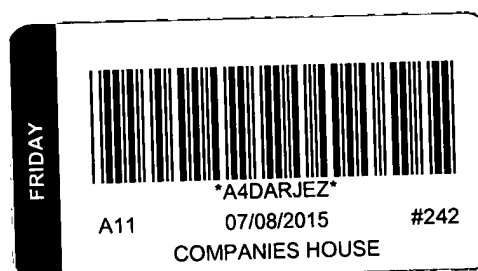




**Crime Reduction Initiatives
Annual Report and Accounts**

For the year ended 31st March 2015

www.cri.org.uk



About CRI

CRI is a social care and health charity working with individuals, families and communities across England and Wales that are affected by drugs, alcohol, crime, homelessness, domestic abuse and antisocial behaviour.

Our projects, delivered across local communities and in prisons, encourage and empower people to regain control of their lives and motivate them to tackle their problems.

Our impact ...the facts

Reach

- ▶ CRI staff make over **2.5 million** client contacts a year.
- ▶ In the last year, CRI worked with over **120,000** people across England and Wales on their journey towards recovery.
- ▶ Every day, CRI is working with over **60,000** people across England and Wales on their journey towards recovery.
- ▶ CRI prescribes opiate substitute medication to **20,000** people per day and provides psychosocial treatment for a further **20,000**. All services are aimed at recovery and rehabilitation rather than maintenance.
- ▶ We are currently working with over **8,500** people with a mental health condition.

Outcomes

- ▶ More than **17,000** people beat their addiction with us last year.
- ▶ **73%** of offenders who entered drug treatment with CRI (October 2012-September 2014) were no longer offending after 12 weeks (compared to 67% between October 2010 and September 2012).
- ▶ **91%** of offenders who completed CRI treatment (October 2012-September 2014) ceased offending (compared to 88% between October 2011 and September 2012).
- ▶ **7 out of 10** service users say their quality of life had improved by the time they finished treatment with us.

Improving success

- ▶ There has been a **23%** improvement in successful 12 month completions for opiate clients free from dependency since the introduction, by a number of CRI services, of Foundations of Recovery.

Contents

Page

General Information	4-5
Trustees' Annual Report	6-19
Independent Auditor's Report	20
Consolidated Statement of Financial Activities	21
Balance Sheets	22
Consolidated Cash Flow Statement	23
Accounting Policies	24-25
Notes to the Accounts	26-42

Impact Report

CRI provides a detailed insight into the impact achieved by its services in a separate report, available on the CRI website at:
www.cri.org.uk/about/reports/impactreports/

General Information

Trustees and Directors

The Trustees and Directors who served during the year and at the date of approval of the accounts were:

David Gregson
(Chair)

Carolyn Downs
(appointed 24 June 2014, resigned 31 May 2015)

Paul Fallon OBE

Hilary Jackson

Deborah Loudon

Andrew Marsden
(retired 3 December 2014)

Gillian Parker

Roger Perkin

Professor Ann Phoenix
(resigned 15 October 2014)

Professor Mike Pringle

Jacob West
(retired 24 June 2014)

Co-opted Advisors

Dermot Heffernan

Sarah Williams

Vice Presidents

The Right Hon. The Lord Lloyd of Berwick PC

Sir Edward Cazalet

David Bowerman JP DL CBE

Sir Hugh Peter Derwyn Bennett

Sir Peter Woodhead KCB

Nicholas Reeves BA FCMI FInstLM MEPS MICPEM

Chief Executive and Company Secretary

David Biddle

General Information

Charity Number

England and Wales 1079327
Scotland SC039861

Company Number

England and Wales 03861209

Registered and Principal Office

3rd Floor, Tower Point
44 North Road
Brighton
East Sussex
BN1 1YR

Auditors

Kingston Smith LLP Chartered Accountants
Devonshire House
60 Goswell Road
London
EC1M 7AD

Bankers

Barclays Bank PLC
Sussex & Gatwick Team
Business Banking
PO Box 165
Crawley
West Sussex
RH10 1YZ

Financial Advisors

Skerritt Consultants Ltd
23 Coleridge Street
Hove
East Sussex
BN3 5AB

Solicitors

DMH Stallard
Gainsborough House
Peglar Way
Crawley
West Sussex
RH11 7FZ

Bates Wells & Braithwaite
2-6 Cannon Street
London
EC4M 6YH

Trustees' Annual Report for the year ended 31st March 2015

I. Structure, Governance and Management

Constitution

Crime Reduction Initiatives (CRI) is a company limited by guarantee and is governed by a Memorandum and Articles of Association that determine its legal framework. The Charity was incorporated as CRI on 3rd December 1999. It has a Code of Governance that identifies the values and expectations that control the conduct of its affairs.

Board of Trustees (Directors)

The Board of Trustees is responsible for the strategic direction and performance monitoring of the organisation. The Board meets at least four times a year and, in addition, holds two strategy development days. Day-to-day management is delegated to an Executive Management team led by the Chief Executive. Responsibility for review of the periodic management accounts and the annual financial statements is delegated to the Audit and Finance Committee. Other specific responsibilities are delegated to the Remuneration and Nominations Committee, the Integrated Governance Committee and the Criminal Justice Committee. The trustees do not receive any remuneration but may be reimbursed for general travel expenses.

A summary of trustees' attendance at Board and Committee meetings during the year ended 31st March 2015 (with the maximum applicable number) is shown below.

Trustee Meetings Attendance 1st April 2014 - 31st March 2015

	Board meetings	Committee meetings	Total
Carolyn Downs	5/6	0/2	5/8
Paul Fallon	4/6	6/7	10/13
David Gregson	6/6	7/7	13/13
Hilary Jackson	6/6	6/6	12/12
Deborah Loudon	6/6	3/3	9/9
Andrew Marsden	3/4	0/1	3/5
Gillian Parker	6/6	3/3	9/9
Roger Perkin	6/6	5/5	11/11
Ann Phoenix	1/3	0/3	1/6
Mike Pringle	6/6	5/5	11/11
Jacob West	1/1	1/1	2/2

Recruitment and Appointment of the Board of Trustees

CRI is committed to equal opportunities and operates an open recruitment process to attract individuals with the necessary skills and commitment to help us succeed. We represent a wide range of service users and seek to recruit board members who reflect diverse backgrounds. Prospective members submit a letter of interest and their Curriculum Vitae, and are interviewed by a group of trustees. Trustees may serve up to two, three-year terms of office.

Induction and Training of Trustees

All trustees receive a full induction and participate in on-going training events. Trustees also regularly visit projects to assess the frontline implementation of strategic Board directives. This forges a strong connection between the strategic thinking of the Board and implementation of initiatives at project level.

Board Sub-Committees

CRI has four Board sub-committees, which meet regularly to provide in-depth analysis, scrutiny and oversight into specific complex areas of activity. The sub-committees provide detailed reports and recommendations to the full Board containing a thorough analysis of current issues and activity and have a vital governance role.

Audit and Finance Committee

The Committee reviews the annual budget, internal audit, cash management, risk, the annual report and accounts and the periodic management accounts. Notable activity during the year included a financial systems review by EY to identify opportunities to improve the finance function.

Committee members during the year were: Roger Perkin (Trustee and Committee Chair) and David Gregson (Chair of Trustees), supported by the Chief Executive and the Head of Finance. The Committee was also pleased to retain the services of two co-opted advisors during the year, Dermot Heffernan and Sarah Williams.

Integrated Governance Committee (formerly the Social Care and Clinical Governance Committee)

The Committee is responsible for the safety, quality and governance of the treatment and care we deliver on the front line, including regulatory compliance, information governance and all risks associated with service delivery. Key areas of activity include reviewing safeguarding policy and practice, serious incidents and deaths.

Committee members during the year were: Professor Mike Pringle (Committee Chair), Hilary Jackson, Paul Fallon and Carolyn Downs, supported by the Medical Director and two executive directors.

Trustees' Annual Report for the year ended 31st March 2015

Remuneration and Nominations Committee

The purpose of the Committee is to advise the Board on the recruitment, induction, and tenure of trustees, the remuneration of the Chief Executive and ratification of any pay review presented by the CEO for the Executive team, and the overall fitness and purpose of the organisation's remuneration strategy.

Committee members during the year were: Paul Fallon (Committee Chair), David Gregson (Chair of Trustees) and Deborah Loudon, supported by the Chief Executive (except in respect of his own remuneration).

Criminal Justice Committee

A new committee was formed during the year to provide oversight and strategic advice and direction on CRI's and Sova's criminal justice services and possible developments within the criminal justice arena. The Committee had a particular role during the year to identify and manage risks and opportunities associated with bidding for Ministry of Justice Transforming Rehabilitation contracts.

Committee members who served during the year were: Hilary Jackson (Chair) and Gillian Parker, supported by the Head of Finance, the Head of Legal Services, an HR Business Partner, two Executive Directors, one Regional Director and Sophie Wilson, Chief Operating Officer of Sova.

Changes to the Board of Trustees

Jacob West retired from the Board on 24 June 2014, after completing a third, three-year term. Jacob sat on the Brand and Profile committee. He brought a truly strategic view to our discussions and the Board would like to thank him for his considerable contribution and exceptional time commitment during his nine year tenure.

Ann Phoenix resigned from the Board on 15 October 2014, having joined in August 2012. She brought her considerable expertise in research to her role on the Social Care and Governance Committee. Unfortunately, Ann's responsibilities elsewhere meant that she could not devote the time she had wanted to CRI. Nevertheless, despite the demands of her other commitments the Board would like to thank her for her significant contribution to CRI.

Andrew Marsden retired from the Board on 3 December, having joined in January 2011. Andrew was particularly involved in the development of the CRI brand identity and the Board benefited greatly from his specialist knowledge and insights. Andrew's role outside CRI significantly increased, culminating in his appointment to the Mastership of the Worshipful Company of Marketors, and sadly he had to retire from the Board.

Carolyn Downs was appointed to the Board in June 2014 and resigned on 31 May 2015 due to her appointment as Chief Executive of the London Borough of Brent, and the possibility that conflict might arise in the future from her new role. The Board would like to thank her for her challenging and insightful contribution during her time with us.

Executive Management Team

The executive management team is responsible for delivering the Strategic Plan. It comprises:

David Biddle, Chief Executive

David was appointed Chief Executive in October 2013. He is a qualified Probation Officer with a Master's Degree in Public Service Administration joining CRI in 1996 and leading a number of innovative developments in social care services including street outreach and arrest referral. David has substantial experience of working with offenders and the wider community, which gives him an in-depth understanding of the practicalities of service delivery, and a crucial insight into the lives of the people we support. Since his appointment as Chief Executive he has led a programme of change to modernise systems to help further increase the quality of CRI services.

Kevin Crowley, Executive Director, Quality, Governance and Innovation

Kevin leads quality improvement across all areas of service delivery including governance, information governance, risk management and legal and regulatory compliance. His statutory responsibilities include CQC Responsible Individual, Senior Information Risk Officer and Caldicott Guardian. Kevin has degrees in law and policy and has been a Director with CRI since July 2005.

Mark Moody, Executive Director, Social Care and Health

Mark leads the social care and health initiatives division, providing operational and strategic oversight to a portfolio including integrated drug and alcohol recovery and DIP services, young people's substance misuse services and street outreach and reconnections work. Mark has worked in social care for 20 years and joined CRI as a frontline worker in 2000. He became a Director in 2007.

Mike Pattinson, Executive Director, Criminal Justice

Mike is responsible for all CRI's criminal justice services in England and Wales and holds executive responsibility for SOVA. He has over 25 years' experience in social care, including direct experience as a probation officer. Mike's key priorities are leading the criminal justice division, which includes supported housing for high risk offenders, DIP / IOM and prison-based interventions, and CRI's portfolio of services in Wales.

Oscar D'Agnone, Executive Medical Director

Prof. Oscar D'Agnone, MD, MRCPsych, is the Medical Director and Responsible Officer for CRI clinical services. He is a leading consultant psychiatrist with more than 30 years' experience as a clinician and academic. Prof. D'Agnone leads a large and diverse clinical team, and ensures the high quality of clinical care through adherence to a stringent clinical governance policy and national clinical guidelines. Oscar, after 9 years' close association with CRI, is to retire from his post of Medical Director after overseeing a period of significant growth in the scale and scope of our medical service offer. His passion to deliver effective treatment that embraces the service user is hallmarked by high quality and is a legacy for which we are grateful.

Trustees' Annual Report for the year ended 31st March 2015

I. Structure, Governance and Management (continued)

Specialist Divisions

CRI has four specialist divisions, each headed by an Executive Director.

The divisions are: social care and health; criminal justice; quality, governance and innovation; and medical services.



Trustees' Annual Report for the year ended 31st March 2015

Sova

Sova became a wholly owned subsidiary of CRI in November 2012, but retains its own branding and identity. Sova plans, develops and runs innovative mentoring programmes for some of the most vulnerable and disadvantaged people in society. Its goal is to deliver local support and interventions that transform lives and improve communities.

Sova secured former probation service contracts this year, in partnership with CRI and with other providers, to deliver mentoring support to offenders in the community. Sova continues to flourish since joining CRI and celebrates its 40th anniversary this year. Sova's activities are reported as part of the criminal justice division, which reports to the criminal justice sub-committee.

Previous associations

The St Thomas Fund, which provides supported housing and care services to homeless people suffering from drug and alcohol dependency, is fully incorporated into CRI but all its activities remain separate and identifiable.

The Hampshire Association for the Care and Resettlement of Offenders (HACRO), was fully incorporated into CRI in 2006. Funds are restricted for use in the rehabilitation of offenders, particularly those affected by drugs and alcohol.

Scotland

CRI is dual registered both with the Office of the Scottish Charity Regulator and the Charity Commission of England and Wales. No contracts were undertaken during the year to 31st March 2015 in Scotland, but this remains an opportunity for the organisation in the future.

Public Benefit

The Charities Act 2011 requires all charities to explicitly consider how their charitable aims are carried out for the public benefit. The Board of Trustees must:

- ensure they carry out the aims of CRI for the public benefit;
- have regard to the Charity Commission's guidance on public benefit; and
- report on CRI's public benefit in the Trustees' Annual Report.

The Board of Trustees has considered these requirements alongside CRI's aims and activities, all of which are detailed in this report. The Board is satisfied that CRI has charitable aims that are carried out for the public benefit, in particular:

- the benefits to individuals, families and communities (and hence the public) are clear and in line with CRI's aims;
- the beneficiaries are entirely appropriate to the aims;
- there is no unreasonable restriction to accessing CRI's services, either by poverty, any requirement to pay fees, any geographic restriction or the provision of services only for certain sections of the public; and
- there is no private benefit.

Trustees' Annual Report for the year ended 31st March 2015

II. Objectives and Activities

Aims and Objectives

CRI is a social care and health charity working with individuals, families and communities across England and Wales that are affected by drugs, alcohol, crime, homelessness, domestic abuse and antisocial behaviour.

Our projects, delivered across local communities and in prisons, encourage and empower people to regain control of their lives and motivate them to tackle their problems.

Our aims are to: improve the safety of communities by supporting recovery from substance misuse and other issues; reduce crime; promote the reintegration of individuals into their local communities; and provide opportunities for people to lead more independent and purposeful lives.

Projects and Services

CRI delivers projects and services across England and Wales grouped under two specialist divisions - social care and health initiatives and criminal justice - supported by our medical services division and an additional resource of volunteers and peer mentors.

Social Care and Health Initiatives

The social care and health initiatives division provides specialist recovery services for individuals with a range of needs, including substance misuse, mental ill health and street homelessness, as well as working with young people and families affected by poverty, unemployment, homelessness, crime, substance misuse, anti-social behaviour and domestic abuse. Services include assessment, information and advice, medical treatment and referral and peer-led support to reintegrate into the local community.

Criminal Justice

The criminal justice division provides evidence-based interventions in police stations, prisons, courts and the community that address crime related to substance misuse. The focus is on addressing the factors that lead to reoffending and supporting ex-offenders' successful rehabilitation into the community. The charitable activities of Sova are included within the criminal justice division.

Medical Services

Medical services are an integral part of our wider recovery initiatives agenda. All our services provide full comprehensive medical assessments and treatment for patients suffering from alcohol and/or any kind of drug-related problems. We also have specialist clinics for vulnerable service users (for example, pregnant women), and high risk and dual diagnosis patients. In some services we also titrate and dispense opioids (such as methadone and buprenorphine) on site. Our medical services division is responsible for in excess of 33,000 patients assessed and treated across over 88 CQC-registered CRI clinics nationally, run by 56 doctors and over 140 nurses.

Volunteers

Volunteers and peer mentors are essential to service delivery and central to our model of recovery services, which is focused on supporting people to build their social capital and resilience and rebuild their lives within their local communities. Peer support services and service user-led initiatives are also part of this approach, which encourages individuals to control and direct their own recovery journey.

Charity's Objects

The Charity's Objects are detailed in the Memorandum of Association and are:

- to relieve sickness and to advance the education and training in particular of all persons (and members of their families) who:
 - have committed, or are likely to commit, a criminal act or acts; or
 - have been, or are, or are in danger of becoming substance misusers; or
 - have been, or are, or are in danger of becoming addicted to or dependent upon drugs of any description including without limitation on the generality of the foregoing illegal drugs, alcohol, solvents or other addictive substances; or
 - have been, or are, or are likely to become victims of domestic abuse; or
 - have been, or are, or are likely to become homeless; or
 - suffer mental ill health; or
 - have suffered a legal restriction on their liberty in any penal or correctional establishment;
- to promote for the public benefit the prevention of criminal acts and of drug abuse and substance misuse and of homelessness;
- to promote for the public benefit the protection of people and property from criminal acts and the effects of drug abuse and substance misuse;
- to relieve poverty in particular, but not exclusively, through the provision of housing;
- to advance the education of the public by promoting study and research into homelessness and all aspects of and methods of crime prevention and delinquency and the prevention of drug abuse and substance misuse and to disseminate the useful results of such research;
- the promotion of charitable purposes within the member countries of the European Union, for the advancement of education, the protection of health, the relief of poverty, sickness and distress and to reduce substance related harm to the individual and the wider community; and
- to undertake such other activities as are charitable.

Strategic Report for the year ended 31st March 2015

I. Achievements and Impact

Service Delivery and Organisational Development

CRI's extensive management restructure in 2014, was designed to transform it into an agile, responsive, community-based organisation, well-positioned to deliver effective, high quality health and social care services. The past year has demonstrated that this restructure gave us the stability and market positioning to both withstand and respond positively to continuing changes within the commissioning and funding of health and social care services.

Our social care and health initiatives division successfully supported adults and young people during the year with a range of health and social care needs, including substance misuse, mental health, domestic abuse, housing, education, training and employment. We delivered a range of community-based services designed to empower people struggling with addiction to make positive changes in their lives and to sustain those changes on leaving our care. We achieved this through the delivery of services that help individuals to build up strong community networks through engagement in positive activities such as volunteering, education, sport and employment.

In March 2015, we began to deliver a substantial contract to deliver a large community-based drug and alcohol treatment and recovery service across Birmingham, including our first in-patient detoxification unit. We are transforming service delivery in Birmingham from a medical treatment system into an effective, community recovery service supported by peer mentors and recovery champions. Our innovative model, called Reach out Recovery, takes treatment services directly to where they are needed using existing venues, such as pharmacies, shops, libraries and community centres. Services are tailored to local need and promote sustainable recovery through a wide variety of interventions, including harm reduction, opiate replacement prescribing, detox, counselling, and emotional and practical support designed to overcome barriers to recovery and support progression and change. This transformation in service delivery is being supported and made possible by our investment in mobile information technology, as discussed further on.

Although we won new contracts to deliver integrated drug and alcohol services in towns and cities across England, we were disappointed to lose contracts in Brighton and Hampshire. While some of our new contracts, such as Birmingham, are very large, we nevertheless remain committed to smaller, localised service delivery and to providing the highest possible quality of service to each individual service user, irrespective of contract size.

The criminal justice division secured contracts to deliver offender rehabilitation under the Government's Transforming Rehabilitation programme in two Community Rehabilitation Company areas: Staffordshire & the West Midlands; and Derby, Nottinghamshire, Leicester and Rutland, through our Reducing Rehabilitation Partnership with Ingeus and St Giles Trust. We were disappointed that our prime bids were not successful, but we are vigorously supporting the transition to community-based offender management through delivering services to other Transforming Rehabilitation providers, as well as playing a key role in our partnership with Ingeus and St Giles Trust. Our rehabilitation offering includes our unique Foundations of Rehabilitation programme, as well as 'through the gate' prison mentoring services in partnership with Sova, and offender management and substance misuse interventions.

Sova also secured a number of peer mentoring contracts as part of the Transforming Rehabilitation programme bids; some as part of the Reducing Reoffending Partnership and some in partnership with other bidders. Sova also secured contracts under a NOMS funded scheme to provide mentoring and support to offenders with complex needs.

Other significant service achievements during the year include:

- A new integrated drug and alcohol treatment service in Dudley with a specialist 'dual diagnosis' team providing case management and specialist pharmacological treatments for clients with both substance misuse problems and complex mental health needs, such as schizophrenia and bipolar affective disorder.
- New integrated drug and alcohol contracts in Blackburn with Darwen, Gateshead, Nottinghamshire, Walsall and the Wirral.
- A mental health contract in Dudley.
- Extending our drug and alcohol service into North Lancashire.
- Expanding our drug and alcohol service in Hull to provide medical as well as psychosocial services to criminal justice service users.
- A new young people's drug and alcohol service in Wigan.
- A new contract to deliver drug and alcohol services in the London Borough of Newham.
- A new contract to deliver an integrated drug and alcohol service in Richmond in partnership with South West London St George's NHS Trust.
- A European Social Fund contract in partnership with the Shaw Trust to deliver services in London and the East of England to address barriers to work for offenders with complex needs.
- An integrated drug and alcohol recovery service in Southampton in partnership with Solent NHS Trust, the Society of St James homeless charity and young people's charity NoLimits.
- A 98% occupancy rate in our offender accommodation.

Strategic Report for the year ended 31st March 2015

I. Achievements and Impact (continued)

Quality, Governance and Innovation

CRI was fundamentally restructured last year to provide a new quality, governance and innovation division with a strong focus on safety, risk management, compliance and quality improvement. CRI has grown significantly in the past five years and now provides health care services to over 60,000 people daily through large and complex contracts delivered within the context of increasingly stringent regulatory, inspection and governance demands. This demanded a robust response to ensure we could continue to provide the highest quality, safe and effective services that were fully compliant with regulations and best practice standards.

We have invested in the latest technology to support our clinical and recovery professionals to deliver high quality, safe treatment services. We are continuing to implement our major, two-year, IT transformation project, which will be completed in September 2015 on time and within the designated budget. As part of this programme we have invested in an industry-standard, state of the art 'private cloud' IT system to support agile working. We modernised our systems to ensure they continue to be safe and secure, as well as providing a platform that enables the business to adapt efficiently to new technologies, including off-site working through tablets and smart devices supporting a truly mobile workforce that is engaging more effectively with service users in a wide range of community locations.

We have also established a research and data department, which is producing robust data on service delivery and leading a spread of research projects, in partnership with universities. Research topics include assessing the effectiveness, variously, of computer assisted therapy, pharmacological interventions, the involvement of peer mentors and volunteers in service delivery, and the impact on relapse rates of post-treatment follow-up. This research is providing valuable evidence and data that will inform service development, quality improvement and innovation.

We continued to develop our particular model of co-delivery of services. Co-delivery means that CRI provides professional structures and support to enable service users to drive their own recovery through involvement in community-based recovery activities, including mutual aid and peer support.

Our achievements in developing service user-led recovery resources include:

- Facilitating 24/7 access to online recovery support for service users through a partnership with digital healthcare provider, Breaking Free Online.
- Supporting the further development of social enterprises, which offer individuals the opportunity to use their existing skills and achieve qualifications in sustainable, community-focused businesses.
- Providing opportunities for peer mentors and volunteers to gain accredited qualifications.
- Developing partnerships with a wide range of service user-led organisations (such as Build on Belief and Red Rose), to provide peer-led recovery support in the community.

Volunteers remained an essential component of service delivery, providing additional resources across many of our projects. Volunteer roles include peer mentors, counsellors and service user representatives as well as social work students. In 2014, nearly 1,200 CRI volunteers contributed over 420,000 hours. A team of volunteers also contributed over 20,000 voluntary hours to our eight social enterprises.

Financial Measures

CRI sets budget targets for income, the level of operating surplus and free reserves. Our aim in 2014-2015 was for an 11% growth in income. We actually grew by 21%, reporting an income of £141.3 million. Our operating surplus target was £1.8 million. We achieved £1.2 million due to lower contribution earned on project activities; the free reserves target of £11.0 million was therefore also impacted with actual free reserves of £10.8 million reported. We ended the year in a robust financial position with net assets of £18.4 million, including cash balances of £22.8 million, at the year end, having grown the business and maintained strong financial discipline throughout.

Strategic Report for the year ended 31st March 2015

Achievements this year to ensure that our systems are effective, include:

- Registering with Monitor and achieving compliance with Care Quality Commission standards.
- Achieving ISO/IEC 27001, an internationally recognised best practice standard for information security management.
- Achieving OHAS 18001, an internationally applied British Standard for occupational health and safety management systems.
- Achieving ISO 9001, which signifies that CRI meets service delivery quality standards and all statutory and regulatory requirements.
- Continuing to improve our risk reporting through the Datix online incident reporting and risk management system.
- Implementing an organisation-wide quality improvement tool to facilitate internal audit and drive service improvement.
- Developing a management dashboard to provide real time data for staff and managers on performance, incidents, risks, staffing and finance to assist with the monitoring and evaluation of service delivery.

We continued to embrace our role as a leader in the field of health and social care excellence, through a range of initiatives to support the spread of knowledge and expertise in the sector and contribute to improving practice standards. These included:

- Delivering our third annual conference on drug and alcohol addiction in partnership with the University of Manchester, 'Driving Innovation and Delivering Excellence'.
- Providing the UK contribution to a European Union programme to assess patterns of novel psychoactive substance use across the EU28 and develop best practice.
- Delivering training on novel psychoactive substances to health, social care and criminal justice professionals.
- Hosting a conference on needle exchange in partnership with the Frontier Medical Group.

Finally, we reinvigorated our Marketing and Communications function to place a renewed emphasis on raising our public profile and achieving wider awareness of our work and what it can deliver for our current and potential service users.

Between 2013 and 2014 we increased our positive coverage by 250% and launched a new website with a strong focus on information for service users. The new website achieved a 30% increase in traffic in the first month following its launch. We also extended our communication channels to include active participation in social media, which has enabled us to reach a wider audience.

Workforce Development

CRI is committed to supporting the professional development of everyone who works with us, including staff, volunteers and peer mentors. This year we introduced a new learning and performance system called Skill Station. This integrates our training and appraisal systems to create one, seamless online tool for managing staff and volunteer performance and development. Skill Station provides online access to existing training materials, as well as new features such as training videos and other educational resources.

Key achievements this year include:

- Delivering 8,074 core learning days across the organisation, with additional local training provided at project level.
- Forming a partnership with Headspace to give all staff, volunteers and peer mentors free access for one year to a mindfulness and meditation website and app, which has been proven to support better mental health.
- Creating a partnership with the Cornerstone on Demand Foundation, which allows staff, peer mentors and volunteers to access over 200 training courses online. This means our teams have access to nearly 800 online courses across a range of disciplines.
- Receiving £20,000 funding from Skills for Care to provide Health and Social Care Diplomas for staff and volunteers.
- Arranging access to around 100 online health care courses through eLearning for Health, a Health Education England programme in partnership with the NHS and professional bodies.
- Recruiting and training 74 information technology (IT) champions to provide workplace IT support and developing an IT training package.
- Registering with Stonewall's Workplace Equality Index (which ranks organisations on how LGB-friendly they are for employees), and achieving a score of 267 out of 397, the highest first time score for a voluntary organisation.
- Embracing the diversity agenda through recruiting and training 25 new inclusion champions to support colleagues in the workplace.

Strategic Report for the year ended 31st March 2015

II. Financial Review

Review of the Year

CRI reports consolidated income of £141.3 million for 2014-2015 (2013-2014: £116.8 million), which represents a 21.0% growth in activity on 2013-2014. We believe growth in income reflects our commissioners' confidence in our ability to provide innovative, safe and effective services in the current economic environment. Consolidated Net assets and Consolidated Total Funds amount to £18.4 million (March 2014: £16.9 million) which provides a substantial financial base to support the organisation.

Included within these consolidated accounts are the results of Sova, which is in its third year as a member of the group since becoming a wholly owned subsidiary on 26 November 2012. Sova represents £4.5 million (2013-2014: £4.1 million) within the consolidated incoming resources figure, and £104K (2013-2014: £63K) of the Consolidated Net Assets.

The Consolidated Balance Sheet is liquid and is underpinned with year-end cash balances of £22.8 million (March 2014: £17.8 million). The balance sheet includes the investment in the re-design of CRI's information technology capabilities, which commenced in the latter half of the prior year and continued during the year under review. Depreciation on this investment started midway through the year following the commissioning of the new infrastructure.

CRI's service delivery, growth of the business and the investment in support infrastructure and the information technology transformation is reported in more detail in section I 'Achievements and Impact' within this strategic report. This includes the award and implementation of our three largest contracts to date in Birmingham, Nottinghamshire and The Wirral, with annual income on these contracts amounting to some £36 million. Principal funding sources are also explained in Note 1 to the financial statements.

Consolidated total resources expended, including direct costs and support costs, increased by 21.7% to £140.1 million (2013-2014: £115.1 million), representing 99.2% of contract income. Total resources expended during the year have been in furtherance of CRI's charitable objectives and are for the public benefit as described within 'Structure, Governance and Management' in this report.

The consolidated operating surplus ('Net incoming resources before other recognised gains/(losses)' on the Statement of Financial Activities) is £1.2 million (2013-2014: £1.8 million) representing a 0.85% return on income (2013-2014: 1.5%). The trustees are of the opinion that in light of the level of investment in services and central infrastructure in the year, together with the challenging prevailing market conditions, this is an appropriate level of surplus and reserves generation.

Reserves

The group has accumulated total reserves of £18.4 million (March 2014: £16.9 million) of which £18.2 million (March 2014: £16.3 million) are Unrestricted as a result of generating annual surpluses on its activities. These reserves are also reflected within its overall cash balances, which provide essential working capital funding for day-to-day running costs, supporting the delivery of the organisation's objectives in an efficient and cost-effective way. The level of reserves requirement is reviewed periodically by the Audit and Finance Committee.

The level of Free reserves is measured as a useful proxy for liquidity and working capital management and it is also a recognised indicator in the sector and measured in 'weeks of expenditure'. Consolidated Free reserves therefore stand at £10.8 million (March 2014: £10.7 million) and are defined as total unrestricted reserves (£18.2 million) less fixed assets (£8.9 million) and their related loans (£1.5 million). This level of Free reserves represents 4 weeks (2013-2014: 5 weeks) of total resources expended. The level of Free reserves has reduced to 4 weeks following the continued investment in the information technology infrastructure.

The trustees are of the opinion this is an acceptable level given the available actions should CRI encounter adverse conditions, and the project-based nature of activities. The trustees also consider that CRI has adequate resources to continue the business for the foreseeable future.

Cash Reserves

CRI maintains liquid cash balances in order to ensure that on-going cash flow requirements are met. Surplus funds, over and above that requirement, are swept automatically on a daily basis into a flexible interest bearing deposit account held with CRI's bankers, Barclays Bank. These deposited funds are instant access for working capital purposes. CRI's credit policy requires that the institution should have a minimum 'A' credit rating to ensure that, as far as possible, CRI is covering its risk of any capital loss. Investment income in the year of £0.1 million (2013-2014: £0.1 million) relates to interest earned on these cash deposits and has been affected by continuing low interest rates during the year.

CRI adopts a prudent approach, accepting that the investment returns that are available are exceeded by inflation and hence may erode some capital value. The trustees remain satisfied this is a prudent policy that also serves the cash flow requirements of the organisation.

The trustees conclude that CRI should continue to adopt the going concern basis in preparing the accounts.

Strategic Report for the year ended 31st March 2015

III. Future Plans

Financial Measures

CRI has set a budget for 2015-2016 with a growth target of 18.1% on income reported in the year under review. This is a considered and challenging target that is predicated on our view of market opportunities and the number of bids we plan to submit.

Service Development

There has been a massive change in the health and social care agenda in recent years, partly driven by the Government's austerity programme. We responded to this by restructuring our organisation to enable us to play a much bigger part in the delivery of future health care services and to respond to key public health priorities. Our aim for the coming year is to capitalise on our strengths and to grow our health care contracts and broaden our service offer into wider areas of public health concern, such as mental health, diabetes and smoking cessation, as well as addiction in its various forms.

We will also seek to develop specialist interventions aimed at areas of complex need, such as child sexual exploitation, with a strong focus on prevention and early intervention, in addition to the crisis intervention work that we are known for.

There will be a continued emphasis on developing partnerships with other providers and harnessing existing community resources to ensure our service users feel connected to their local communities and are effectively supported in their recovery. This will include investment in peer-led services, mutual aid support and social enterprises.

Our criminal justice division will continue to use its expertise in offender management to support the transformation of community rehabilitation through our Reducing Reoffending Partnership with Ingeus and St Giles Trust and through supplying services to other Community Rehabilitation Companies across the country. The criminal justice division will also reinvigorate its offender services to support the delivery of integrated primary care and substance misuse services in prisons, covering a broader range of health issues, including smoking and obesity and physical and mental wellbeing. We will also further develop specialist education and employment support services for offenders with entrenched social exclusion issues, who face the biggest challenges in finding work.

Quality, Governance and Innovation

We are committed to enhancing the quality of our services and outcomes through an ethos and culture of continuous quality improvement in frontline services and service-user centred service delivery. This will be achieved through our existing structure for quality improvement in our support and governance functions, including professional governance of clinical services and staff training, to ensure that we are fully compliant with all legal and regulatory standards. We will also work to maintain the high quality demanded by ISO regulation and the exacting requirements of our regulators.

Our research and data team will support further research activity to demonstrate the effectiveness of service delivery, as well as monitoring our performance to ensure that we deliver the best possible outcomes to our service users. A key project for the year will be research into the long-term impact of our interventions.

We will continue to develop our risk management and incident reporting processes to ensure we continue to improve the safety, quality and effectiveness of our services.

We will further explore the opportunities for mobile working arising from our investment in information technology and explore ways in which to further improve the efficiency and safety of services. For example, through developing mobile case management, electronic prescriptions and enhanced information sharing. We will also further exploit the potential of our new technology to support individuals to manage their own recovery by providing every service user with access to computer assisted therapy through their own, individual account and developing a single online record for each service user.

In addition, we intend to invest additional resources in our digital health offering, by delivering e-health initiatives such as tele health, as well as online medical consultations to improve service user access to primary care.

Finally, our Marketing and Communications team will focus on a fundamental rebrand of the organisation over the coming year to ensure that our brand is fully aligned with our vision and values and effectively supports our business. They will also build on work undertaken over the past year to publicise our successes to ensure that we become widely known for what we do.

Strategic Report for the year ended 31st March 2015

III. Future Plans (continued)

Workforce Development

Our service users have the right to receive the highest possible standards of service from our teams. Therefore, we will enable all staff to develop their skills through a comprehensive professional development programme, delivered through our online learning system, Skill Station.

We are committed to equality of access and will ensure that our volunteers and peer mentors have equivalent opportunities to develop their skills and expertise, through access to the same online education resources.

In line with the improved IT infrastructure we are developing the capacity to create our own live virtual classrooms and video content so that we can get roles interacting across the country and capture learning in 'bite-size' portions.

Investment in the future leaders of our organisation remains a priority and we will refresh our leadership development programmes over the coming year.

We will continue to ensure that we have appropriate structures in place for the career progression of healthcare professionals in our organisation and are creating continuing professional development (CPD) pathways for nurses (revalidation begins in Spring 2016), doctors and social workers. A major challenge will be to create a pathway for the training of future addiction psychiatrists, working in partnership with fellow social care providers.

We will also deliver our fourth national conference on drugs and alcohol in partnership with the University of Manchester. As with previous conferences, this will bring together NHS and third sector treatment providers, commissioners, clinicians and researchers to explore topics related to addiction, wellbeing, alcohol-related disorders and integrated health and social care.

We will also seek to build on our achievements in the field of equality and diversity through launching a set of Equality Standards, producing guides for staff on equality issues and working in partnership with Stonewall to achieve a higher score in the Equality Index for 2016.

We will also redevelop our intranet using Microsoft SharePoint to provide a much improved portal to assist with joint working, internal communications and employee engagement.

Strategic Report for the year ended 31st March 2015

IV. Principal Risks and Uncertainties

CRI is operating in a rapidly changing service delivery environment. There have been significant shifts in the structure and commissioning of public services. Some contracts are larger and more complex and carry an increased burden of governance and compliance requirements. This is what makes the provision of safe and high quality services so challenging and we are ever-vigilant in maintaining our demanding standards.

CRI has a well-developed risk management approach and has invested in industry standard methodologies for identifying and mitigating risk. We ensure a dynamic response to risk management through the use of the online Datix risk assessment and incident reporting system, which provides a sophisticated analysis of health and safety and clinical and operational risk across the organisation.

The Board and its committees also conduct a regular review of the organisation's risk register and consider risk 'by exception' routinely at Board meetings so that any unforeseen or emerging risks are addressed immediately. The Integrated Governance and Audit and Finance Committees conduct an in-depth review of risk registers at their meetings and report by exception to the full Board. In addition, the Board conducts a bi-annual review of strategic risks affecting the organisation.

The following table sets out our principal risks and uncertainties and describes the action taken to mitigate and manage these risks.

Strategic Report for the year ended 31st March 2015

IV. Principal Risks and Uncertainties (continued)

Risk category	Principal risk	Mitigation & management
Operational		
Risk 1	Performance of projects adversely affecting reputation and business viability	We continually review project performance, both financial and operational, together with commissioner performance review on contracts. High level oversight of performance and financial and reputational risk management is provided by the Integrated Governance Committee and Audit and Finance Committee.
Risk 2	Compromised data security	We have achieved ISO 27001 certification and are working on an integrated information security plan. We have also rolled out comprehensive training and internal communications in information security for all staff.
Risk 3	Business continuity management	We have a nationwide disaster recovery solution on our legacy system and are currently investing in a new IT infrastructure to support the growth of our business. A transitional / continuity plan is in place to support the move to the new system.
Risk 4	Failure to comply with Health & Safety regulations	We have a fully implemented Health and Safety system with full training for staff, which is ISO 18001 accredited and compliant and audited bi-annually.
Risk 5	Failure to update IT infrastructure	We are part-way through a full IT infrastructure improvement programme.
Risk 6	Failure to safeguard children and adults at risk	Safeguarding plans are in place, including industry leading policies, CRiS-based children and families risk assessment and management module, together with appropriate induction and training of staff. Client files are audited and controls are in place.
Clinical		
Risk 7	Management and delivery of clinical/medical interventions	A range of mitigation plans are articulated in the clinical plan. The Integrated Governance Committee of the Board, Medicines Management Group and national medical structures provide oversight, including the implementation of best clinical practice, review and implementation of clinical governance policy, quarterly analysis of prescribing errors and action plans. We are also undertaking a root and branch review of our medical structures to maximise safety and effectiveness.
Risk 8	Reputational, service delivery and financial risks	Additional controls around accreditation and professional checks on service staff are in place. Revised risk assessment on peer mentors and volunteers has been rolled out. Significant work is being undertaken at project level to make Datix risk assessment and incident analysis a living system for clinical services. There is a crisis communications process in place.
Financial		
Risk 9	Altered funding regimes and contractual lifespans resulting in potential significant loss of business	There is detailed and ongoing operational and financial monitoring of the organisation's financial position and project performance to ensure we optimise revenue. Scrutiny is provided by the Audit and Finance Committee, including analysis of the contractual implications of bid opportunities and retention of appropriate levels of reserves.

Statement of Trustees' Responsibilities

The trustees (who are also directors of Crime Reduction Initiatives for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and 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 group will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group 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. They are also responsible for safeguarding the assets of 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 group's auditor is 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 auditor is 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.

Approved by



DJ Gregson MA (Cantab), MBA
Chair
28 July 2015

Independent Auditor's Report to the Trustees and Members of Crime Reduction Initiatives

We have audited the financial statements of Crime Reduction Initiatives for the year ended 31 March 2015 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated 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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters which 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 any party other than the charitable company and the charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement, 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements, and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 31st March 2015 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- 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 Regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

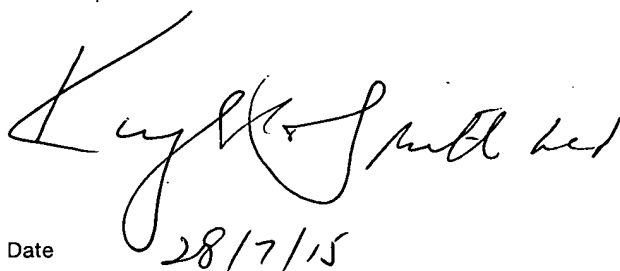
Opinion on other matters prescribed by the Companies Act 2006

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

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 adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remunerations specified by law are not made; or
- we have not received all the information and explanations we require for our audit.


Date 28/7/15

Nicholas Brooks, Senior Statutory Auditor for and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House, 60 Goswell Road, London EC1M 7AD

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

Consolidated Statement of Financial Activities

(incorporating the Income and Expenditure Account) for the year ended 31st March 2015

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Group Total Funds 2015 £'000	Group Prior Year Funds 2014 £'000
Incoming resources					
Incoming resources from generated funds:					
Voluntary income	1	68	-	68	32
Investment income	1	107	-	107	139
Incoming resources from charitable activities:					
Social care and health initiatives		129,325	829	130,154	106,207
Criminal justice		10,007	931	10,938	10,437
Total incoming resources		139,507	1,760	141,267	116,815
Resources expended					
Costs of generating funds	3	407	-	407	331
Charitable activities:	4				
Social care and health initiatives		128,117	733	128,850	104,234
Criminal justice		9,285	1,413	10,698	10,392
Governance costs	5	101	-	101	97
Total resources expended	4/6	137,910	2,146	140,056	115,054
Net incoming resources	2	1,597	(386)	1,211	1,761
Transfers					
Gross transfers between funds	14/15	(3)	3	-	-
Net incoming resources before other recognised gains/(losses)		1,594	(383)	1,211	1,761
Other recognised gains					
Revaluation of freehold property	8	277	-	277	281
Net movements in funds		1,871	(383)	1,488	2,042
Reconciliation of funds					
Total funds brought forward at 1st April 2014		16,294	587	16,881	14,839
Total funds carried forward at 1st April 2015		18,165	204	18,369	16,881

The Charity has no recognised gains or losses for the year other than as detailed above.

The net movements in the Charity's funds for the year arise from the Charity's continuing operations.

The Accounting Policies on pages 24 to 25 and the notes on pages 26 to 42 form part of these accounts.

Balance Sheets

as at 31st March 2015

	Notes	Group		Charity	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
Fixed assets					
Tangible assets	8	8,918	7,123	8,915	7,116
Current assets					
Debtors	9	14,128	13,525	13,791	12,877
Cash at bank and in hand		22,826	17,832	22,269	17,603
		36,954	31,357	36,060	30,480
Creditors: amounts falling due within one year	10	(24,178)	(18,324)	(23,401)	(17,536)
Net current assets		12,776	13,033	12,659	12,944
Creditors: amounts falling due after more than one year	11	(1,459)	(1,515)	(1,459)	(1,515)
Provisions for liabilities and charges	12	(1,866)	(1,760)	(1,850)	(1,727)
Net assets		18,369	16,881	18,265	16,818
Funds					
Unrestricted	14	18,165	16,294	18,062	16,231
Restricted	15	204	587	203	587
		18,369	16,881	18,265	16,818

Approved by the Board of Directors and Trustees on 28 July 2015 and signed on its behalf by:



R K Perkin MA (Cantab), FCA
Trustee



DJ Gregson MA (Cantab), MBA
Chair

The Accounting Policies on pages 24 to 25 and the notes on pages 26 to 42 form part of these accounts.
Company Registration Number: 03861209 (England and Wales).

Consolidated Cash Flow Statement

for the year ended 31st March 2015

	Notes	Group 2015 £'000	Group 2014 £'000
Net cash inflow/(outflow) from operating activities	18	8,314	(1,996)
Returns on investments and servicing of finance			
Investment income		156	196
Interest payable on bank loans		(96)	(99)
		8,374	(1,899)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	8	(3,324)	(1,367)
Cash (outflow)/inflow before increase in liquid resources and financing		5,050	(3,266)
Financing			
Decrease in mortgages		(56)	(34)
Increase/(decrease) in cash in the year		4,994	(3,300)
Reconciliation of net cash flow to movements in net funds	19		
Increase/(decrease) in cash in the year		4,994	(3,300)
Cash outflow from decrease in mortgages		56	34
Change in net funds and debt resulting from cash flows		5,050	(3,266)
Net funds and debt at 1st April 2014		16,265	19,531
Net funds and debt at 31st March 2015		21,315	16,265

The Accounting Policies on pages 24 to 25 and the notes on pages 26 to 42 form part of these accounts.

Accounting Policies

Basis of preparation

The accounts have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and include the results of the Charity's operations which are described in the Trustees' Annual Report.

The accounts have been prepared in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005) issued in February 2005, applicable accounting standards and the Companies Act 2006. The accounting policies are consistent with the prior year.

Basis of consolidation

These financial statements consolidate the results of the Charity and its subsidiary companies including Sova, a wholly owned subsidiary of CRI (note 22). A separate Statement of Financial Activities is not presented for the Charity itself as it has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006 and paragraph 397 of the SORP. Acquisition accounting has been used in consolidating Sova as CRI has control of the Sova Board and Sova is the smaller entity within the Group.

The principal policies of the Group are as follows:

a) Income

Incoming resources from charitable activities includes contract and grant income, rents receivable and other sundry receipts.

Income received from gifts and donations is accounted for on a receipts basis. Contract income and grants are accounted for on an accruals basis. Investment income is stated at the amount receivable. Incoming resources from grants and contracts, where related to performance and specific deliverables, are accounted for as the Charity earns the right to consideration by its performance.

Voluntary income includes donations from both charitable sources with an interest in the activities of the Group and individuals.

b) Project accounting/allocation

Income and direct costs relating to charitable activities are allocated to two charitable activity categories by classifying each project into one of the following: social care and health initiatives and criminal justice.

Support costs (after a deduction is made to allocate a portion of support costs to governance costs) are apportioned to charitable activities based on the direct costs of those activities.

c) Classification of expenditure

Direct costs represent all costs which relate directly to charitable activities and governance costs. Support costs are those incurred to support charitable activities and governance.

Expenditure has been classified in accordance with SORP 2005.

d) Project start-up costs

Project start-up costs are treated as revenue expenditure in the period that a contract commences and matched with associated contract start-up income. In all other cases, project start-up costs are treated as revenue expenditure when incurred.

e) Tangible fixed assets

Freehold property

In accordance with FRS 15 freehold land is not being depreciated. No depreciation has been charged on freehold buildings during the year. This represents a departure from the Companies Act 2006 but in the opinion of the trustees the departure is required to show a true and fair view. This is because the properties are maintained at a high standard in order to meet the requirements of the funders. Consequently, any depreciation charge on freehold buildings would not be material.

As required by FRS 15, the properties are professionally valued on a five yearly cycle and by the trustees every three years in the interim. The trustees also consider the market value of the properties on an annual basis in the interim, together with reviewing them for impairment in accordance with FRS 11.

Capitalisation of other assets

Leasehold improvements, computers and other equipment purchased for specific projects are treated as revenue expenditure at the date the cost is incurred. Other assets with a value greater than £2,000 are capitalised and depreciated to write off the cost of the assets over estimated useful lives. The annual depreciation rates and methods used are as follows:

Leasehold property:

Leasehold improvements - over the lease term, on original cost.

IT hardware and licenses:

20%/33.3% per annum on a straight line basis, on original cost (see Note 8).

Furniture and equipment:

15% per annum on a straight line basis, on original cost.

Accounting Policies

f) Dilapidation provision

Provision is made for the legal obligation in property leases to reinstate the premises to the condition they were at the date the lease was signed. An estimate is made of the cost of that reinstatement, and this is provided over a period which is the shorter of the lease term or the period to the first lease break point.

g) Funds

Restricted funds

Restricted funds are those whose application is limited to those causes specified by the donor. Any deficit incurred on any individual restricted fund is written off to the 'Unrestricted fund' in the financial year in which the deficit occurs.

Unrestricted funds

For control and audit purposes funds received for each project are accounted for individually with the relevant incoming resources and expenditure allocated accordingly. Expenditure for projects includes both direct costs attributable to the project and appropriate recharges for support costs.

h) Leasing commitments

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

i) Pension scheme arrangements

The Charity operates both defined benefit and defined contribution pension schemes for its employees. All defined benefit schemes are closed to new entrants.

The assets of any defined benefit and defined contribution pension schemes are held separately from those of the Charity.

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.

FRS 102 - Future changes in accounting policies

FRS 102 will replace UK GAAP and is effective for accounting periods commencing on or after 1 January 2015, CRI's first set of accounts that will be affected by this change will be for the year to 31 March 2016. However, that will mean the comparative figures for the year ended 31 March 2015 will need to be restated and so the effective date for establishing an opening position for any changes in accounting policy will be 1 April 2014.

CRI is affected by the introduction of FRS 102 in three areas - first, the requirement to create a holiday pay accrual, second, to make provision for any multi-employer defined benefit pension schemes with a deficit reduction plan and third, the requirement to place a fair value on the cap on the interest rate for the Barclays Bank Treasury loan.

CRI has prepared calculations in the first two instances, and the adjustment that would be made at 1 April 2014, once FRS 102 is implemented, would be a provision for holiday pay of £1.8 million and a provision for the deficit reduction plan on our multi-employer defined benefit scheme of £0.6 million. In view of the very low prevailing interest rate climate currently the fair value of the interest rate cap is immaterial, but this could change if interest rates increased in the future. These restatements will be dealt with as a prior year adjustment in the accounts for the year to 31 March 2016.

Notes to the Accounts

for the year ended 31st March 2015

1 Incoming resources

	Group 2015 £'000	Group 2014 £'000
Voluntary income		
Donations	68	32
Investment income		
Interest on UK cash deposits	107	139

Incoming resources from charitable activities

Incoming resources from charitable activities includes contract income from statutory sources, rents receivable and other sundry receipts. Grant income recorded during the year is disclosed within Note 15, 'Restricted funds'.

2 Net incoming resources

	Group 2015 £'000	Group 2014 £'000
Net incoming resources is stated after charging:		
Auditor's remuneration:		
- Audit services	48	49
- Non-audit services	54	43
Operating lease rentals		
- Plant and machinery	641	551
- Land and buildings	4,876	4,164
Depreciation	649	202

£32K of the non-audit fees are internal audit-related and cover additional review and assurance work in respect of internal controls, £11K was in respect of advice in relation to the Ministry of Justice competition and £11K related to general professional advice.

3 Costs of generating funds

	Group 2015 £'000	Group 2014 £'000
Exceptional costs incurred in bidding for the Ministry of Justice 'Transforming Rehabilitation' competition		
Staff costs	277	239
Other costs	130	92
Total	407	331

Notes to the Accounts

for the year ended 31st March 2015

4 Resources expended - Charitable activities

	Direct costs £'000	Support costs £'000	Group 2015 Total £'000	Direct costs £'000	Support costs £'000	Group 2014 Total £'000
Charitable activities:						
Social care and health initiatives	119,042	9,808	128,850	97,035	7,199	104,234
Criminal justice	9,668	1,030	10,698	9,351	1,041	10,392
Subtotal	128,710	10,838	139,548	106,386	8,240	114,626
Governance costs	95	6	101	91	6	97
Total	128,805	10,844	139,649	106,477	8,246	114,723

Further analysis of the major components of direct and support costs is shown in note 6.

	HR and Training £'000	Business Support and IT £'000	Finance and Legal Services £'000	Central Administration and Communications £'000	Group 2015 Total £'000
Support costs allocated to Charitable activities:					
Social care and health initiatives	1,428	4,901	1,060	2,419	9,808
Criminal justice	167	392	178	293	1,030
Total	1,595	5,293	1,238	2,712	10,838

	HR and Training £'000	Business Support and IT £'000	Finance and Legal Services £'000	Central Administration and Communications £'000	Group 2014 Total £'000
Support costs allocated to Charitable activities:					
Social care and health initiatives	1,431	2,162	1,278	2,328	7,199
Criminal justice	177	254	340	270	1,041
Total	1,608	2,416	1,618	2,598	8,240

Support costs have been allocated to Charitable activities and Governance costs based on the direct costs of those activities.

Notes to the Accounts

for the year ended 31st March 2015

5 Governance costs

	Group 2015 £'000	Group 2014 £'000
Audit fees	48	49
Legal and professional costs	45	42
Trustee expenses	2	-
Support costs	6	6
Total	101	97

6 Total resources expended

	Group Direct costs 2015 £'000	Group Direct costs 2014 £'000	Group Support costs 2015 £'000	Group Support costs 2014 £'000
Staff costs	89,679	78,527	6,064	4,425
Client, volunteer and mentor expenses	17,385	11,157	78	66
Staff welfare costs	406	738	75	89
Rent, rates and room hire	5,942	4,704	397	502
Light and heat	729	668	54	34
Insurance	156	106	414	402
Hire of equipment	426	333	137	152
Start-up costs	4,616	2,276	15	9
Repairs, maintenance and replacements	2,765	2,057	138	108
Dilapidations	263	378	-	-
Printing, stationery and postage	564	467	80	36
Telephone	814	799	(92)	113
Travel and subsistence	2,077	1,837	446	248
Legal and professional fees	669	715	661	758
Other expenses	21	110	66	44
IT costs	1,859	1,167	1,540	902
Bank charges	12	13	6	4
Interest payable on mortgages	29	29	67	70
Depreciation	10	22	640	180
Marketing costs	288	283	58	104
	128,710	106,386	10,844	8,246
Allocated to governance costs	-	-	(6)	(6)
Governance costs	95	91	6	6
Total	128,805	106,477	10,844	8,246

Notes to the Accounts

for the year ended 31st March 2015

7 Staff costs

	Group 2015 £'000	Group 2014 £'000
Wages and salary costs	67,942	61,357
Social security costs	6,320	5,630
Training costs	730	1,237
Recruitment and general payroll costs	330	319
Pension costs	2,874	2,092
Agency and third party organisations	17,824	12,556
Total	96,020	83,191

The number of higher paid employees who received total remuneration in the following bands were as follows:

	Group 2015 Number	Group 2014 Number
£60,000 to £69,999	11	14
£70,000 to £79,999	12	4
£80,000 to £89,999	6	6
£90,000 to £99,999	2	2
£100,000 to £109,999	1	5
£110,000 to £119,999	2	1
£120,000 to £129,999	4	1
£170,000 to £179,999	-	1
£180,000 to £189,999	1	-

Thirty-two (2014: Twenty-seven) of the higher paid employees were accruing pension benefits under a defined contribution scheme and two (2014: two) under the SHPS defined benefit scheme.

Contributions of £1,547,885 (2014: £1,100,306) were paid into a defined contribution scheme (£142,078 (2014: £133,812) relates to higher paid employees). The other employees were members of the SHPS, NHS or LGPS defined benefit schemes (see note 20) into which contributions of £1,224,561 (2014: £901,810) were paid during the year (£116,535 (2014: £118,716) relates to higher paid employees). Employers' pension contributions outstanding at the year end amounted to £281,960 (2014: £193,362).

	Group 2015 Number	Group 2014 Number
Employee numbers:		
Average number of employees	2,665	2,373
Average number of full time equivalents	2,374	2,128
Average number of full time equivalents split between:		
Direct project staff	2,177	1,976
Operational support staff	50	44
Central support staff	147	108
Total	2,374	2,128

Notes to the Accounts

for the year ended 31st March 2015

8 Tangible fixed assets - Group

	Freehold property	Leasehold property	IT hardware and licenses	Furniture and equipment	Motor vehicles	Total
Cost/valuation	£'000	£'000	£'000	£'000	£'000	£'000
At 1st April 2014	4,891	176	2,948	165	40	8,220
Additions	253	7	2,159	2	-	2,421
Revaluation	277	-	-	-	-	277
At 31st March 2015	5,421	183	5,107	167	40	10,918

Capital Grant

At 1st April 2014	(300)	-	-	-	-	(300)
Additions	(253)	-	-	-	-	(253)
At 31st March 2015	(553)	-	-	-	-	(553)

Depreciation

At 1st April 2014	-	(146)	(484)	(155)	(12)	(797)
Charge for the year	-	(26)	(605)	(9)	(10)	(650)
At 31st March 2015	-	(172)	(1,089)	(164)	(22)	(1,447)

Net Book Value

At 31st March 2015	4,868	11	4,018	3	18	8,918
At 31st March 2014	4,591	30	2,464	10	28	7,123

Tangible fixed assets - Charity

	Freehold property	Leasehold property	IT hardware and licenses	Furniture and equipment	Motor vehicles	Total
Cost/valuation	£'000	£'000	£'000	£'000	£'000	£'000
At 1st April 2014	4,891	176	2,948	124	40	8,179
Additions	253	7	2,159	-	-	2,419
Revaluation	277	-	-	-	-	277
At 31st March 2015	5,421	183	5,107	124	40	10,875

Capital Grant

At 1st April 2014	(300)	-	-	-	-	(300)
Additions	(253)	-	-	-	-	(253)
At 31st March 2015	(553)	-	-	-	-	(553)

Depreciation

At 1st April 2014	-	(146)	(484)	(121)	(12)	(763)
Charge for the year	-	(26)	(605)	(3)	(10)	(644)
At 31st March 2015	-	(172)	(1,089)	(124)	(22)	(1,407)

Net Book Value

At 31st March 2015	4,868	11	4,018	-	18	8,915
At 31st March 2014	4,591	30	2,464	3	28	7,116

Notes to the Accounts

for the year ended 31st March 2015

The total cost and valuation of freehold property at 31 March 2015 was £4.9 million and consists of seven properties. Four of the properties were professionally revalued in 2011-2012 in line with the five yearly valuation cycle and in accordance with RICS Valuation -Professional Standards 2012 Edition. The fifth property was acquired in 2009-2010, the sixth property in 2010-2011 and the seventh in 2014-15. All seven properties have been reviewed for impairment by the trustees in accordance with FRS 11, the results of which indicated that no impairment was necessary. At the year end, the movement in appropriate property indices has been reviewed and compared to the carrying value; the resultant uplift has been reflected as a revaluation in the year amounting to £277K.

The original cost of the freehold properties was £4.0 million.

Capital grants relate to grants received in respect of the acquisition of two of the freehold properties, one of which was acquired in 2014-2015.

Due to the investment in the information technology re-design which commenced during the prior year, IT hardware and licences have been capitalised and disclosed separately in the table above. The useful life of this investment has been determined as five years and depreciation has been charged on that basis as the new infrastructure was commissioned during 2014-2015. Depreciation on existing IT assets will continue to be depreciated over three years.

9 Debtors

	Group 2015 £'000	Group 2014 £'000	Charity 2015 £'000	Charity 2014 £'000
Income receivable	11,251	10,710	10,930	10,139
Other debtors	292	104	292	101
Prepayments	2,585	2,711	2,569	2,637
Total	14,128	13,525	13,791	12,877

Included within 'Income receivable' is an amount of £0.2 million (2014: £0.9 million) relating to amounts invoiced in respect of the 2015-2016 financial year. An equivalent amount is included within 'Deferred income' in note 10.

10 Creditors: amounts falling due within one year

	Group 2015 £'000	Group 2014 £'000	Charity 2015 £'000	Charity 2014 £'000
Bank and other loans	52	52	52	52
Trade creditors	10,216	6,543	10,161	6,398
Deferred income	4,928	4,615	4,606	4,284
Social security and other taxes	2,067	1,637	1,935	1,480
Accruals	5,332	4,416	5,074	4,261
Other creditors	1,583	1,061	1,573	1,061
Total	24,178	18,324	23,401	17,536

Notes to the Accounts

for the year ended 31st March 2015

11 Creditors: amounts falling due after more than one year

	Group 2015 £'000	Group 2014 £'000	Charity 2015 £'000	Charity 2014 £'000
Bank and other loans	1,459	1,515	1,459	1,515
Bank and other loans are analysed further below:				
Barclays Bank plc Treasury Loan (secured on 140-142 King's Cross Road, London):				
repayable in more than one year but no more than two years	58	55	58	55
repayable in more than two years but no more than five years	169	172	169	172
repayable in more than five years	1,148	1,204	1,148	1,204
Brighton and Hove Council (secured on 43 St Andrews Road, Portslade)	84	84	84	84
Total	1,459	1,515	1,459	1,515

The Barclays Bank plc Treasury loan was made on 15 January 2007 and is for a term of 25 years. The first ten years of the term is subject to interest rate protection whereby the maximum interest rate payable is 6.92%. The interest rate in force at 31 March 2015 was 6.65% (2014 - 6.65%).

The loan from Brighton and Hove City Council is only repayable if the property is sold and is non-interest bearing.

CRI have provided Barclays Bank with a Debenture, dated 4 September 2013, in support of its Bond, Guarantee and Indemnity (BGI) facilities and a charge over its freehold property at 140 - 142 King's Cross Road, London. In respect of the debenture, a formula has been agreed whereby 'Good UK Debtors under 90 days' have to provide a minimum of two times cover against BGI exposure at any time and is monitored against Quarterly Management Information. As at 31 March 2015, CRI had £1.1 million of BGI exposure (2014: £1.1 million) which was more than covered by 'Good UK Debtors under 90 days' which amounted to £7.4 million (2014: £7.0 million).

12 Provisions for liabilities and charges - Group

	Dilapidation provision £'000
At 1st April 2014	1,760
Amounts provided in the year	263
Utilised during the year	(157)
At 31st March 2015	1,866

Provisions for liabilities and charges - Charity

	Total £'000
At 1st April 2014	1,727
Amounts provided in the year	263
Utilised during the year	(140)
At 31st March 2015	1,850

Notes to the Accounts

for the year ended 31st March 2015

13 Limited liability

The liability of each member of the charity is limited to £1.

14 Unrestricted funds - Group

	Total funds brought forward at 1st April 2014 £'000	Net incoming resources £'000	Gross transfers between funds £'000	Other recognised gains £'000	Total funds carried forward at 31st March 2015 £'000
Unrestricted funds	10,178	1,597	(1,854)	-	9,921
Revaluation reserve	560	-	-	277	837
Free reserves	10,738	1,597	(1,854)	277	10,758
Fixed assets net of related loans	5,556	-	1,851	-	7,407
Total unrestricted funds	16,294	1,597	(3)	277	18,165

Unrestricted funds - Charity

	Total funds brought forward at 1st April 2014 £'000	Net incoming resources £'000	Gross transfers between funds £'000	Other recognised gains £'000	Total funds carried forward at 31st March 2015 £'000
Unrestricted funds	10,122	1,554	(1,855)	-	9,821
Revaluation reserve	560	-	-	277	837
Free reserves	10,682	1,554	(1,855)	277	10,658
Fixed assets net of related loans	5,549	-	1,855	-	7,404
Total unrestricted funds	16,231	1,554	-	277	18,062

The Revaluation reserve relates to freehold properties (Note 8).

Notes to the Accounts

for the year ended 31st March 2015

15 Restricted funds

	Total funds brought forward at 1st April 2014 £'000	Incoming resources £'000	Resources expended £'000	Net incoming resources £'000	Gross transfers between funds £'000	Total funds carried forward at 31st March 2015 £'000
a) HACRO	481	-	481	(481)	-	-
Social care and health initiatives						
b) Lancashire County Council	16	12	12	-	-	16
c) Comic Relief	-	32	30	2	-	2
d) Warrington Borough Council	33	37	20	17	-	50
e) Home Office	1	20	18	2	-	3
f) Ministry of Justice	3	36	33	3	-	6
g) Homeless Transition Fund - Bournemouth	5	82	70	12	-	17
h) Homeless Transition Fund - West Yorkshire	18	-	-	-	-	18
i) Homeless Accommodation Leeds Pathway	17	-	-	-	-	17
j) Rehabilitation Social Action Fund	-	121	112	9	-	9
k) Skills for Care - Brighton	3	3	3	-	-	3
l) Ghurka Settlement Commission	-	155	143	12	-	12
m) Public Health England Funding	-	35	33	2	-	2
n) Public Health England Funding	-	12	11	1	-	1
o) Mayor's Office for Policing And Crime (MOPAC)	-	83	76	7	-	7
p) Greenwich Heads Up	-	40	37	3	-	3
q) Homeless Transition Fund - Cambridgeshire	-	109	87	22	-	22
r) RB Pharmaceuticals	-	50	46	4	-	4
s) AU-CNS	-	2	2	-	-	-
t) Other	3	-	-	-	-	3
Sub-total: Social care and health initiatives	99	829	733	96	-	195
Criminal justice						
u) Social Investment Business	7	35	34	1	-	8
Sub-total: Criminal justice	7	35	34	1	-	8
Restricted funds - Charity	587	864	1,248	(384)	-	203
Sova Restricted funds	-	896	898	(2)	3	1
Restricted funds - Group	587	1,760	2,146	(386)	3	204

Notes to the Accounts

for the year ended 31st March 2015

a) HACRO

The funds were gifted when CRI became the sole corporate trustee for HACRO in 2006 and are restricted for use in pursuing the original objects of the charity, namely for the rehabilitation of offenders and particularly for those who have problems related to alcohol or drug misuse. During the year, these funds have been utilised in the delivery of the Criminal justice division contracts, in line with HACRO's objects.

b) Lancashire County Council

Incoming resources from charitable activities represents a BRIC grant (Building Recovery in the Community) for a number of community initiatives.

c) Comic Relief

Incoming resources from charitable activities represents a grant from Comic Relief to fund an Alcohol Recovery Worker working alongside our Barking and Dagenham Gateway service.

d) Warrington Borough Council

Incoming resources from charitable activities represents a grant from Warrington Borough Council in respect of funding for the cost of the premises for the Warrington Recovery Hub.

e) Home Office

Incoming resources from charitable activities represents funding from The Home Office Witness and Victim Fund to provide a court-based independent domestic violence advisor for the East Sussex SDVC.

f) Ministry of Justice IDVA-MARAC

Incoming resources from charitable activities represents funding from The Ministry of Justice IDVA-MARAC fund as a contribution towards the salary cost of an Independent Domestic Violence Advisor (IDVA) working in East Sussex.

g) Homeless Transition Fund - Bournemouth

Incoming resources from charitable activities represents funding to reduce the numbers of entrenched rough sleepers on the streets of Bournemouth.

h) Homeless Transition Fund - West Yorkshire

Incoming resources from charitable activities represents funding to coordinate and enhance existing services for rough sleepers in the areas of Leeds, Wakefield and Kirklees.

i) Homeless Accommodation Leeds Pathway (HALP)

Incoming resources from charitable activities represents funding to improve hospital discharge for the homeless after treatment and to secure appropriate facilities for those requiring ongoing medical support.

j) Rehabilitation Social Action Fund

Incoming resources from charitable activities represents funding for the delivery of a substance misuse mentoring service to 250 Central and Eastern European offenders across West Yorkshire.

k) Skills for Care - Brighton Rough Sleeping Team

Incoming resources from charitable activities represents funding from Skills for Care to fund newly qualified social workers.

l) Ghurka Settlement Commission

Incoming resources from charitable activities represents funding from the Gurkha Settlement Commission to work with the Gurkha Communities in the London Boroughs of Hillingdon, Hounslow, Brent and Barnet.

m) Public Health England Funding (PHE)

PHE Grant for capital expenditure for drug and alcohol recovery in the St Thomas project in Brighton.

n) Public Health England Funding

PHE grant for capital expenditure involved in the delivery of the non-clinical drug project in Brighton.

o) Mayor's Office for Policing And Crime (MOPAC)

Incoming resources from MOPAC to fund Exit Street prostitution project in Brent.

Notes to the Accounts

for the year ended 31st March 2015

15 Restricted funds (continued)

p) Greenwich Heads Up

Incoming resources from Royal Borough of Greenwich for the barber shop enterprise.

q) Homeless Transition Fund - Cambridgeshire

Incoming resources from Homeless Link to provide specific reconnection support to the country of origin of clients.

r) RB Pharmaceuticals

Educational grant to research the factors that influence treatment outcomes in medically assisted recovery.

s) AU-CNS (Association for the Application of Neuroscientific Knowledge to Social Aims)

Incoming resources from AU-CNS for the participation in the 2014 European Opioid Treatment patient survey.

t) Other

These balances represent residual balances on funding from the Department for Communities and Local Government and the Department for Children, Schools and Families where activity has ceased in prior years.

u) Social Investment Business

Incoming resources from charitable activities represents funding from the Investment and Contract Readiness Fund towards the cost of bidding in the Ministry of Justice 'Transforming Rehabilitation' competition.

Notes to the Accounts

for the year ended 31st March 2015

16 Analysis of Group net assets between funds

	Tangible fixed assets £'000	Net current assets £'000	Creditors: amounts falling due after more than one year £'000	Provisions for liabilities and charges £'000	Total £'000
Unrestricted funds	8,918	12,572	(1,459)	(1,866)	18,165
Restricted funds	-	204	-	-	204
Total	8,918	12,776	(1,459)	(1,866)	18,369

17 Annual commitments due under operating leases

	Land and buildings		Other	
	Group 2015 £'000	Group 2014 £'000	Group 2015 £'000	Group 2014 £'000
Gross obligations repayable next year on leases:				
expiring within one year	1,161	1,445	212	406
expiring between two and five years	1,381	1,499	386	197
expiring in more than five years	1,231	923	-	-
Total	3,773	3,867	598	603

18 Reconciliation of changes in resources to net cash inflow from operating activities

	Group 2015 £'000	Group 2014 £'000
Net incoming resources for the year	1,211	1,761
Investment income	(107)	(139)
Interest payable on bank loans	96	99
Depreciation	650	202
Increase in debtors	(592)	(5,482)
Increase in creditors	6,950	1,299
Increase in provisions	106	264
Net cash inflow/(outflow) from operating activities	8,314	(1,996)

Notes to the Accounts

for the year ended 31st March 2015

19 Analysis of net funds - Group

	At 1st April 2014 £'000	Cash Flow £'000	At 31st March 2015 £'000
Cash at bank and in hand	17,832	4,994	22,826
Bank loans	(1,567)	56	(1,511)
Total	16,265	5,050	21,315

Analysis of net funds - Charity

	At 1st April 2014 £'000	Cash Flow £'000	At 31st March 2015 £'000
Cash at bank and in hand	17,603	4,666	22,269
Bank loans	(1,567)	56	(1,511)
Total	16,036	4,722	20,758

Notes to the Accounts

for the year ended 31st March 2015

20 Pension schemes

Introduction

Note 20 provides details of a number of defined benefit pension schemes which CRI participates in as an employer. With the exception of the Social Housing Pension Scheme, CRI has obtained formal membership of these NHS or Local Government Pension Schemes (LGPS) as a result of being commissioned to deliver services which required members of these schemes to transfer in to CRI. All the defined benefit pension schemes are closed to new members. The disclosure that follows is a requirement of FRS 17 'Retirement Benefits'.

Social Housing Pension Scheme (SHPS)

CRI participates in the Social Housing Pension Scheme (SHPS). The Scheme is funded, multi-employer, defined benefit, and is contracted-out of the state scheme. CRI operates a final salary benefit structure with a 1/60th accrual rate for four active members at 31 March 2015 (2014: six). The scheme is closed to new members. During the accounting period CRI paid contributions at the rate of 25.7% and members contributions varied between 10.5% to 11.5%.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Scheme is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS 17 represents the employer contribution payable.

The Trustee of the Scheme commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. The last formal valuation of the Scheme was performed as at 30 September 2011 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035 million, equivalent to a past service funding level of 67%.

The Scheme Actuary is currently finalising the 2014 valuation but key provisional results have been confirmed. As at 30 September 2014, the market value of the Scheme's assets was £3,123 million. There was a shortfall of assets compared with the value of liabilities of £1,323 million, equivalent to a past service funding level of 70%.

As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time. CRI has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scheme, based on the financial position of the Scheme as at 30 September 2014. At this date the estimated employer debt for CRI was £5.2 million (2014: £3.7 million). CRI has taken steps to mitigate this employer debt and has a SHPS defined contribution scheme alongside the defined benefit scheme. Ongoing membership of this defined contribution scheme will mean that CRI would not be in a cessation position and the employer debt would not therefore fall due. At the year end there was one member in this defined contribution scheme.

Pensions Trust Growth Plan

CRI participates in the Pensions Trust's Growth Plan. The Scheme is funded and is contracted out of the state scheme. CRI offers the Growth Plan as an AVC investment option for members of SHPS and is therefore deemed to participate in the scheme. CRI does not pay any contributions to the Growth Plan. The Growth Plan is a multi-employer pension plan and it is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. The members pay contributions at a rate of their choice. As at the balance sheet date there was one active member (2014: one) of the Scheme employed by CRI.

Notes to the Accounts

for the year ended 31st March 2015

20 Pension schemes (continued)

NHS Pension Scheme for England and Wales

CRI has separate Directions Body status in 32 areas with the NHS Pension Scheme during the year to 31 March 2015.

The NHS Pension Scheme is an unfunded, defined benefit scheme that covers NHS employers, GP 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 CRI to identify its share of the underlying Scheme assets and liabilities. Therefore, the Scheme is accounted for as if it were a defined contribution scheme and the cost of the Scheme is taken as being equal to the contributions payable to the Scheme for the accounting period. The total employer contributions payable in 2014-2015 were £1,025,585 (2013-2014: £728,957). At 31 March 2015 there were 371 (March 2014: 166) active members in the scheme employed by CRI.

In accordance with FRS 17, a valuation of the Scheme liability is carried out annually by the Scheme actuary as at the balance sheet date by utilising an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period. The valuation of the scheme liability as at 31 March 2015 is based on the valuation data as at 31 March 2014, updated to 31 March 2015 with summary global member and accounting data. The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts, published annually and can be viewed on the NHS Pensions website.

The purpose of the full actuarial valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates. The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

Local Government Pension Schemes

In the process of taking over certain contracts, CRI gains admission body status into Local Government Pension Schemes which are multi-employer defined benefit schemes. During the year CRI had admission body status agreements with the following Local Government Pension Schemes - the London Borough of Barking and Dagenham Pension Fund, the Hertfordshire Pension Fund, the Northamptonshire Pension Fund, the Wiltshire Pension Fund and the London Borough of Lewisham Pension Scheme. In each case, the admitted body status agreement includes a 'risk share'

arrangement, whereby CRI will not be liable for any cessation liability on termination of the admission body agreement and is therefore only liable for regular employer contributions into the schemes. On that basis these schemes have been treated as if they were defined contribution schemes and the accounting charge is taken as being equal to the contributions payable in the accounting period. The schemes are closed to new entrants from CRI and there were nine members in these schemes as at 31 March 2015 (2014: twelve). The total contributions paid by CRI into these schemes during the year was £73,256 (2014: £107,474).

In addition during the year, CRI entered two further admitted body status agreements with the following Local Government Pension Schemes - the West Sussex Pension Fund and the London Borough of Newham Pension Fund. In the former case, the admitted body status agreement includes a 'risk share' arrangement, whereby CRI will not be liable for any cessation liability on termination of the admission body agreement and is therefore only liable for regular employer contributions into the schemes. On that basis that scheme has been treated as if it were a defined contribution scheme and the accounting charge is taken as being equal to the contributions payable in the accounting period. Both schemes are closed to new entrants from CRI and there were four members in these schemes as at 31 March 2015. The total contributions paid by CRI into this scheme during the year was £5,421 (2014: Nil). In the case of the London Borough of Newham scheme, no risk share was available and accordingly CRI's membership of the scheme is within a multi-employer, defined benefit pension scheme. However, in view of the materiality of the scheme, the full FRS 17 pension note disclosures have not been applied and the accounting charge is taken as the equal to the contributions payable and other provisions made in the period which amounted to £54K.

Prudential Platinum Pension Scheme

During the year, a scheme was opened with Prudential Platinum in respect of an employee transferring to CRI in a contract in North Lancashire. The employee was a member of the Principal Civil Service Pension Scheme, which is a defined benefit scheme, and the Prudential Platinum Scheme provides comparable benefits to that scheme and is approved accordingly by the Government Actuary's Department. The contribution rates are structured such that there should be no cessation liability arising to CRI on the termination of the scheme and on that basis the scheme has been treated as a defined contribution scheme and the accounting charge is taken as being equal to the contributions paid in the period. There was one member in the scheme at 31 March 2015, employer contributions are 44.12% of salary and amounted to £7,052 in the year.

Notes to the Accounts

for the year ended 31st March 2015

21 Trustee and related party transactions

During the year, no Trustee received any remuneration (2014: £nil). Four trustees (2014: two trustees) received general travel expenses totalling £1,686 (2014: £577).

During the year, CRI continued its insurance policy to indemnify the charity trustees or other officers against all risks except for dishonesty, fraud or deliberate breach of trust. The insurance cost £2,650 (2014: £2,208).

During the year, CRI paid £14,400 (2014: £17,400) to a company where a trustee is an equity partner in respect of recruitment services. £5,400 (2014: £3,600) was outstanding at the year end.

22 Subsidiary Companies

Sova

Sova is a wholly owned subsidiary of CRI since 26 November 2012. CRI is the sole corporate member of Sova, and its Trustee Board consists of four trustees who are also on the Board of CRI.

The income and expenditure of Sova and its balance sheet for the current and previous year, are summarised below:

	2015	2014
	£'000	£'000
Income	4,518	4,100
Expenditure	(4,476)	(4,069)
Net incoming resources	42	31

	2015	2014
	£'000	£'000
Gross assets	897	884
Total liabilities	(793)	(821)
Net assets	104	63

The results of Sova for the full year to March 2015 and March 2014 are consolidated in these financial statements.

Dormant subsidiary companies

CRI also has the following wholly owned subsidiary companies, none of which have traded during the year, nor since incorporation:

- CRI Enterprises Group Limited - limited by guarantee, Nil net assets/liabilities.
- Social Care and Health Initiatives Limited - private limited company, £100 share capital, £100 net assets.
- The Recover Team Limited (formerly CRI Social Enterprise Holdings Limited) - limited by guarantee, Nil net assets/liabilities.
- All Seasoned Limited - limited by guarantee, Nil net assets/liabilities.
- The Secret Space Limited - limited by guarantee, Nil net assets/liabilities.

These dormant subsidiary companies are consolidated within these accounts. There were no transactions with CRI during the year.

23 Investments

On 3 November 2014 CRI acquired a 5% interest in The Reducing Reoffending Partnership Limited at a cost of £5.

24 Capital commitments - Group and Charity

There are no capital commitments at the year end (2014: £0.8 million had been contracted for with £0.9 million authorised but not contracted for in relation to the re-design of the information technology infrastructure).

Notes to the Accounts

for the year ended 31st March 2015

24 Ten year summary

The table below discloses CRI and the Group's financial performance over the last ten years, and includes details of annual growth rates and return on 'Incoming resources'. The table underlines CRI's focus on financial stability and its success in achieving year on year growth, despite operating in an increasingly difficult economic and financial environment.

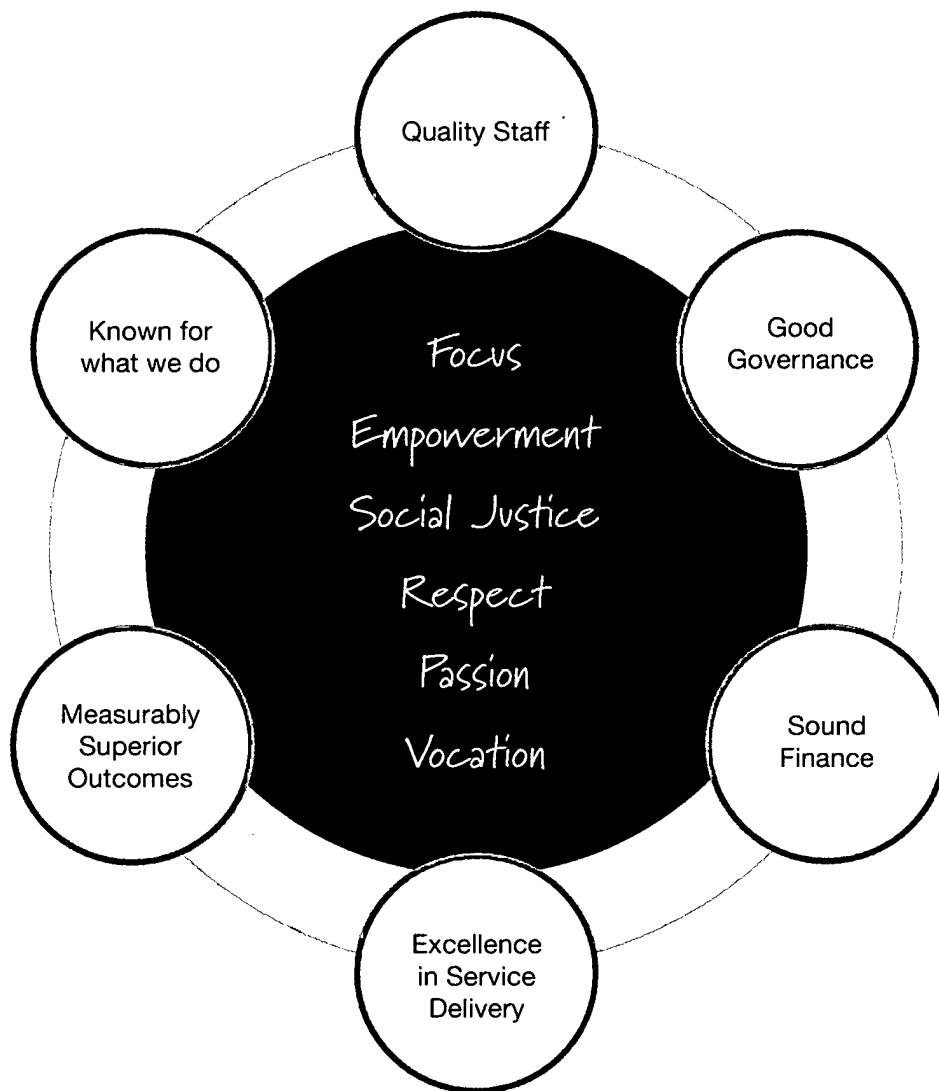
	Group 2014/15 £'000	Group 2013/14 £'000	Group 2012/13 £'000	Charity 2011/12 £'000	Charity 2010/11 £'000	Charity 2009/10 £'000	Charity 2008/09 £'000	Charity 2007/08 £'000	Charity 2006/07 £'000	Charity 2005/06 £'000
Incoming resources	141,267	116,815	99,817	80,815	69,010	57,508	42,588	32,682	27,487	17,712
Growth %	21%	17%	24%	17%	20%	35%	30%	19%	55%	54%
Resources expended	(139,649)	(114,723)	(97,595)	(79,030)	(67,399)	(56,116)	(40,854)	(31,972)	(26,492)	(17,006)
Net incoming resources	1,618	2,092	2,222	1,785	1,611	1,392	1,734	710	995	706
%	1.1%	1.8%	2.2%	2.2%	2.3%	2.4%	4.1%	2.2%	3.6%	4.0%
Costs of generating funds	(407)	(331)	-	-	-	-	-	-	-	-
Other recognised gains/(losses)	277	281	(50)	(887)	73	(151)	-	634	22	499
Net movements in funds	1,488	2,042	2,172	898	1,684	1,241	1,734	1,344	1,017	1,205
%	1.1%	1.7%	2.2%	1.1%	2.4%	2.2%	4.1%	4.1%	3.7%	6.8%
Total funds carried forward	18,369	16,881	14,839	12,667	11,769	10,085	8,844	7,110	5,766	4,749

Notes

- % above is in relation to 'Incoming resources'.
- Costs of generating funds relates to the costs incurred in bidding for the Ministry of Justice 'Transforming Rehabilitation' competition.

Mission

Our mission is to enable people
to lead independent and purposeful lives.





*safer communities,
healthier lives*

Regional Offices

Registered Office and Regional Office – South

3rd Floor, Tower Point, 44 North Road
Brighton BN1 1YR

t: 01273 677 019 f: 01273 693 183

e: south@cri.org.uk

Regional Office – London

140-142 King's Cross Road, King's Cross
London WC1X 9DS

t: 020 7833 7975 f: 020 7278 4513

e: london@cri.org.uk

Regional Office – North

2nd Floor, Duncan House, 14 Duncan Street
Leeds LS1 6DQ

t: 0113 380 4640 f: 0113 246 8568

e: north@cri.org.uk e: midlands@cri.org.uk

Regional Office – Wales

57-59 St Mary Street, Cardiff CF10 1FE

t: 02920 349 800 f: 02920 226 183

e: wales@cri.org.uk

www.cri.org.uk

Charity Registration No: 1079327 (England and Wales)

Charity Registration No: SC039861 (Scotland)

Company Registration No: 3861209 (England & Wales)

Publication ID: 20140905T095813



Certificate No. OHS 567416