, Drug and Alcohol Charities Wales and Addiction NI to support people aged over 50 to make healthier choices about their alcohol use.

This year's Drink Wise, Age Well Report surveyed the drinking behaviour of over 16,700 people aged over 50 and reinforced the need for the programme. It found:

Almost three quarters of people over 50 were unable to identify what recommended lower risk alcohol guidelines were. Over a half did not feel fully confident they could keep track of their alcohol units. This year we have addressed this by engaging 18,304 people with advice and preventative information through public stalls and awareness workshops, and delivering 1,716 brief interventions in community settings.

Around 4 in 5 of those whose drinking was putting them at increasing risk of alcohol-related harm said that on no occasion had relatives, friends, doctors or other health workers been concerned about their drinking or suggested they cut down. We provide training and skills development to carers, frontline staff and professionals so they can better recognise and respond to people whose drinking may be causing them harm. We trained 379 people this year, with 97% of participants reporting increased knowledge on attendance and 70% reporting improved skills in responding.

The five most frequently reported reasons for those who drink more now than in the past were age related. These include retirement, bereavement, loss of sense of purpose and fewer opportunities to

socialise. Our structured groups, social activities and volunteering opportunities increase resilience and reduce isolation. We reached 4,298 people through social events, skills development and activities, and 203 people on a 6-week structured resilience programme, of whom nearly 75% improved in wellbeing.

Around a quarter of people aged over 50 would not know where to go for help if they needed it, with 1 in 4 saying they would not tell anyone if they needed help. Our direct engagement and support teams provide home visits and outreach support to engage individuals and their families who are experiencing difficulties due to their alcohol use. This year, we supported 362 people in one-to-one settings, 103 in mutual aid groups, and engaged with 30 family members.



**My life's different since I worked with Drink Wise. Age Well. I'm in a new job. I walk a lot. I feel happy in what I'm doing. my relationship is great and I just feel good about myself. I haven't felt like that in years. I just want to say a big 'thank you' for the support I've had from the team and from my partner as well.**

Drink Wise, Age Well service user, Devon



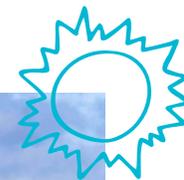
## Blackpool Fulfilling Lives

Funded by a £10 million grant from the Big Lottery Fund, Blackpool Fulfilling Lives (BFL) helps local residents who are coping with homelessness, mental health problems, re-offending and substance misuse. This year, we have helped 168 people, collaborating with local partners and services to offer one-to-one, joined-up support.

Out of 70 people who were rough sleeping when referred into the programme, 28 (40%) have moved into some form of accommodation. In the first year, 89% of people who entered the BFL programme had a recent history of offending and we have data on arrests and cautions for 65 beneficiaries. Arrests for those 65 clients totalled 328 in the 12 months before engaging with BFL, but have reduced to 31 (10% of the previous year) thanks to working with the service.

Independent evaluators Cordis Bright, working alongside peer researchers with lived experience, this year reported that the project has helped people to access health services, arrange better housing, reduce their drug and alcohol use, feel healthier and safer, and have more confidence. The report found that the total estimated saving made through reducing service use among 111 people who are or have been clients of Fulfilling Lives is £841,174.

We have also teamed up with Camerados, an organisation committed to ending social isolation. With their help, Blackpool Fulfilling Lives clients launched and ran a pop-up business, working towards independence and better employability.



“

The support, their outreach, them getting me back out into the community, attending appointments that I was struggling with... I feel I owe it to them that I've become the person that I am today, because if anyone were to ask me 'would I be alive now', I really don't think I would have been. I was so destructive and on that path of just destroying my body, physically and mentally, and in gaining their trust, they've given me my life back.

Blackpool Fulfilling Lives client

”

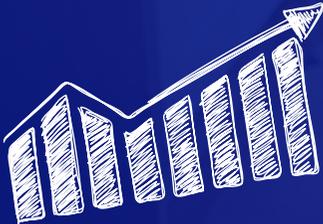
# Thank You

Special thanks to our funders below for their support.

AbbVie Ltd  
Airfields of Britain Conservation Trust  
Albert Hunt Trust  
Al Imdaad Foundation  
Arimathea Charitable Trust  
Asda Stores Ltd  
Barrow Cadbury Trust  
BBC Children in Need  
Big Lottery Fund  
The Cadogan Charity  
Chapman Charitable Trust  
Comic Relief UK  
Department of Health  
Forces in Mind Trust Grant  
Heineken UK Ltd  
Inner London Magistrates  
James Weir Foundation  
John Swire 1989 Charitable Trust  
Kawneer UK Ltd Through the Alcoa Foundation  
Lloyds TSB Foundation Scotland  
Martindale Pharmaceuticals  
The Mickel Fund  
Peacock Charitable Trust  
Pilkington General Charity  
Randox Testing Services  
Santander Foundation Community  
Skills for Care Ltd  
Soutar Charitable Trust  
Zurich Community Trust (UK) Ltd

**We would also like to give special thanks to all of our supporters who have given donations, taken part in challenge events, supported Addaction in memory of a loved one, given up their time to support us and to those who prefer to support us anonymously.**

# Financial Review



## Overview

The end of this financial year saw Addaction in a strong financial position. During the three years of the strategic plan that came to an end on 31 March 2016, we achieved our objectives for growth and for building our financial reserves. During the year we completed the merger of the operations of KCA with our existing services and so a full year's income and expenditure for this work are included in the financial results of the group for the first time. We also continued to be successful in bidding for new grants and contracts (see page 11). Overall, the income of the group for the year was £74.8 million, £10 million or 15% higher than in the previous year. The total expenditure reported in the accounts has also increased as a result of the expansion of our activities. Charitable expenditure went up from £60.6 million in 2014-15 to £73.6 million this year. Support costs also increased, from £3.7 million to £6.4 million. Although this was mainly due to our getting larger, amongst other things it also reflects our investment in developing our Quality work (see page 17).

The funding environment for public health, mental health and social care services is challenging. For the first time, a few commissioners reduced the value of contracts in-year while some gave notice of decreases to come in 2016/17. The financial margins in delivering contracts to a high quality are very tight. As well as this challenge, Addaction incurred costs of £217,000 in completing the merger of its operations with those of KCA.

After the merger was completed, we carried out a review of our freehold properties and we identified two that should be treated as 'investment properties' under SORP 2015. The trustees approved the sale of these properties and that any surplus on their sale should be invested in our ongoing work. Professional valuations were carried out and a surplus of £543,000 has been recognised in the Statement of Financial Activities (SOFA).

Overall and despite the challenges we faced, we were able to generate a surplus of £753,000 overall, of which £78,000 was unrestricted. Cash balances remained high at £5.1 million, putting the group in a strong position to meet the dynamic challenges of the future.

This year is the first for which we have prepared our financial statements under the new accounting regulations for charities (SORP 2015). To ensure that the accounts comply with the standard, we have made a small adjustment to the previous year's results as explained in Note 19 on page 75 and reclassified some freehold properties as investment assets (Note 9 on page 71), as well as making some changes in how the statements are presented.

### Funding sources

Addaction seeks and obtains funding from a number of sources to support our activities and key objectives. The principal sources are set out in the following table, which also explains how they support our work.

Funding source	Supporting
Contracts from local authorities, NHS Trusts or similar institutions	Work with adults in relation to drug or alcohol misuse, specialist drug and alcohol support to young people, mental health services, work with families, work in the criminal justice system
Grants from funding institutions	See "Grants, Donations and Voluntary Income" on page 42, "The Amy Winehouse Foundation Resilience Programme" on page 27 and "Supporting Veterans in the South West" on page 22.
Individual giving	See "Individual supporters" on page 44.
Trading income	See "Pathways to Employment at RE:SOURCE" on page 21.

## Reserves

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

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

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

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

- i) To supply working capital, enabling Addaction to manage fluctuations in its cash flow;
- ii) To enable Addaction to invest in implementation and other start-up costs for new services; and
- iii) To provide protection against potential costs arising on the termination of services.

The reserves policy adopted by the trustees has established that, at the current activity level, the appropriate target range for free reserves is between £5.0 million and £6.9 million. Total reserves at the end of the financial year were £9.9 million. Of these, £2.5 million were restricted and not available for the general purposes of the charity, while £1.2 million were designated, representing the carrying amount of functional assets which the trustees consider to represent a commitment of reserves. The level of free reserves was £6.1 million, which was within the target range established by the reserves policy.

## Going concern

Addaction's activities, together with the factors likely to affect its future development, performance and financial position, are set out on pages 6 to 47. The financial position of the group, its cash flows, liquidity position and reserves are described in the financial statements on pages 61 to 78. In addition, Note 1 to the financial statements includes Addaction's policies for managing its funds. The management of financial and other risks is described on pages 53 to 54. Addaction has significant liquid financial resources, comprising short-term cash deposits and balances totalling £5.1 million, which is equivalent to its free reserves. In addition, Addaction obtains funding from a wide range of sources. As a consequence, the Trustees believe that Addaction is well placed to manage its business risks successfully. The Trustees consider that Addaction has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## Guarantees

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 March 2016 was 14 (2015: 13). The Trustees are members of the charity but this entitles them only to voting rights. The Trustees have no beneficial interest in the charity.

## Auditors

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

## Plans for Future Periods

Addaction's 2015 merger with KCA has resulted in an organisation with substantial scope and capacity beyond our well-established substance misuse expertise. Our services now support people with mental health and wellbeing, and comprise a greater variety of young people's and family support.

Increased diversity of services and the efficient pathways between them have given us the ability to better address the complex needs of people and communities, and provided us with an opportunity to carry out a radical reappraisal of the environment in which we work.

Our conclusion is that there are too many people for whom the existing system is inadequate. If we are to be true to our charitable values, we will need to lead a step change in sustainable recovery outcomes for the people who use our services, improving mental and physical wellbeing, and tackle the deficiencies in the system.

Our new overarching ambition acknowledges this:

**We all want to be well and healthy, but the system isn't working for everyone. Addaction finds ways for more people to thrive. Together, we change lives.**

To achieve this overarching ambition, our new five-year strategy for 2016-2021 will focus on the five long-term outcomes below.

**Excel:** Achieve top quartile or equivalent externally validated performance across all services, including support services.

**Transform:** Grow into a broader range of behaviour change markets, adopting disruptive service models and addressing the broader needs of more people.

**Influence:** Build a sector leading brand; use the evidence base and real life stories to create impetus to improve the system.

**Digital:** Digital and mobile technology will be an integral part of the way we do business, enabling us to engage ever more effectively with people who use our services, and with our staff, volunteers, supporters and funders.

**Culture:** Build our organisational culture and provide effective leadership, focus on performance and high levels of engagement.

During the year ahead – the first year of our new strategy – we have developed a range of outcomes which we will use to measure our progress both across the charity and locally. We have developed a streamlined business planning process for our local services so that they can measure improvements in frontline services directly and share learning across teams more easily.

In 2016-17, we plan to continue our steady trend of service improvement with increasing recovery rates for the people who use our services. We plan to transform our services by taking a more integrated approach to our service models, including ensuring wider access to mental health support for our client group. We will refine our service models by both taking up new innovations and by developing a stronger focus on management training for our managers. We will undertake a thorough reorganisation of our IT infrastructure in the year ahead, to ensure that our workforce are able to access simple, reliable systems in order to do their work more effectively. We want to continue to make our services available to more people and, as such, we will continue to explore opportunities for growth from contracts, grants and other voluntary income. We are keen to engage more widely with those who use our services, our staff and our volunteers, and we have plan to achieve this by developing new programmes for peer support and widening our communication channels. Finally, we know that we need to continually monitor how effective our services are, and use this information to drive up our performance and, as such, we will refine our performance reporting systems.

# Structure, Governance and Management

Addaction is a company limited by guarantee and a charity, incorporated on 6 February 1991 and registered as a charity on 19 February 1991. It operates throughout England and Wales and Scotland. It is governed by its Memorandum and Articles of Association (January 2008) which set out its charitable purposes.

During the year a review of the charity's governance was carried out, the main recommendations of which have been adopted as follows:

1. The introduction of 3 year fixed terms for the Trustees with the possibility of re-election for a further two terms of 3 years dependent on performance.
2. That at each AGM a third of the Trustees shall retire by rotation and shall be eligible for re-appointment, and that those to retire should be those that have been longest in office.
3. To reinstate the practice of holding an Annual General Meeting (AGM).
4. The Chair should be appointed for an initial term of 3 years and subject to performance can be re-elected to serve a further term of 3 years.
5. The Board should establish a Nominations Committee to meet at least twice a year. This committee to be responsible for conducting a trustee skills audit, developing succession plans and more formal procedures for the recruitment of trustees and the Chair.
6. Annual appraisals of the trustees should be carried out, conducted confidentially by the Company Secretary working with the Chair.
7. Trustees should undertake more and regular visits to services.

New trustees are provided with a thorough induction into their role through a meeting with the Chief Executive Officer and other Executive Directors, at least two project visits in the first few months of their tenure and briefings from key members of staff on Addaction's work and their legal responsibilities as trustees, in line with guidance from the Charity Commission. New trustees have to comply with the Care Quality Commission's Fit and Proper Persons Test and also sign an agreement that sets out Addaction's expectations of their role and responsibilities. All trustees undergo annual appraisals conducted by the Chair, who is in turn appraised by the Trustees as a whole.

The Trustees are responsible for the overall management of the charity, its strategic direction and decision-making. There are four standing committees with specific responsibility to the Trustees: the Audit & Risk Committee, the Human Resources Committee, the Income and Commercial Development Committee and the Clinical Governance Committee. Matters not reserved for decision by the Trustees are delegated to the Chief Executive.

The Trustees have delegated responsibility for the day-to-day management of the charity to the Chief Executive, supported by a management structure. Following the merger with KCA there was a review of the management structure within Addaction. The Chief Executive now leads a team of 7 Executive Directors with functional areas of responsibility. Other senior managers reporting to Executive Directors include the Company Secretary, the Director for Quality, the Director of Knowledge Management, the Director for Scotland and an Associate Director of Operations for each geographical area of operations in England and Wales.

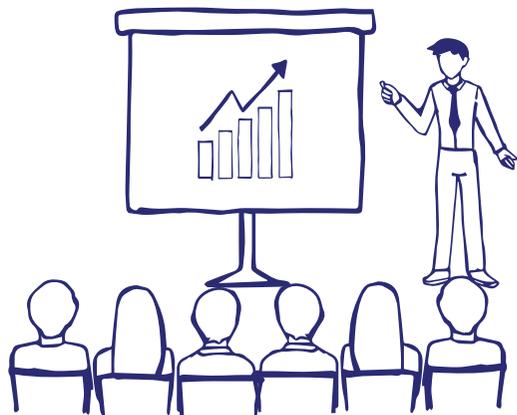
Executive salaries are decided by the Remuneration Committee, a sub-committee of the Human Resources Committee.

Addaction monitors performance rigorously to ensure we demonstrate value for money in the use of our charitable resources. We have detailed guidance for salaries, benchmarked against sector averages which are independently monitored and considered by the Board of Trustees. Executive staff salaries are reviewed by the Remuneration committee every two years.

Annual salaries of over £100,000 represent an amount proportionate to less than 0.5% of our total income, following the NCVO's guidelines on what is appropriate for a large national charity. As shown in Note 8 on Page 70, during the year four members of Addaction's staff received a salary over £100,000. Three of these are senior clinicians and the highest paid member of staff is not the Chief Executive.

# Risk Management

The Trustees have overall responsibility for Addaction's risk management. Agreed processes are in place by which the Trustees review, identify and assess major risks and agree with management the controls that already are or will be put in place to manage those risks. Addaction's spectrum of risk activities is formalised in a document known as the Risk Pillars. These pillars serve as a descriptive tool to conceptualise the areas of risk within the organisation. The use of risk pillars facilitates the understanding of the interdependencies of risk activities in Addaction, captures compliance areas, prescribes modifying actions, identifies risk leads and deputies at the strategic level, lists affected groups and committees and highlights impacted stakeholders. It is a strategic risk management tool but its relevance extends to all levels. Successful identification and treatment of risks in Addaction depends on mutual risk communication and awareness across all pillar areas and a willingness to address risk problems at all levels.



The risk assessment strategy follows a sequential process outlined below:

## Risk Identification

Identifying the risk and determining the adverse consequence it might have on the successful delivery of our services. Ensuring that resources are focused where they are needed most and that responsibility for management action is held at the most appropriate level. Risks are captured in a risk register which is regularly reviewed by the Executive and on a quarterly basis by the Audit and Risk Committee.

## Risk Analysis

Analysing and estimating the severity of each risk, taking into account the likelihood of the risk occurring and the impact a risk may generate.

## Risk Evaluation

Deciding if the level of each risk is unacceptable or not and what actions should be taken to modify the risk.

## Risk Controls

Risk controls involve the implementation of a range of risk control measures designed to reduce or eliminate risks and their potential effects. Alternatively, risk controls may seek to embrace risk for potential benefits. Effective risk controls requires a feedback system that ensures that all controls continue to operate efficiently under changing conditions. The controls put in place provide a reasonable but not absolute assurance that risks have been adequately mitigated.

# Risk Management

The risk assessment strategy is focused on a number of strategic 'risk pillars', as follows:

Service Delivery Risk  
Health, Safety and Environmental Risk  
People Physical Security Risk  
Reputation and Political Risk  
Business, Finance and Economic Risk  
Clinical and Social Governance Risk  
Information Security and Technical Risk



The other key components of Addaction's risk management include:

- A strategic plan and annual budget approved by the Trustees, against which progress is reported regularly, including monthly financial reporting of results;
- Regular consideration by the Trustees of financial results and variance from budgets;
- Delegation of authority and segregation of duties;
- An operational and clinical audit regime including third party experts that subjects all our services to regular review, the results of which are reported to management and to the Audit and Risk Committee;
- A clinical governance framework including leadership by the Medical Director in the delivery of the pharmacotherapy services and the Clinical & Social Governance Group, who report directly to the Clinical Governance Committee of the Trustees. This is supported by a Quality Assurance Directorate with a team of 26 trained auditors, who have the priority of ensuring continual improvement, together with a Critical Incident Group. Addaction is fully compliant and registered with the Care Quality Commission for all its regulated activities who also carry out independent inspections which are published online;
- Clear policies on safeguarding children and vulnerable adults, health and safety and complaints to ensure compliance with statutory requirements.

Working with consultants provided by our insurers we are currently undertaking a review of risk management throughout the organisation. The recommendations of this review will be considered and implemented as appropriate during the new financial year.

## Equal Opportunties

Addaction is committed to ensuring that the services we provide are relevant to all sections of society and that our workforce represents the people we serve. We are actively committed to encouraging and promoting the richness of the communities in which we work and as an employer we comply with the requirements of the Living Wage.

Valuing diversity means integrating it into everything we do, so that it becomes a fundamental part of our culture, our values and our beliefs and is reflected in all our practices, policies and services. All our policies and procedures are subject to an Equality Impact Assessment. Addaction is working to achieve an environment where human differences can be explored and esteemed and in which everyone – staff, volunteers and those using our services – is able to reach their full potential. In this way we will achieve a successful mix of experiences, perspectives and skills that will open up constructive new possibilities for our service users.

Addaction operates a number of detailed policies in relation to aspects of personnel matters including:

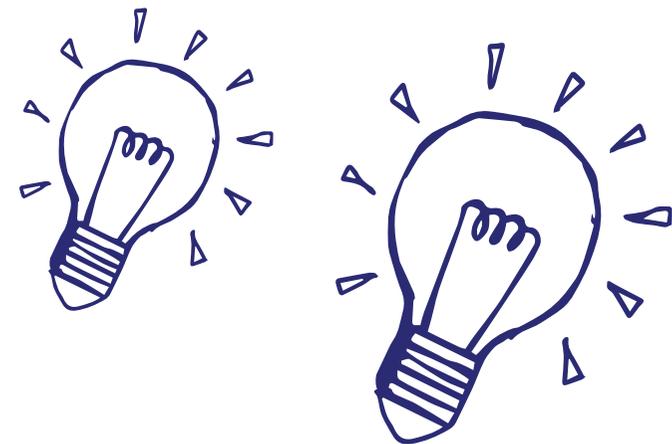
- Diversity
- Equal opportunities
- Health and safety

In the coming year we will be setting up an Equality and Diversity Group headed by a member of the Executive with membership drawn from across the organisation, to review our approach to diversity.

## Environment

Addaction seeks to develop safe, healthy local environments in the areas where it delivers services. We aim to ensure that our projects do not diminish the quality of life of our neighbours and other local residents and those areas where we work are clean, unpolluted, attractive, ecologically sound and free from dereliction and degradation.

During the year we were accredited under ISO14001:2015 that sets out the requirements for an organisation's environmental management systems. We also registered our compliance with the Energy Savings Opportunity Scheme (ESOS) run by the Environment Agency and Department of Energy and Climate Change. As part of this process we carried out a sample audit of the energy efficiency of our buildings and are planning to implement its recommendations during the coming year.



## Acknowledgements

The Trustees wish to record their gratitude to all those who contribute to Addaction's work - our service users, volunteers, staff, donors, commissioners, partners, funders and managers. Addaction is grateful for your unstinting dedication and support for our work.

Approved by the Trustees on 14 July 2016 and signed on their behalf by:



**Adrian Auer**  
Chair

## Reference and Administrative Details

<b>Company number</b>	2580377
<b>Charity number</b>	1001957
<b>OSCR number</b>	SC40009
<b>Registered office and operational address</b>	67-69 Cowcross Street Smithfield London EC1M 6PU
<b>Trustees</b>	<p>The Trustees who served during the year and up to the date of this report were as follows:</p> <p>Adrian Auer (Chair) Mark Beaumont Anne Chapman (appointed 14 April 2015) Mike Dixon John Harding CBE Sandra Howard Susan Ludgate Dr Martin Pickford John Podmore Dr Angela Rouncefield Debbie Simpson Conrad Persons Jane Winehouse William Willis (appointed 14 April 2015) Charles Wilson</p>

<b>Chief Executive</b>	Simon Antrobus
<b>Company Secretary</b>	Howard Newman
<b>Bankers</b>	Lloyds Bank 4th Floor, Gresham Street London EC2 7HN
<b>Solicitors</b>	<p>Bond Dickinson LLP St Ann's Wharf 112 Quayside Newcastle Upon Tyne NE1 3DX</p> <p>Kirvan Bond 105-107 High Street London SE20 7DT</p>
<b>Auditors</b>	BDO LLP 2 City Place Beehive Ring Road Gatwick RH6 0PA

## Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' Annual Report (including the Strategic Report), and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the group for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then 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 operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Independent auditors' report

## to the members and trustees of Addaction

We have audited the financial statements of Addaction for the year ended 31 March 2016 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees and members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's trustees and 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 charity and the charity's trustees and members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of Trustees and auditors

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

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

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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### 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 parent charitable company's affairs as at 31 March 2016 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

# Independent auditors' report

## to the members and trustees of Addaction

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

In our opinion the information given in the trustees' report and the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records or 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.



Fiona Condron Senior Statutory Auditor

for and on behalf of

BDO LLP  
Statutory Auditor  
Gatwick  
United Kingdom

15 July 2016

BDO LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

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

## Addaction

### Consolidated Statement of Financial Activities

(incorporating an income and expenditure account)

for the year ended 31 March 2016

	Notes	Unrestricted funds	Restricted funds	Total funds 2016	Total funds Restated 2015
		£000	£000	£000	£000
<b>INCOME FROM:</b>					
Fundraising income		169	25	194	380
Grant income	2	-	7,838	7,838	4,130
Trading income		352	-	352	425
Investment income		28	-	28	36
Fair value of acquired net assets		-	-	-	2,652
Other income	3	679	-	679	413
		1,228	7,863	9,091	8,036
<b>Charitable activities</b>					
Young people's and transitional services		6,903	32	6,935	5,065
Adult services		49,963	173	50,136	49,419
Family services		2,005	139	2,144	1,065
Mental health services		6,473	-	6,473	1,188
		65,344	344	65,688	56,737
<b>TOTAL INCOME</b>		<b>66,572</b>	<b>8,207</b>	<b>74,779</b>	<b>64,773</b>
<b>EXPENDITURE ON:</b>					
<b>Raising funds</b>					
Fundraising and bidding for new services		573	-	573	662
Costs of trading		441	-	441	424
		1,014	-	1,014	1,086
<b>Charitable activities</b>					
Young people's and transitional services		6,556	1,431	7,987	5,681
Adult services		50,235	5,739	55,974	51,915
Family services		1,805	362	2,167	1,414
Mental health services		6,732	-	6,732	1,258
Public policy and communication		695	-	695	377
		66,023	7,532	73,555	60,645
<b>TOTAL EXPENDITURE</b>	4	<b>67,037</b>	<b>7,532</b>	<b>74,569</b>	<b>61,731</b>
Net gains on investments	10	543	-	543	-
<b>NET INCOME/(EXPENDITURE) FOR THE YEAR</b>		<b>78</b>	<b>675</b>	<b>753</b>	<b>3,042</b>
<b>Other recognised gains/(losses):</b>					
Actuarial gain/(loss) on defined benefits pension scheme	22	40	-	40	(105)
<b>NET MOVEMENT IN FUNDS</b>		<b>118</b>	<b>675</b>	<b>793</b>	<b>2,937</b>
Funds brought forward at 1 April		7,261	1,851	9,112	6,175
<b>FUNDS CARRIED FORWARD AT 31 MARCH</b>		<b>7,379</b>	<b>2,526</b>	<b>9,905</b>	<b>9,112</b>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds and transfers between funds are disclosed above and in Note 13 to the financial statements. The detail of comparative figures for the previous year is shown in Note 20.

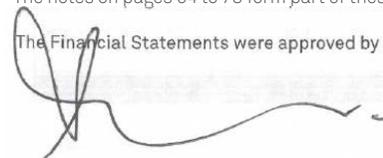
The notes on pages 64 to 78 form part of these financial statements.

Addaction  
Balance Sheets  
as at 31 March 2016

	Notes	The Group		The Charity	
		2016 £000	2015 £000	2016 £000	2015 £000
<b>Fixed assets</b>					
Tangible fixed assets	9	1,386	2,035	1,005	635
Investments	10	1,075	-	1,075	-
		2,461	2,035	2,080	635
<b>Current assets</b>					
Debtors	11	9,793	6,644	9,933	4,546
Stock		21	26	-	-
Cash at bank and in hand		5,070	7,657	5,057	6,564
		14,884	14,327	14,990	11,110
<b>Creditors</b>					
<b>Amounts falling due within one year</b>					
Creditors and accrued expenses	12	(7,160)	(6,930)	(7,249)	(5,305)
<b>Net current assets</b>		7,724	7,397	7,741	5,805
<b>Net assets excluding pension liability</b>		<b>10,185</b>	<b>9,432</b>	<b>9,821</b>	<b>6,440</b>
Defined benefit pension scheme liability	22	(280)	(320)	(280)	(320)
<b>Net assets</b>	15	<b>9,905</b>	<b>9,112</b>	<b>9,541</b>	<b>6,120</b>
Represented by					
<b>FUNDS</b>					
<b>Unrestricted:</b>					
Designated fund		1,246	1,867	1,246	1,867
General charitable fund		6,413	5,714	6,426	3,067
Less: pension scheme liability		(280)	(320)	(280)	(320)
		7,379	7,261	7,392	4,614
<b>Restricted</b>	14	2,526	1,851	2,149	1,506
<b>Total funds</b>	13	<b>9,905</b>	<b>9,112</b>	<b>9,541</b>	<b>6,120</b>

The notes on pages 64 to 78 form part of these financial statements. Company number 2580377.

The Financial Statements were approved by the Trustees on 14 July 2016 and signed on their behalf by:



Mike Dixon  
Chair, Audit and Risk Committee

Addaction  
**Consolidated Statement of Cash Flows**  
for the year ended 31 March 2016

**Cash flows from operating activities:**

Net cash provided by operating activities

**Cash flows from investing activities:**

Fair value of acquired net assets  
Payments to acquire tangible fixed assets  
On acquisition

Net cash used in investing activities

Change in cash and cash equivalents in the reporting period

Cash and cash equivalents at the beginning of the reporting period

**Cash and cash equivalents at the end of the reporting period**

2016		2015	
£000	£000	£000	£000
	(2,349)		2,672
-		(2,652)	
(238)		(295)	
-		959	
	(238)		(1,988)
	(2,587)		684
	7,657		6,973
	<b>5,070</b>		<b>7,657</b>

**Reconciliation of net income to net cash flow from operating activities**

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

**Adjustments for:**

Depreciation charges  
Gains on Investments  
Loss on disposal of fixed assets  
(Increase) / decrease in stock  
(Increase) / decrease in debtors  
(Decrease) / Increase in creditors

Net cash provided by (used in) operating activities

	753		3,042
251		180	
(543)		-	
105		-	
5		(9)	
(3,149)		(261)	
230		(280)	
	(3,102)		(370)
	<b>(2,349)</b>		<b>2,672</b>

**Analysis of changes in cash and short-term deposits**

Cash at bank and in hand

As at 31 Mar 2015	Cash flows	As at 31 Mar 2016
£000	£000	£000
7,657	(2,587)	5,070

## Addaction

### Notes to the financial statements

for the year ended 31 March 2016

#### 1 Accounting policies

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

The consolidated financial statements incorporate the results of Addaction and all its subsidiary undertakings from the date that control commences. Subsidiary undertakings are consolidated on a line by line basis. Details of subsidiary undertakings can be found in note 16. Addaction constitutes a public benefit entity as defined by FRS 102.

#### b Income

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

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

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

Other income is recognised when earned.

#### c Expenditure

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

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

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

The costs of raising funds are those incurred by Addaction in raising income for its charitable work. Rentals for leased assets held under the terms of operating leases are charged directly to the SOFA over the term of the lease.

#### d Tangible fixed assets

Freehold property is held at cost or fair value at acquisition. Improvements to leasehold premises and fixtures, fittings and equipment are capitalised where the total cost of the asset or combined cost of the project exceeds £10,000 in Addaction, £2,000 in KCA or £1,000 in Re:Source Kernow. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

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

Freehold property at acquisition	2% on cost or valuation
----------------------------------	-------------------------

## Addaction

### Notes to the financial statements continued

Improvements to short leasehold premises	5% - 50% on cost
Fixtures, fittings and equipment	10% - 33% on cost
Computers and IT equipment cost	20% - 33% on
Motor vehicles	20% - 25% on cost

#### e Investments

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

##### Valuation of Investment Properties

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

#### f Debtors

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

#### g Creditors

Creditors and provisions are recognised where Addaction has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be

measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

#### h Taxation

Addaction is eligible for the tax exemptions available for charitable activities. KCA (UK) is also a registered charity and therefore in general its income and gains are not liable to corporation tax. Addaction Social Enterprises Limited and Re:Source Kernow Limited, as wholly owned subsidiaries of the charity, will donate a sum equivalent to any taxable profits to Addaction, to reduce their tax liability to nil.

#### i Unrestricted funds

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

#### j Designated funds

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

#### k Restricted funds

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

#### l Operating leases

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the SOFA on a straight line basis over the minimum lease term.

Addaction strives to ensure that its property leases are co-terminus with its contracts. Where a property lease is longer than the initial contract we strive to ensure that break clauses are in place.

m Pension schemes

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

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

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

## 2 Grant income

Big Lottery Fund				
- Next Steps - Breaking the Cycle Through Social Investment (State Aid) (BLF Ref:30111917)	-	-	-	18
- Next Steps - Social Inv. General Block Exemption Regulation (BLF Ref:30111917)	-	-	-	22
- Fulfilling Lives Multiple Needs - Blackpool (BLF Ref:30114808)	-	841	841	1,494
- Amy Winehouse Foundation Resilience Programme (BLF Ref:31006049)	-	1,314	1,314	833
- Drink Wise, Age Well (BLF Ref:31014853)	-	4,713	4,713	690
- Investing in Communities - Ayrshire Employment (BLF Ref:30070437)	-	66	66	65
-Forces in Mind Trust Grant	-	86	86	-
-East Ayrshire Recovery (BLF Ref:31008783)	-	-	-	8
Asda Stores Ltd		-	-	246
Barrow Cadbury Trust T2A Pathways - Liverpool	-	49	49	50
BBC Children in Need	-	20	20	-
Comic Relief UK Project Grants		30	30	49
Dept of Health ***				
- Vol. Sector Inv Prog Fund*- BtC St Helens	-	84	84	79
- via NCVYS	-	5	5	-
Heineken UK - Act for Addaction		162	162	71
Kawneer UK Ltd through The Alcoa Foundation	-	26	26	-
Lloyds TSB Foundation - Families Plus-East Dunbartonshire**	-	50	50	50
Lloyds TSB Foundation - Families Together-Rewfrenshire	-	60	60	-
Northern Rock Foundation - BtC Durham	-	-	-	36
Skills for Care Ltd-Sheffield Drug Interventions Programme	-	-	-	6
The Mickel Fund	-	10	10	10
Zurich Community Trust (UK) Ltd	-	108	108	197
Other grants	-	214	214	206

Unrestricted	Restricted	2016	2015
£000	£000	£000	£000
-	-	-	18
-	-	-	22
-	841	841	1,494
-	1,314	1,314	833
-	4,713	4,713	690
-	66	66	65
-	86	86	-
-	-	-	8
	-	-	246
-	49	49	50
-	20	20	-
	30	30	49
-	84	84	79
-	5	5	-
	162	162	71
-	26	26	-
-	50	50	50
-	60	60	-
-	-	-	36
-	-	-	6
-	10	10	10
-	108	108	197
-	214	214	206
-	<b>7,838</b>	<b>7,838</b>	<b>4,130</b>

\* Volunteer Sector Investment Programme, Innovation, Excellence & Strategic Development Fund

\*\* In 2015, this grant was referred to as 'Early Years & Pregnancy Dunbartonshire'

\*\*\* There were no unfulfilled conditions or other contingencies attaching to government grants that have been recognised in income. Addaction received no other form of government assistance during the year.

## 3 Other income

	Unrestricted	Restricted	2016	2015
	£000	£000	£000	£000
Court reports	4	-	4	2
Training	94	-	94	38
Rental	274	-	274	228
Social placements	56	-	56	45
Other	251	-	251	100
	<b>679</b>	<b>-</b>	<b>679</b>	<b>413</b>

## 4 Expenditure

	Staff costs	Other direct costs	Support costs	Total 2016	Total 2015
	£000	£000	£000	£000	£000
<b>Costs of raising funds</b>					
Fundraising and bidding for new services	202	325	46	573	662
Costs of trading	87	163	191	441	424
<b>Charitable expenditure</b>					
Young people's and transitional services	4,938	2,221	828	7,987	5,681
Adult services	32,828	18,641	4,505	55,974	51,915
Family services	1,609	381	177	2,167	1,414
Mental Health	5,005	1,173	554	6,732	1,258
Public policy and communication	386	260	49	695	377
<b>Total for 2016</b>	<b>45,055</b>	<b>23,164</b>	<b>6,350</b>	<b>74,569</b>	<b>61,731</b>

Included in support costs are staff costs totalling £3,700,896

## 5 Allocation of support costs

	Execu- tive & Central Admin	Finance, IT & HR	Govern- ance	Quality	KCA Over- heads	ReZolve Over- heads	Total 2016	Total 2015
	£000	£000	£000	£000	£000	£000	£000	£000
Fundraising and bidding for new services	6	29	1	10	-	-	46	37
Costs of trading	-	-	4	-	-	190	194	86
Young people's and transitional services	76	360	11	123	258	-	828	294
Adult services	580	2,739	82	931	114	56	4,502	3,153
Family services	19	88	3	30	38	-	178	116
Public policy and communication	7	31	1	10	-	-	49	21
Mental Health	45	211	6	72	220	-	554	-
<b>Total</b>	<b>733</b>	<b>3,458</b>	<b>108</b>	<b>1,176</b>	<b>630</b>	<b>246</b>	<b>6,350</b>	<b>3,713</b>

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

## 6 Governance costs

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

2016	2015
£000	£000
29	41
51	45
1	6
2	2
-	11
25	22
<b>108</b>	<b>127</b>

## 7 Net incoming resources for the year

are stated after charging:

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

2016	2015
£000	£000
251	180
2	2
1	6
44	35
7	6
-	52
2,560	2,213

Trustees' expenses represent travel for 3 (2015: 6) trustees relating to attendance at meetings. No trustee received any remuneration from Addaction in the current or preceding years. There were no related party transactions during the year other than those shown in Note 17.

## 8 Employees

The total costs of salaries and wages were as follows:

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

2016	2015
£000	£000
39,779	32,353
3,649	3,010
2,175	1,939
3,526	2,020
<b>49,129</b>	<b>39,323</b>

Redundancy costs included in expenditure during the year were £314,845 (2015: £307,624)

The average number of employees (full-time equivalent) was as follows:

Costs of generating funds
Young people's services
Adult services
Family services
Mental Health
Public policy and communication
Governance

2016	2015
21	14
166	127
991	926
52	27
172	37
14	11
1	1
<b>1,416</b>	<b>1,143</b>
<b>1,658</b>	<b>1,480</b>

Total employed by FTE

Total employed by Headcount

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

£60,001 - £70,000
£70,001 - £80,000
£80,001 - £90,000
£90,001 - £100,000
£100,001 - £110,000
£110,001 - £120,000
£120,001 - £130,000
£150,001 - £160,000

2016	2015
10	5
3	3
3	3
2	4
1	1
1	1
1	1
1	-

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

Total pension contributions paid for these employees were £110,427 (2015: £71,970)

During the year four members of Addaction's staff received a salary over £100,000. Three of these are senior clinicians and the highest paid member of staff is not the Chief Executive.

The total amount of employee benefits received by key management personnel for their services during the year was £856,172 (2015: £924,919).

## 9 Tangible fixed assets

	Freehold Land & Buildings	Improvmts to short leasehold premises	Fixtures, fittings, equipment and vehicles	Computers and IT equipment	Total 2016
	£000	£000	£000	£000	£000
<b>The group</b>					
Cost at the start of the year	1,380	4,088	147	481	6,096
Additions	-	-	-	238	238
Disposals	(127)	(28)	(4)	(43)	(202)
Reclassification	(599)	-	-	-	(599)
Cost at the end of the year	<b>654</b>	<b>4,060</b>	<b>143</b>	<b>676</b>	<b>5,533</b>
Accumulated depreciation at the start of the year	112	3,374	98	409	3,993
Depreciation for the year	22	119	26	84	251
Depreciation for the year on disposals	(34)	(16)	(4)	(43)	(97)
Deprecation on reclassification	(66)	-	-	-	(66)
Accumulated depreciation at the end of the year	<b>100</b>	<b>3,477</b>	<b>120</b>	<b>450</b>	<b>4,147</b>
<b>Net book value at the end of the year</b>	<b>554</b>	<b>583</b>	<b>23</b>	<b>226</b>	<b>1,386</b>
Net book value at the start of the year	1,201	669	49	116	2,035
<b>The charity</b>					
Cost at the start of the year	460	3,004	60	117	3,641
Additions	-	-	-	238	238
Cost at transfer	793	378	8	277	1,456
Reclassification	(599)	-	-	-	(599)
Cost at the end of the year	<b>654</b>	<b>3,382</b>	<b>68</b>	<b>632</b>	<b>4,736</b>
Accumulated depreciation at the start of the year	17	2,899	34	56	3,006
Depreciation for the year	15	54	17	75	161
Depreciation at transfer	134	231	-	265	630
Deprecation on reclassification	(66)	-	-	-	(66)
Accumulated depreciation at the end of the year	<b>100</b>	<b>3,184</b>	<b>51</b>	<b>396</b>	<b>3,731</b>
<b>Net book value at the end of the year</b>	<b>554</b>	<b>198</b>	<b>17</b>	<b>236</b>	<b>1,005</b>
Net book value at the start of the year	443	105	26	61	635

Two properties previously included in tangible fixed assets were reclassified as investment properties during the year.

## 10 Investments

Group	Balance b/f £000	Reclassification £000	Revaluation £000	Balance c/f £000
Investment Properties	-	533	543	1,075
<b>Charity</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Investment Properties	-	532,540	542,460	1,075,000
Investment in unlisted shares at 31 March at cost (see note 16)	100	-	-	100
	<b>100</b>	<b>532,540</b>	<b>542,460</b>	<b>1,075,100</b>

The two investment properties were marketed for sale prior to the end of the financial year. In accordance with the accounting policy, these have been valued at accepted offer price. Completion of the sales of the properties is expected shortly after the date of accounts signature.

## 11 Debtors

	Group		Charity	
	2016 £000	2015 £000	2016 £000	2015 £000
Trade debtors	6,073	4,172	6,069	2,652
Accrued income	1,861	1,651	1,861	1,066
Other debtors	1,266	433	1,251	415
Inter-company balances	-	-	178	141
Prepayments	593	388	574	272
	<b>9,793</b>	<b>6,644</b>	<b>9,933</b>	<b>4,546</b>

## 12 Creditors and accrued expenses

	Group		Charity	
	2016 £000	2015 £000	2016 £000	2015 £000
Trade creditors	2,114	1,524	2,248	1,289
Social security and other taxes	1,237	1,190	1,228	924
Deferred income	1,149	1,240	1,118	1,130
Accruals	2,660	2,976	2,655	1,962
	<b>7,160</b>	<b>6,930</b>	<b>7,249</b>	<b>5,305</b>

## Movements in deferred income

	Balance b/f £000	Released to SOFA £000	Received in year £000	Balance c/f £000
Deferred due to timing of receipt	1,240	(1,240)	1,149	1,149

Included in accruals there is a provision for dilapidations relating to offices leases of £252,621 (2015: £292,976)

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

## 13 Movements in funds

## Net Incoming/(Outgoing) Resources

for the year before transfers

Transfers

Actuarial gain on pension scheme

Net Movement in Funds

Balance at the start of the year

**Balance at the end of the year**

General funds	Designated fund	Restricted funds	Total 2016
£000	£000	£000	£000
78	-	675	753
621	(621)	-	-
40	-	-	40
739	(621)	675	793
5,394	1,867	1,851	9,112
<b>6,133</b>	<b>1,246</b>	<b>2,526</b>	<b>9,905</b>

In accordance with Addaction's reserves policy, the designated fund represents fixed and other assets that cannot be readily converted into cash. At 31 March 2016 this was made up of £907,000 representing the net book value of unrestricted fixed assets, and £339,000 representing a bank account balance subject to a performance bond.

## 14 Restricted funds

## Revenue grants

Fulfilling Lives Multiple Needs - Blackpool

Amy Winehouse Foundation Resilience Programme

Drink Wise, Age Well

Breaking the Cycle - St Helens

Other funds

## Capital grants

## Total restricted funds

Balance at 1 April 2015	Incoming Resources	Resources Expended	Balance at 31 March 2016
£000	£000	£000	£000
596	841	(1,145)	292
-	1,314	(1,275)	39
270	4,713	(3,774)	1,209
1	84	(65)	20
427	1,256	(1,162)	521
<b>1,294</b>	<b>8,208</b>	<b>(7,421)</b>	<b>2,081</b>
557	-	(78)	479
<b>1,851</b>	<b>8,207</b>	<b>(7,532)</b>	<b>2,526</b>

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

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

## 15 Analysis of group net assets between funds

Fixed assets

Current assets

Current liabilities

Defined benefit pension scheme liability

General funds	Designated fund	Restricted funds	Total 2016
£000	£000	£000	£000
1,075	907	479	2,461
12,498	339	2,047	14,884
(7,160)	-	-	(7,160)
(280)	-	-	(280)
<b>6,133</b>	<b>1,246</b>	<b>2,526</b>	<b>9,905</b>

## 16 Subsidiary undertakings

The charitable company owns the entire share capital of 100 shares of £1 each in Addaction Social Enterprises Limited, a company registered in England and Wales. Addaction Social Enterprises Limited did not trade during the year. Addaction Social Enterprises Limited has entire control of Re:Source Kernow Limited, a company registered in England and Wales and limited by guarantee. KCA (UK) is a wholly owned subsidiary of the charitable company. It was acquired on 21 January 2015 and became part of the group on that date. Its operations and activities were transferred to Addaction during the year and it ceased trading on 30 September 2015. A summary of the results of the subsidiaries is shown in note 17.

## 17 Subsidiaries

## Profit and Loss Account for the Year Ended 31 March 2016

Turnover	619	921	4,453	3,122
Cost of sales	(230)	(402)	-	(118)
Gross profit	389	519	4,453	3,004
Administrative expenses	(382)	(517)	(4,944)	(3,001)
Operating profit	7	2	(491)	3
Retained profit/(loss) brought forward	(74)	(76)	-	-
Accumulated profit (loss) carried forward	(67)	(74)	(491)	3

Re:Source Kernow		KCA (UK)	
Year		Period*	Period*
2016	2015	2016	2015
£000	£000	£000	£000
619	921	4,453	3,122
(230)	(402)	-	(118)
389	519	4,453	3,004
(382)	(517)	(4,944)	(3,001)
7	2	(491)	3
(74)	(76)	-	-
(67)	(74)	(491)	3

## Balance Sheet as at 31 March 2016

Tangible fixed assets	398	441	-	977
Debtors	22	59	-	2,163
Stock	21	26	-	-
Cash at bank and in hand	14	119	-	971
Creditors and accrued expenses	(468)	(666)	-	(1,511)
Net assets (liabilities)	(13)	(21)	-	2,600

2016	2015	2016	2015
£000	£000	£000	£000
398	441	-	977
22	59	-	2,163
21	26	-	-
14	119	-	971
(468)	(666)	-	(1,511)
(13)	(21)	-	2,600

\* See Note 16.

The total amount of intragroup transactions during the year was £196,195 (2015: £159,840).

## 18 Parent charity

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

Gross income	70,483	58,180
Net incoming resources for the year	1,310	440

2016	2015
£000	£000
70,483	58,180
1,310	440

## 19 Transition to SORP 2015

These are the first accounts of Addaction that comply with SORP 2015. The date of transition to SORP 2015 was 1 April 2014.

The following reconciliation details the difference between funds balances presented previously and the amounts as restated to comply with SORP 2015. The effect of this change on the results for the year ended 31 March 2015 are shown in Note 20.

## Funds as at 31 March 2015 Reconciliation

	Unrestricted funds	Restricted funds	Total funds
	£000	£000	£000
Funds as at 31 March 2015 as previously stated	7,420	1,851	9,271
Holiday pay accrual (see below)	(159)	-	(159)
<b>Funds as at 31 March 2015 under SORP 2015</b>	<b>7,261</b>	<b>1,851</b>	<b>9,112</b>

FRS 102 requires recognition of the cost of all employee benefits to which employees have become entitled during the period. This has necessitated the creation of an accrual for the value of annual leave and other holiday allowances that staff are entitled to and have carried forward from one financial year to the next. No other adjustments to the results or fund balances were required as a result of the adoption of SORP 2015 or FRS 102 at the date of transition.

## 20 Statement of Financial Activities - detail of comparative figures

	Unrestricted funds			Restricted funds	Total funds Restated
	Previously stated	SORP 2015 Adjustments	Restated		
	£000	£000	£000	£000	£000
<b>INCOME FROM:</b>					
Fundraising income	374	-	374	6	380
Grant income	-	-	-	4,130	4,130
Trading income	425	-	425	-	425
Investment income	36	-	36	-	36
Fair value of acquired net assets	2,579	-	2,579	73	2,652
Other income	413	-	413	-	413
	<b>3,827</b>	<b>-</b>	<b>3,827</b>	<b>4,209</b>	<b>8,036</b>
<b>Charitable activities</b>					
Young people's and transitional services	4,738	-	4,738	327	5,065
Adult services	48,908	-	48,908	511	49,419
Family services	841	-	841	224	1,065
Mental health services	1,188	-	1,188	-	1,188
	<b>55,675</b>	<b>-</b>	<b>55,675</b>	<b>1,062</b>	<b>56,737</b>
<b>TOTAL INCOME</b>	<b>59,502</b>	<b>-</b>	<b>59,502</b>	<b>5,271</b>	<b>64,773</b>
<b>EXPENDITURE ON:</b>					
<b>Raising funds</b>					
Fundraising and bidding for new services	661	1	662	-	662
Costs of trading	424	-	424	-	424
	<b>1,085</b>	<b>1</b>	<b>1,086</b>	<b>-</b>	<b>1,086</b>
<b>Charitable activities</b>					
Young people's and transitional services	4,373	19	4,392	1,289	5,681
Adult services	49,248	134	49,382	2,533	51,915
Family services	750	4	754	660	1,414
Mental health services	1,258	-	1,258	-	1,258
Public policy and communication	376	1	377	-	377
	<b>56,005</b>	<b>158</b>	<b>56,163</b>	<b>4,482</b>	<b>60,645</b>
<b>TOTAL EXPENDITURE</b>	<b>57,090</b>	<b>159</b>	<b>57,249</b>	<b>4,482</b>	<b>61,731</b>
Net gains on investments	-	-	-	-	-
<b>NET INCOME/(EXPENDITURE) FOR THE YEAR</b>	<b>2,412</b>	<b>(159)</b>	<b>2,253</b>	<b>789</b>	<b>3,042</b>
<b>Other recognised gains/(losses):</b>					
Actuarial gain (loss) on defined benefits pension scheme	(105)	-	(105)	-	(105)
<b>NET MOVEMENT IN FUNDS</b>	<b>2,307</b>	<b>(159)</b>	<b>2,148</b>	<b>789</b>	<b>2,937</b>
Funds brought forward at 1 April	5,113	-	5,113	1,062	6,175
<b>FUNDS CARRIED FORWARD AT 31 MARCH</b>	<b>7,420</b>	<b>(159)</b>	<b>7,261</b>	<b>1,851</b>	<b>9,112</b>

## 21 Lease obligations

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

*Under one year*

*Two to five years*

*Over five years*

Total commitment

The Group		The Charity	
2016	2015	2016	2015
£000	£000	£000	£000
1,098	1,199	1,092	1,100
1,358	2,171	1,358	1,943
32	153	32	127
<b>2,488</b>	<b>3,523</b>	<b>2,482</b>	<b>3,170</b>

## Pension Schemes

## 22 Pension schemes

The pension cost charge for the group's defined contributions schemes represents contributions payable under the schemes by the group and amounted to £2,175,000 (2015: £1,939,000).

Addaction has Directions Body status with the NHS Pension Scheme in relation to employees at a number of its projects during the year. The Scheme is an unfunded, defined benefit scheme, preparing its own statements, that covers NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The Scheme is not designed to be run in a way that would enable Addaction to identify its share of the underlying Scheme assets and liabilities. Therefore, the Scheme is accounted for as if it were a defined contributions scheme and the cost of the Scheme is taken as being equal to the contributions payable to the Scheme for the accounting period. The total employer contributions payable in the year were £646,281 (2015: £627,570). For both years employer contributions were paid at 14% of pensionable salary. Member contributions are between 5% - 14.5% of pensionable salary. At 31 March 2016 there were 170 (2015: 139) active members in the scheme employed by Addaction.

In addition the charity made contributions to the Teachers' Pension Scheme (a defined benefit scheme) of £2,083 (2015: £3,793). For this scheme, the employer's contributions are set in relation to the current service period only; consequently Addaction accounts for contributions to the scheme as if it was a defined contribution scheme.

Addaction has Admitted Body status with the Local Government Pension Scheme on Merseyside. The Scheme is a multi-employer defined benefit scheme under which, as an Admitted Body, Addaction is required to make contributions in relation to on-going service and to a historic scheme deficit. At the balance sheet date there were 2 active members in the scheme employed by Addaction and the total employer contributions payable in the year 2014-2015 were £8,004 (2015: £10,966). Projected employer contributions for 2016-17 are £25,000. The date of the last actuarial valuation of the scheme was 31 March 2013 and the market value of the total scheme assets at that date was £5,819 million.

Addaction has obtained the following information from the Scheme Actuary, Mercer Limited, which we are required to disclose under the relevant provisions of FRS102:

## Balance Sheet

Fair value of assets

Present value of liabilities

Deficit

## Movement in deficit during the year

Total expense recognised in the SOFA

Employer contributions

Actuarial gain/(loss) during the year

Net movement

2016	2015
£000	£000
337	304
(617)	(624)
<b>(280)</b>	<b>(320)</b>
(26)	(24)
27	31
39	(112)
<b>40</b>	<b>(105)</b>

## Addaction

### Notes to the financial statements continued

#### Pension Schemes

#### Total expense recognised in the SOFA

Current service cost	(16)	(18)
Expected return on assets	11	15
Interest on pensionable liabilities	(21)	(21)
<b>Total expense</b>	<b>(26)</b>	<b>(24)</b>

#### Changes in the present value of scheme liabilities

Present value of scheme liabilities on admission/at the start of the year	624	452
Interest cost	21	21
Actuarial (gain)/loss	48	127
Current service cost	16	18
Benefits/transfers paid	-	-
Member contributions	4	6
<b>Present value of scheme liabilities at the end of the year</b>	<b>713</b>	<b>624</b>

#### Changes in the fair value of scheme assets

Fair value of scheme assets on admission/at the start of the year	304	237
Expected return on scheme assets	11	15
Actuarial gain	9	15
Employer contributions	27	31
Benefits/transfers paid	-	-
Member contributions	4	6
<b>Fair value of scheme assets at the end of the year</b>	<b>355</b>	<b>304</b>

#### Assets in the scheme

Equities	175	52%
Government bonds	16	5%
Other bonds	38	11%
Property	30	9%
Cash/liquidity	11	3%
Other	67	20%
<b>Total</b>	<b>337</b>	

#### Principal assumptions

Rate of CPI Inflation	2.1	2.1
Rate of increase in salaries	3.6	3.6
Rate of increase in pensions	2.1	2.1
Discount rate	3.4	3.7

2016	2015
£000	£000
(16)	(18)
11	15
(21)	(21)
<b>(26)</b>	<b>(24)</b>
624	452
21	21
48	127
16	18
-	-
4	6
<b>713</b>	<b>624</b>
304	237
11	15
9	15
27	31
-	-
4	6
<b>355</b>	<b>304</b>

2016	
£000	%
175	52%
16	5%
38	11%
30	9%
11	3%
67	20%
<b>337</b>	

Beginning of year %	End of year %
2.1	2.1
3.6	3.6
2.1	2.1
3.4	3.7



**addaction**

[www.addaction.org.uk](http://www.addaction.org.uk)

Registered address: 67-69 Cowcross Street, London EC1M 6PU Tel: 020 7251 5860 Fax: 020 7251 5890

Registered charity no: England 1001957 Scotland SCO40009 Company registration no: 2580377