

Company Number: 2433492
Registered Charity Number: 1088588

LAW CENTRES FEDERATION

(A company limited by guarantee)

ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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Reference and Administrative Details for the year ended 31 March 2020

Company number 2433492

Charity number 1088588

Registered office and operational address

Floor 1, Tavis House
1-6 Tavistock Square
London
WC1H 9NA

Executive Officers

The following served on the executive Committee throughout the year:

From 1 April 2019 to 8 November 2019:

Chair:	Helen Rogers (co-opted on 8 April 2019)
Vice Chair:	Sean Canning
Vice Chair:	Sally Causer
Treasurer:	Nick Whittingham
Secretary:	Elayne Hill

Committee Members:	Roger Berry (co-opted on 8 April 2019)
	Caroline Bottoms
	Sharon Challands
	Sara Chandler (co-opted on 8 July 2019)
	Sue James
	Muhammad Khan
	Shyam Popat
	Michelle Rigby
	Pamela Robotham
	Sarah Scott
	David Slater

From 8 November 2019 to 31 March 2020:

Chair:	Helen Rogers
Vice Chair:	Sally Causer
Vice Chair:	Sue James
Treasurer:	Sean Canning
Secretary:	Elayne Hill

Committee Members:	Roger Berry
	Simon Brown
	Sharon Challands
	Sara Chandler (co-opted on 9 December 2019)
	Vicky Fewkes
	Manuela Grayson
	Peter Kandler (co-opted on 9 December 2019)
	Muhammad Khan
	Patrick Marples

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Ursula O'Hare
Mary Prescott (co-opted on 10 February 2020)
Pamela Robotham (co-opted on 9 December 2019)
David Slater
Linda Summers

On 31 March 2020 there were 0 elected vacancies on the committee.
The officers and committee members are all members of the Executive Committee.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 March 2020 was 40.

Members of the Executive Committee had no beneficial interest in the charity.

Bankers	The Cooperative Bank Islington High Street London N1 9TR
	CAF Bank 25 Kings Hill Avenue Kings Hill, West Malling Kent, ME19 4JQ
	Charity Bank Ltd Fosse House 182 High Street Tonbridge TN9 1BE
Auditors	Moore Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD

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Report of the Executive Committee for the year ended 31 March 2020

The Executive Committee, which is also the Board of Directors of the charitable company for the purposes of the Companies Act, submit its annual report and financial statements of the Law Centres Federation for the year ended 31 March 2020. The Executive Committee confirms that the annual report and financial statements of the Law Centres Federation comply with current statutory requirements, the requirements of its governing document, as provided in its Memorandum and Articles of Association, and the provisions of Accounting and Reporting by Charities preparing their accounts in accordance with Accounting and Reporting by FRS 102 Charities SORP.

The reference and administrative details on page 1 form part of this report.

The Law Centres Federation trades as the Law Centres Network (LCN).

The Law Centres Federation is a registered charity and a company limited by guarantee. It is governed by the Memorandum and Articles of Association created in 1978 and last updated at the 2019 AGM. The company is registered at Companies House, registration number 2433492. The company is also a Registered Charity registration number 1088588.

Election of Directors/Trustees to the Executive Committee and ongoing Training

LCN is governed by an elected Executive Committee which has corporate and legal responsibility for all activities and functions of the organisation.

People are nominated prior to election, or re-election, by member Law Centres at the Annual General Meeting, in accordance with the Memorandum and Articles of Association of the Law Centres Federation. This provides for the election of 15 members: five officers, five representatives of member Law Centres' management committees and five employees of member Law Centres. Up to five additional Executive Committee members may be appointed by co-option.

The Law Centres Network is committed to ensuring that the membership of the Executive Committee reflects the diversity of its member Law Centres. It annually reviews its composition for diversity as well as the skills of its members to ensure that a balance is maintained of geographic, developmental, financial, legal and management skills across the Executive Committee to enable it to discharge its duties.

An induction event is offered to new Executive Committee members at the beginning of their term of office. All new Executive Committee members receive an induction pack that includes information about the Law Centres Network, and a briefing that outlines the roles and responsibilities of the Executive Committee as both company directors and charity trustees. Recent copies of minutes, management accounts and management reports, together with copies of the Memorandum and Articles of Association, are included in the induction pack.

Throughout the year, trustees are provided with updated information on changes to relevant legislation, their responsibilities as trustees, new guidance provided by the Charities Commission, or other relevant information that may assist them to carry out their duties as Trustees. We also provide training on relevant topics and invite speakers to the Board Meetings as part of our ongoing training for trustees.

Trustees are aware of the Charity Governance Code published in 2017 which sets out the principles and recommended practice for good governance within the sector. LCN has reviewed its governance arrangements against the principles within the Code and believes that it is compliant whilst maintaining its need to operate its governance efficiently.

The charity purchased insurance costing £525.52 included in Support Costs, to protect it from loss arising from neglect or default of the Trustees Directors / Executive Committee members) and to indemnify the Trustees against the consequences of neglect or default on their part.

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Risk Management

The Executive Committee has overall responsibility for ensuring that the charity has an appropriate system of controls, financial and otherwise. The system of internal controls is designed to provide assurance that the charity's funds are used in line with its charitable objects, for the purposes for which they were granted and for the public benefit. These controls include:

- A strategic plan and an annual budget approved by the Executive Committee.
- Regular oversight and consideration by the Executive Committee of financial information, variance from budgets and non-financial performance reports.
- Delegation of authority and segregation of duties.
- Identification and management of risk.

Overall responsibility for the Law Centres Network rests with the Executive Committee. Day-to-day management of the LCN has been devolved to the Director. All staff report to the Director.

The LCN undertakes formal risk management reviews throughout the year. This involves identifying the types of risk the charity faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying ways to mitigate the risks. LCN identified the key risk in the coming three years as: Maintaining and growing funds for both LCN and Law Centres.

In March 2020, the Executive Committee considered the risk to the organisation posed by Covid-19 pandemic. It considered the impact on finance, staffing, member Law Centres, and the ability to implement the work set out in the strategic plan. A series of safeguards were agreed including to hold focused weekly Trustees meetings to monitor the unfolding situation and take action promptly as required.

The Executive Committee is pleased to report that the charity's internal financial controls conform to guidelines issued by the Charity Commission.

Pay and remuneration of the charity's key management personnel

All LCN staff including key managers have their salary set against the NJC Pay Scales. New staff starting salary is set at the pay point which most closely matches their job description. Increases to the award which occur from time-to-time are passed on to staff. The Human Resources Sub-Committee of the Executive Committee monitor salary policy and make changes as required.

Objects and Activities

The Law Centres Federation (LCN) is the national organisation that represents Law Centres. The term "Law Centre" is a registered trade mark, available for use only by members of the Law Centres Federation.

The objects of the Law Centres Federation (LCN) are:

1. To relieve charitable need, in particular financial hardship, and in so doing provide assistance to Law Centres and encourage the formation of Law Centres in the United Kingdom
2. To advance the education of the public by assisting Law Centres in improving and diffusing knowledge of the law and the practice of the law and the administration of justice, having regard especially to those areas or the law which are of particular concern to poor people or are directed to the relief of poverty.

Law Centres are not-for-profit legal service providers, specialising in social welfare law (housing, immigration, employment, welfare benefits, mental health, community care, public law, etc) and related areas of law that affect people in their daily lives, particularly people who are vulnerable and/or economically disadvantaged. Without Law Centres hundreds of thousands of people would have no meaningful access to justice and could not resolve their problems so would be hindered from taking up opportunities.

To become a Law Centre an organisation needs to be vetted by the Law Centres Network, and then voted in by the current membership at a General Meeting. To enjoy the benefits of membership each Law Centre has to comply with membership regulations, including employing at least 2 lawyers and having an independent management committee drawn from the community it serves.

On 31 March 2020 there were 40 Law Centres operating that are members of the Law Centres Network. LCN also has 2 Affiliates. Affiliate status is intended specifically for collegiate law clinics, operated by law students under professional supervision, to ally themselves with Law Centres' work for access to justice and to suggest social welfare law as a career path to a new generation of legal professionals.

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The Executive Committee secured resources to employ a Director with 6 full-time and 3 part-time staff to implement the organisation's strategic objectives in 2019-2020 that are reviewed and agreed each year so that LCN can achieve its vision and mission:

LCN's Vision - The Law Centres Network strives for a just and equal society where everyone's rights are valued, defended and protected.

LCN's Mission - We uphold justice for socially and economically disadvantaged members of society by supporting a national network of Law Centres that use their legal skills as a tool for change and their legal expertise to defend the rights of people in their communities. We represent Law Centres at all levels of government and national forums, we help centres to maximise their potential as sustainable organisations, we initiate new Law Centre services for particularly vulnerable groups, and we champion the Law Centre model. We are the collective voice of Law Centres.

LCN's Strategic Objectives for 2019-2020

1. Law Centres are resilient and effective in a fast changing and complex environment with best practice effectively shared across the network
2. LCN is a resilient and effective national organisation that initiates strategic national projects.
3. Law Centres are recognised as rights-based organisations that use the law as a tool for change with LCN as their collective voice.

The Law Centres Network acts as a catalyst for activity across Law Centres, working on a national level to reveal injustice, analyse needs and root causes and advocate for change. LCN is uniquely placed to identify what has worked, collect evidence and share that learning across the network of Law Centres and then support other Law Centres to take up proven methods. It drives quality across Law Centres and enables local Law Centres to have a platform whereby they can design strategic national responses and exert influence yet still be embedded in and driven by the needs in their local communities. In this way LCN achieves its charitable objects and its public benefit is produced.

Public Benefit

The Executive Committee (EC) considers that the activity undertaken to achieve its Vision and Mission are for the benefit of the public. The EC referred to the guidance contained in the Charity Commission's general guidance on public benefit including the guidance 'Public Benefit: Running a Charity (PB)' when reviewing its strategic objectives and setting the approach it will take as part of its annual planning process. The EC also reviews progress against the objectives and activity undertaken on a quarterly basis.

LCN's activities benefit the public in 3 ways:

1. Through direct service provision with activities such as the EUSS, EULAMP and Pre-Brexit Projects which assist EU nationals living in the U.K. to understand their rights and access the services to which they are entitled and to apply for Settled Status.
2. Through providing services to Law Centres that enable them to provide legal services to vulnerable and disadvantaged people in their communities with activities such as assisting with tender preparation and funding bids, training, governance support, facilitating effective collaboration and sharing of resources.
3. Through social policy work that seeks to address the underlying causes of people's legal problems through strategic projects, through responding to consultations, participating in reviews, representing Law Centres with decision makers and commissioners, and through working to extend the availability of free legal services for disadvantaged people.

LCN reports publicly on its activity and impact in its Annual Review available on our website: <http://www.lawcentres.org.uk/policy/papers-and-publications> and published with our annual return to the Charities Commission.

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Throughout 2019-2020, LCN considered all its activities were for the benefit of the public and were guided by our strategic plan.

Impact 2019-2020

At the strategic planning session in February 2020, LCN staff and Executive Committee reviewed its progress alongside its review of LCN's impact. This is reported on below. However, the year ended with the Covid-19 crisis unfolding. LCN responded quickly to the crisis and that response to the end of March 2020 is also reported below.

Response to Covid-19

LCN and Law Centres responded immediately and effectively to the Covid-19 crisis. In mid-February 2020, LCN commenced monitoring the spread of Covid-19 in the UK and the potential future impact on services. LCN commenced planning how it would adapt its work and support Law Centres in response, including a review of health & safety policies, digital infrastructure and related systems to enable effective remote working and to protect the health of our staff. Consequently, LCN moved to remote working in mid-March.

Our strategy for dealing with the lockdown and supporting Law Centres focused initially on:

1. Financial viability, impact on loss of legal aid income, unanticipated expenditure as a consequence of necessary adaptation and other financial knock-on effects;
2. Supporting Law Centres to continue to provide services while safeguarding staff and clients; and
3. Responding to issues arising from the pandemic that are relevant to the mission of Law Centres.

By the end of March 2020, LCN had:

1. Reviewed the specific situation of each Law Centre;
2. Contacted the major Law Centre funders and relevant programme managers to inform them of the impact on Law Centres and opened direct communication with them to facilitate speedy responses as required in an unfolding and unknown situation;
3. Initiated a fundraising campaign to offset the immediate drop in legal aid income. By June 2020 we had secured £3,250,000 for Law Centres and an additional £50,000 to support LCN's work, from the Ministry of Justice, Three Guineas Trust, Legal Education Foundation, Esme Fairbairn, and donations from a number of commercial law firms;
4. Established a system of regular support for Law Centres including peer support amongst Law Centres with weekly video-calls for Law Centre managers, 2 video-calls with Law Centre Chairs and Trustees, and a series of online meetings amongst Law Centre staff according to their role and area of Law;
5. Assisted Law Centres to adapt to remote working including provision of mobile equipment, assistance with digital telephony, assisted with other client-facing communications and information;
6. Provided frequent and tailored information to Law Centres covering governance, health & safety guidance, employment issues, regulatory impact on Law Centres, changes at Courts and Tribunals, legal aid, remote working, funding, etc. We established and continue to circulate a Covid-19 bulletin and a Remote Working Bulletin in addition to our regular Bulletins;
7. Adapted LCN's own governance procedures to better support LCN staff and closely monitor developments always ensuring that rapid decisions nevertheless complied with charity and other regulation and guidance. Executive Committee meetings were held weekly until July.

Every Law Centre has participated at some level in these initiatives.

Progress against LCN's Strategic Objectives for 2019-2020

Strategic Goal 1

Law Centres are resilient and effective in a fast changing and complex environment with best practice effectively shared across the network.

1.1 Identify what works, share learning, and support take up by Law Centres:

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- Research undertaken on evaluation, learning and reflective practice to identify a framework and techniques of benefit to Law Centres. Research continues to be undertaken and guides our activity in this area.
 - Through forums, workshops, regional meetings, specialist area meetings, input from partner organisations and funders as well as through peer support, LCN has facilitated sharing of what works and supported Law Centres to adopt new relevant approaches.
 - In addition to legal practice and areas of law e.g. Discrimination, there has been targeted learning and support on a range of management issues including Human Resources and organisational development.
 - Support for management and extension of legal aid contracts remains a focus.
 - Engaged with selected Law Centres on best way to replicate and extend nationally Harrow Law Centre's model in the Victims of Crime project funded by the Bell Foundation.
 - Dissemination and sharing good practice on working with vulnerable EU citizens through four events.
 - Organised an event for Law Centres and other partner advice agencies to discuss extension and best practice in employment and equality matters.
 - Organised an event for London-based Law Centres and partner advice agencies to discuss extension of services for young people in Law Centres based on learning within Law Centres and specialist partner agencies.
 - Supported 10 individual Law Centres following requests for assistance.
- 1.2 Implement a programme of work focusing on improvement of Law Centre governance:
- Template resources and Governance manual update following feedback.
 - Programme of training and support provided included in-person training for trustees, provision of follow-up peer support, production of a series of webinars and introduction of training on legal aid for trustees.
 - Tailored support provided for 2 Law Centres and 22 Trustees.
- 1.3 Progress the income generation programme and continue to identify funding opportunities:
- 11 funding applications were submitted, 10 were successful.
 - £2,180,613 was raised. Of this £750,000 was for a joint project with 16 Law Centre partners, £450,000 for a three year digital transformation program for Law Centres and £257,000 for Phase 3 of the upgrade of Law Centres digital infrastructure.
 - 11 Law Centres were assisted to prepare and submit funding applications.
 - For those Law Centres that provide fee-charging services, a tool to assist with setting prices and monitoring the profitability of the service was developed and made available alongside training in how to use the tool.
 - Fundraising strategy support was provided at individual Law Centre level.
- 1.4 Continue to implement our 2020 Digital Vision:
- 1.4.1 Digital Infrastructure upgrade
- 213 users were migrated to Office 365 and 5 Law Centres are being upgraded as part of the 3rd Phase of the Digital Infrastructure upgrade project funded by the Legal Education Foundation.
 - It provided the capacity, skills and knowledge necessary to exploit technology, the ability to replace ageing PCs, to rethink new ways of working and service delivery, to support more flexible, remote and mobile ways of working of staff so they are better able to support their clients and enabled improved data sharing, collaboration and communication between Law Centres to better show impact and influence policy..
 - Law Centres say "It was a seamless process. There was little to no interruption to service delivery. It was very well planned and executed."
 - In total, 25 Law Centres and 531 users have now been upgraded as part of this project.
 - Most Law Centres were able to quickly move to remote working during Lockdown as a direct result of this project and we were able to assist those who had difficulty because we had the systems and support staff already in place.

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1.4.2 Digital Transformation Programme

- The Digital transformation project funded by the National Lotteries Fund was launched in early September 2019, attended by 49 stakeholders - staff across various roles, trustees, volunteers, funders, partner organisations and Ministry of Justice.
- Programme lead, programme intern and other staff were put in place.
- Steering committee established.
- The programme is working in 4 areas: IT infrastructure, data management, digital innovation, and new ways of working, and has its own strategy and roadmap in place to guide all activity. All work in the programme is following a user-centred, research based and iterative approach to development.
- Research activities conducted so far:
 - 49 unique survey responses
 - 20 Law Centres and 60+ staff interviewed
 - 4 clients have been interviewed
- 5 workshops held aimed at identifying, co-creating and realising sustainable digital opportunities with Law Centres.
- A Platform has been developed and is ready for testing as the medium for accessing tools recommended and developed by the programme.
- 3 initiatives focused on assisting service delivery commenced (triage, billing, client feedback).
- 3 initiatives focused on improving support processes commenced (HR, volunteer management, communication).
- **Case Management System** - 23 Law Centres using Advice Pro, an Advice Pro working group has been established of approximately 45 people working in Law Centres to share experiences and to identify enhancements required for Law Centre users.

1.4.3 SMS Tool

- Continued the development of additional functionality for the SMS Tool thanks to the Twilio Foundation grant (US\$75,000). The tool is used to improve communication with clients (appointment confirmation, reminder of appointment details, key dates and documents to bring, update on cases, signposting information, etc).
- Enhancements to the tool included: a new registration and landing page, option to set up a team (of users) for each client, notification options to mobile/email, search feature for clients and messages, improved desktop layout and optimised layout for mobile browsers, improved audit trail and archiving of clients/messages, enhanced security, catch-all to capture messages from unknown senders, re-assignment of clients to new staff.
- A broadcast feature was added in response to Covid-19.
- A User Support tool was set up connected to our data management system (Salesforce) to manage queries raised by the SMS tool users.
- Testing of the new functionality was carried out by existing and new users.
- Data storage/GDPR/cookies policies were reviewed.
- Since the SMS pilot was launched:
 - 2,461 clients have been set up (and sent at least one text)
 - 6,984 texts have been sent to clients
 - 1,365 texts have been received from clients
 - 12 Law Centres are now set up on the tool

Strategic Goal 2

LCN is a resilient and effective national organisation that initiates strategic national projects

2.1 Identify funding opportunities and bid for national strategic projects:

- In response to learning from previous projects working with EU citizens LCN bid for a contract from the Home Office for the provision of legal assistance with their Settled Status application for vulnerable EU citizens with Complex Cases. The bid for over £700,000 was successful. There were 16 partner Law Centres in the project.
- This project helped to develop a model for future Law Centre projects. A further project to assist people unlikely to obtain Settled Status is under development. The following projects were also explored and developed in preparation for funding applications once an appropriate funding stream becomes available: a national anti-discrimination project, a renewed focus on young people, a

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project to support people with no recourse to public funds, and a scheme to support women experiencing destitution.

- Continued to explore health/justice partnerships and multi-disciplinary practice through a workshop and again LCN is alert to opportunities to further develop these approaches.

2.2 Implement projects to support EU nationals assert their rights:

- Managed and finalised the PRE-Brexit (funded by Trust for London) and the EULAMP (funded by European Commission) projects. Both projects were independently evaluated, achieved their targets and have contributed to our learning and planning for future services for vulnerable EU citizens living in the UK, particularly after Brexit.
- As a result of PRE-Brexit and EULAMP projects, 3,398 EU Nationals are now receiving just treatment and were supported to access services to which they are entitled.

2.3 Implement a self-funded training programme:

- Law Centres continue to request as a high priority that LCN provides training tailored to the specific needs of Law Centres. Consequently, LCN has identified this as a priority activity but one that must become self-funding.
- Throughout the year, LCN provided 12 training sessions to 160 staff and trustees in addition to the training provided as part of the national conference or other forums.
- Training and events income remained at a similar level to the previous year.

2.4 Develop and implement national cost-effective infrastructure services for Law Centres:

- LCN continued to provide Lexis-Nexis online legal resources to Law Centres as part of its membership. The scheme ensures that each Law Centre has access to up-to-date legal resources that are affordable. We have added a national subscription to RightsNet to this and are negotiating with LAG for a reduced cost access to their resources for Law Centres at present.
- In response to the closure of Lambeth Law Centre, LCN has identified the minimum infrastructure that all Law Centres should have in place. LCN is in the process of determining how these should best be provided and they will form part of *Law Centre in a Box* project, which will commence in 2020.
- The National Professional Indemnity Insurance policy for Law Centres creeps closer to finalisation. Most Law Centres have now joined a common scheme in readiness for the purchase of a single policy to cover Law Centres from April 2021.

2.5 Develop and extend the convening function of LCN, including national conference, regional and special interest meetings, bulletin and online forums:

- 2 new organisations were elected as full members of LCN and so Law Centres during the year - Speakeasy / South Wales Law Centre, and Employment and Equality Law Centre based in Merseyside.
- 42 bulletins were distributed throughout the year (including 3 Covid-specific and 1 Digital Newsletter).
- LCN signposted 1,354 people who phoned or emailed LCN searching for legal assistance.
- **National Conference/AGM** was held in Bristol on 7 & 8 November 2019 with 138 attendees, including representatives from Law Centres and guests, from 34 Law Centres. There were 4 plenary sessions and 10 workshops. 88% of attendees who responded to survey were very satisfied with the conference overall and 82% rated the speakers as good.
- 2 additional General Meetings were held throughout the year.
- 6 regional meetings were held attended by 47 staff with 85% of Law Centres participating.
- 3 Admin and Finance workers meetings were held with 27 participants.
- Housing, employment, discrimination, immigration and welfare benefits lawyers continued to collaborate throughout the year.
- A new initiative for 2019-2020 was the establishment of the Law Centres Junior Network. An additional day was added to the national conference in November that was attended by 24 junior lawyers.

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2.6 Strengthen LCN itself through developing its staff, progression and succession planning, maintaining and developing its own data, systems, policies and infrastructure:

- Salesforce was streamlined further as the tool for LCN to better record and report on our activity, projects and our members. We continued collecting data, updating, cleaning up records and significantly improved the quality of our data and distribution lists.
- Staff wellbeing was surveyed; staff development and progression, and a new salaries policy were discussed throughout the year. The new salaries policy was agreed ready for adoption in April 2020.

Strategic Goal 3

Law Centres are recognised as rights-based organisations that use the law as a tool for change, with LCN as their collective voice

3.1 Policy/advocacy

Political instability continued with a mid-year cabinet reshuffle and the December election, which introduced concerning policy direction on human rights, Judicial Review, the constitution, strengthening landlords' possession rights and immigration rule changes, as well as reviews of disability rights and social housing.

Policy work was undertaken in the following areas achieving the impact noted below:

3.1.1 Extending access to legal assistance

- Three ministerial Law Centre visits and two senior civil servant visits – building relationships and improving understanding of the vital work of Law Centres.
- Monitoring and informing the Legal Support Action Plan, making it a more beneficial complement to legal aid, improving the chances of local people accessing legal support.
- Briefing Law Centres on new government's priorities and on upcoming and new policies affecting their service users and local communities.

3.1.2 Monitoring impact of Court reform

- Ensuring that the needs of vulnerable users are addressed: digital exclusion, adapting to remote proceedings, local accessibility.
- Oral evidence to Justice Committee on court reform in April which was later cited.
- Oral evidence to Public Accounts Committee on court reform in October which was later cited.
- Direct engagement with HMCTS to monitor progress and inform plans.

3.1.3 Protecting tenants and homes

- Following LCN's strategic litigation of 2018, engaging with Ministry of Justice's Housing Possession Court Duty Scheme consultation on new proposals for making the homelessness prevention service more sustainable.
- Advocating against proposals that seek to do away with existing tenant protections without replacing them and supported Law Centres in local efforts to strengthen protections for tenants and reduce homelessness.
- New contacts established strengthening partnerships with homelessness organisations (e.g. Crisis, Shelter) and tenant groups (e.g. Generation Rent) extending the impact of this work.

3.1.4 Extending legal aid and advocating to make it more effective

- Contributing to the means test review to make legal aid more available.
- Work with other organisations to scrutinise LAA's operation through FOI requests about its appeal processes.
- Supporting Law Centres to take up new face-to-face discrimination contracts: a quarter of Law Centres now hold nearly half of all legal aid discrimination contracts.
- Supporting Isle of Wight Law Centre to take up legal aid contracts after a 7 year hiatus, thus extending legal aid and access to legal assistance.

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3.1.5 Year ended with the outbreak of the Covid-19 pandemic. This required a quick response to protect Law Centres, their work and their clients. The impact of the pandemic will likely shape policy work in the coming year.

- Advocating on behalf of disadvantaged groups: tenants facing eviction, migrants without recourse to public funds, employees facing discrimination.
- Making the case for supporting Law Centres: intensive advocacy with MoJ and others on replacing legal aid income that could not be earned as a result of court closures with grants-in-aid.

3.2 Profile and communications

This year's work has sought to maintain LCN's profile in social and news media and to prepare for increased activity expected in the following year. Impact was achieved in the following areas:

3.2.1 News media:

- 157 media appearances, most of which feature Law Centres, with 15% from LCN.
- 63% appearances are in national media, including 29% general readership media and 33% in professional/trade publications.

3.2.2 Social media: now reaches about 200,000 people a month on average

- Twitter followers increased by 15% and reach up 13%.
- Facebook regular followers increased by 8%.
- Newsletter reach increased by 34%, open/click rates well above sector benchmarks.

3.2.3. Website:

- visitors remaining stable.
- work commenced on the next build and integrating it with other external and internal digital platforms.

3.2.4 Other Profile

- Branding: continued to monitor and extend use of branding with 6 Law Centres rebranded and preparation of promotional material.
- 50th anniversary campaign was prepared for launch in July 2020.

The Future - the next 10 years

The simple reality is that the speed of change is such that detailed planning for any longer than 6-12 months is often of very limited value as the staffing, funding, political and technological environment changes at a pace which means that strategic and operational planning need to be agile and adaptable (to ensure that opportunities are taken and that risks are managed and mitigated).

For this reason, LCN has changed its approach to business planning. Instead of annual reviews, we have implemented a 6 monthly review process. At each review, detail for the coming six months will be updated and the plan will be extended so that it always looks at least three years into the future.

The coming 3 years present big challenges, particularly as a result of Covid-19. Law Centres are facing reduced funding from April 2021; the need to adapt to new technologies and embed remote service provision; and new community and client needs arising from the pandemic. In addition to the Covid-19 impact there is the ongoing impact of the Hostile Environment; Brexit and its politically crippling effects; the major shift in how people work and are paid; and the growing impact of the lack of legal aid and its inflexibility hampering efforts to respond to the crisis. Strong, resilient and accessible Law Centres are needed more than ever. LCN must step up to support them to respond to these challenges.

Consequently, and for the first time LCN has set out a longer term (10 years) vision for Law Centres and for LCN. This gives us a clear sense of direction and aspiration.

In the coming 10 years, we will ensure that:

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1. The national network of Law Centres will have grown to at least 60 Centres;
2. All Law Centres will be resilient and secure with access to the latest technology and able to meet community needs and expectations;
3. Law Centres will be recognised as rights-based organisations that use the law as a tool for change;
4. LCN will remain at the heart of the network providing an increased range of support services to Law Centres and recognised nationally as the voice of Law Centres and a champion for access to justice and social change.

The Year Ahead - 2020-2021

In the coming year, we will ensure that:

1. Law Centres are resilient and effective in a fast changing and complex environment with best practice effectively shared across the network.
2. LCN is a resilient and effective national organisation that initiates strategic national projects.
3. Law Centres are recognised as rights-based organisations that use the law as a tool for change, with LCN as their collective voice.

Fundraising Practice

As for many charities, raising voluntary funds from trusts, foundations and individuals is a vital source of income for LCN, enabling us to fulfil our charitable objectives as effectively as possible. We are very grateful for the support given by all our donors.

LCN believes that fundraising should be an open, honest and respectful process. We aim to build and maintain solid partnerships with our supporters and donors, based on mutual understanding and shared values. In developing our approach to fundraising we have taken account of the Code of Fundraising Practice issued by the Fundraising Regulator.

LCN operates with a small internal fundraising team and has not engaged external professional fundraisers or commercial participators to carry out fundraising activity and does not nor will not engage in face-to-face or telephone fundraising. LCN has received no complaints about its fundraising activities either during the financial year or subsequently.

However, LCN plans to undertake a fundraising campaign as part of Law Centres' 50th anniversary celebration. We plan to work with external consultants to assist us with this activity. We have therefore registered with the Fundraising Regulator.

GDPR

LCN has reviewed its data protection policy during 2019-2020 and continues to monitor our compliance with GDPR. LCN's Privacy Policy, published on our website, clearly states what personal data LCN will hold in relation to supporters and how this data will be used. It also sets out how individuals can raise concerns or complaints.

Financial review

The company had a net surplus on unrestricted funds of £111,810. Together with the accumulated surplus brought forward from previous years, the company now has accumulated unrestricted funds of £188,525 (2019 £76,716).

**Law Centres Federation
Annual Report
For the year ended 31 March 2020**

Restricted funds carried forward at 31 March 2020 amounted to £272,696 (2019: £ 531,077) This is sufficient for the activities for which the funds were provided.

The total net outcoming resources for the company were £(146,572) (2019: incoming resources £339,470).

Our main source of unrestricted funds continues to be from subscriptions from Law Centres and donations. In addition, a contribution this year of £11,034 (2019: £17,760) as gifts-in-kind was generously provided by several law firms.

Reserves policy

The Executive Committee has considered the following factors when considering a reserves policy:

- the organisation's contractual obligations to its staff in terms of parental rights, sickness pay and redundancy provisions;
- the organisation's obligation to maintain a safe and clean working environment;
- that certain equipment is essential for our work;
- that an increasing proportion of the organisation's income is now derived from fixed term project grants; and
- the potential impact of the Covid-19 pandemic on future grants and donations.

The Executive Committee agreed that LCN should maintain unrestricted funds equal to six month's core service running costs. This amounts to £175,000 which equates to six months' core salaries plus running costs. The current level of unrestricted reserves is £125,813 at Balance Sheet date. This is sufficient for LCN to run for 4.5 months. The level of unrestricted reserves is sufficient for LCN to meet its obligations to all staff. Nevertheless, the Executive Committee have budgeted for a surplus in the coming year in order to build reserves to the level they believe is prudent given the current circumstances in the UK.

Statement of Trustees' Responsibilities

The trustees (who are also directors of the Law Centres Federation 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) including FRS 102.

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 of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Annual Report
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In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company'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.

Events since the end of the year

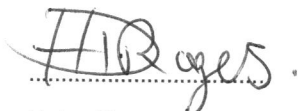
In the opinion of the Executive Committee no event since the balance sheet date significantly affects the company's financial position. However, the Executive Committee is continually monitoring the impact of the Covid-19 crisis on LCN's current and future finances. Fortunately, the LCN has been well supported by its funders in response to the crisis so its current financial position is strong for the remainder of 2020 and into 2021.

Having carried out a detailed review of the Charity's resources and the current economic challenges facing both the Charity and its members the Trustees are satisfied that the Charity has sufficient cash flows to meet its liabilities as they fall due for at least one year from the date of approval of the financial statements.

Independent Auditors

The auditors, Moore Kingston Smith, are deemed to have been appointed in accordance with section 485 of the Companies Act 2006 by virtue of an elective resolution passed by the members.

Approved by the Executive Committee on **5 October 2020** and signed on its behalf by



Helen Rogers,

Chair of Trustees

**Law Centres Federation
Independent Auditor's Report
For the year ended 31 March 2020**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAW CENTRES FEDERATION

Opinion

We have audited the financial statements of Law Centres Federation ('the company') for the year ended 31st March 2020 which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st March 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

**Law Centres Federation
Independent Auditor's Report
For the year ended 31 March 2020**

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report and from preparing a Strategic Report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 13, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**Law Centres Federation
Independent Auditor's Report
For the year ended 31 March 2020**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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

Moore Kingston Smith LLP.

James Saunders (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

14 October 2020
Devonshire House
60 Goswell Road
London
EC1M 7AD

Law Centres Federation

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2020

	Note	Restricted £	Unrestricted £	2020 Total £	2019 Total £
Income and Endowments					
Donations	2a	-	111,335	111,335	423,236
Charitable activities	2b	1,214,524	183,549	1,398,073	697,050
Investments		-	49	49	-
Other	2c	<u>21,450</u>	<u>2,022</u>	23,472	<u>57,115</u>
Total		<u>1,235,974</u>	<u>296,955</u>	1,532,929	<u>1,177,401</u>
Expenditure on:					
Raising funds		-	27,211	27,211	21,985
Charitable activities		<u>1,491,056</u>	<u>161,234</u>	1,652,290	<u>815,946</u>
Total	3	<u>1,491,056</u>	<u>188,445</u>	1,679,501	<u>837,931</u>
Net income/(expenditure)		(255,082)	108,510	(146,572)	339,470
Transfers between funds	11	(3,299)	3,299	-	-
Net movement in funds	11	<u>(258,381)</u>	<u>111,809</u>	(146,572)	<u>339,470</u>
Reconciliation of funds:					
Total funds brought forward	11	<u>531,077</u>	<u>76,716</u>	607,793	<u>268,323</u>
Total funds carried forward		<u>272,696</u>	<u>188,525</u>	461,221	<u>607,793</u>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in note 11 to the financial statements.

Law Centres Federation

Balance sheet

As at 31 March 2020

	Note	£	2020 £	2019 £
Fixed Assets				
Tangible Fixed Assets	10	<u>4,129</u>	4,129	3,641
Current assets				
Debtors	7	548,974		262,899
Cash at bank and in hand		<u>251,517</u>		<u>530,849</u>
		800,491		793,748
Creditors: amounts falling due within one year	8	<u>(343,399)</u>		<u>(189,596)</u>
Net current assets			<u>457,092</u>	<u>604,152</u>
Net Assets			<u>461,221</u>	<u>607,793</u>
Funds	11			
Restricted funds				
In surplus			272,696	531,077
Unrestricted funds:				
General fund			188,525	76,716
of which designated			<u>62,712</u>	<u>51,219</u>
Total funds			<u>461,221</u>	<u>607,793</u>

These financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved and authorised for distribution by the Executive Committee on 05 October 2020 and signed on its behalf by



Helen Rogers
Chair



Sean Canning
Treasurer

Company no. 2433492

Law Centres Federation

Cash Flow Statement

As at 31 March 2020

	2020	2019
	£	£
Cash generated from operating activities:		
Net cash provided by/(used in) operating activities	(279,333)	270,716
Cash flows from investing activities:		
Interest income	-	-
Purchase of property, plant and equipment	-	-
Net cash provided by/(used in) investing activities	-	-
Change in cash and cash equivalents in the reporting period	(279,333)	270,716
Cash and cash equivalents at the beginning of the reporting period	530,850	260,134
Cash and cash equivalents at the end of the reporting period	251,517	530,850

Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2020	2019
	£	£
Net income/ (expenditure) (as per the statement of financial activities)	(146,572)	339,470
Adjustments for:		
Additions	(2,716)	(1,660)
Depreciation charges	2,228	1,846
Investment income	-	-
(Increase)/decrease in debtors	(286,075)	(92,770)
Increase/(decrease) in creditors	153,802	23,830
Net cash provided by/(used in) operating activities	(279,333)	270,716

Analysis of cash and cash equivalents

	2020	2019
	£	£
Cash in hand	251,517	530,850
Total cash and cash equivalents	251,517	530,850

Analysis of changes in net debt	1 April 2019	Cash flows	30 March 2020
	£	£	£
Cash	530,850	(279,333)	251,517
Loans falling due within one year	-	-	-
Loans falling due after more than one year	-	-	-
Total	530,850	(279,333)	251,517

Law Centres Federation

Notes to the financial statements

For the year ended 31 March 2020

1.1) Accounting policies

Basis of Preparation

- a) The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), published on 16 July 2014. The Charitable Company is a public benefit entity for the purposes of FRS 102 and therefore the charity also prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (The FRS 102 Charities SORP), the Companies Act 2006 and the Charities Act 2011.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

- b) Voluntary income is received by way of donations and gifts and is included in full in the statement of financial activities when there is entitlement, it is measurable and receipt is probable. Intangible income is recognised as a gift in kind where the provider of the service has incurred a financial cost and is valued at the value to the charity. Income is deferred when it relates to a specific later period, or there are conditions yet to be fulfilled for entitlement.
- c) Subscription income from Law Centre members is recognised in the year in which it relates.
- d) Gifts in Kind reflect the costs of rooms, catering and staff support from Law Firms and other suppliers to promote seminars, training and advice sessions conducted by Law Centres Federation as well as pro bono legal advice provided to LCF. Gifts in Kind are either valued by the suppliers undertaking the work or, where this is not immediately obtainable, by taking a reasonable estimate of the length of time involved in doing the work multiplied by the Standard London pro-bono rate.
- e) Grants are recognised in full in the statement of financial activities in the year in which they are receivable.
- f) Resources expended are recognised in the period in which they are incurred. Resources expended include irrecoverable VAT.

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which is an estimate, based on staff time, of the amount attributable to each activity.

Direct service provision	92.8%
Cost of generating voluntary income	7.2%

Governance costs, which are included within support costs, include the management of the charity's assets, organisational management and compliance with constitutional and statutory requirements.

- g) The costs of generating voluntary income relate to the costs incurred by the charity in raising funds for the charitable work.

Law Centres Federation

Notes to the financial statements

For the year ended 31 March 2020

- h) Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value on a straight line basis over its expected useful life. The useful lives are as follows:

Computer equipment	4 years
Office equipment	4 years

Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. During the period of their depreciation, assets are reviewed for impairment if circumstances indicated their carrying value may exceed their net realisable value and value in use.

- i) Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.
- j) Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity.
- k) Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the statement of financial activities in the year in which they fall due.
- l) The charity operates a defined contribution auto-enrolment pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pensions costs represent contributions payable under the scheme for the payment of those contributions calculated at 8% of gross pay (7% employer contribution; 1% employee contribution).
- m) The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

1.2) Going concern basis

The financial statements are prepared on a going concern basis which assumes the charitable company will continue in operational existence for the foreseeable future.

Having carried out a detailed review of the Charity's resources, an assessment of the impact of Covid-19 crisis together with the current economic challenges facing both the Charity and its members, the Trustees are satisfied that the Charity has sufficient cash flows to meet its liabilities as they fall due for at least one year from the date of approval of the financial statements.

The charitable company therefore continues to adopt the going concern basis in preparing its financial statements.

1.3) Accounting estimates and judgements

In the view of the trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements, nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

Law Centres Federation

Notes to the financial statements

For the year ended 31 March 2020

1.4) Staff Policies

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment or to provide termination benefits.

1.5) Financial Instruments

Basic Financial Instruments

The charity only holds basic financial instruments as defined by FRS 102.

a) Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand and short term deposits with a maturity date of three months or less.

b) Debtors and creditors

Debtors and creditors receivable or payable within one year of the reporting date are carried initially at their transaction price and subsequently at the recoverable amount. Debtors and creditors that are receivable or payable in more than one year are carried at their present value of the expected future receipts or payment discounted at a market rate of interest.

2a. Donations

	Restricted £	Unrestricted £	2020 Total £	2019 Total £
Subscriptions from Law Centre members	-	74,360	74,360	73,480
Donations	-	36,975	36,975	349,756
	-	111,335	111,335	423,236

Law Centres Federation

Notes to the financial statements

For the year ended 31 March 2020

2b. Charitable Activities

	Restricted £	Unrestricted £	2020 Total £	2019 Total £
AB Charitable Trust	-	50,000	50,000	20,000
Access to Justice Foundation	15,000	-	15,000	
Barings - Strengthening the Voluntary Sector	-	-	-	9,990
Bell Foundation	10,000	-	10,000	
City Bridge Trust - The Way Ahead	-	-	-	25,000
Esmee Fairbairn Foundation	47,667	-	47,667	47,667
European Union Latin American Project	-	-	-	-
EUSS (Home Office)	723,854	-	723,854	
Freshfields - General contribution to core activities	-	20,000	20,000	10,000
IT - Digital Transformation (TNLCF)	70,500	-	70,500	
IT National Project (TLEF)	257,210	-	257,210	127,500
IT - SMS Tool (CAST)	-	-	-	5,000
IT - SMS Tool & Digital Development (Tides Foundation)	-	-	-	56,666
IT - 5yr Digital Strategy (TLEF)	-	-	-	8,800
John Ellerman Foundation	-	30,000	30,000	30,000
Social Finance (TLEF)	-	-	-	38,250
Strategic Review of LCN (TLEF)	-	-	-	54,890
Sustainability (TLEF)	50,000	-	50,000	
PRE Brexit (Trust for London)	39,250	-	39,250	78,300
Developing New Models - Trust for London	-	-	-	15,000
Law Centre Training - The Legal Education Foundation	-	-	-	6,596
Other Small Grants	-	25,000	25,000	6,000
Contract Service - European Commission Citizen's Rights	-	-	-	99,030
Training fees	-	2,865	2,865	5,202
Gifts in Kind	1,043	9,991	11,034	17,760
Online legal resources	-	33,301	33,301	24,989
Annual conference	-	12,392	12,392	10,410
Total	1,214,524	183,549	1,398,073	697,050

2c. Other income

	Restricted £	Unrestricted £	2020 Total £	2019 Total £
Sundry income	-	2,022	2,022	10,517
IT Licensing	21,450	-	21,450	46,598
Total	21,450	2,022	23,472	57,115

Law Centres Federation

Notes to the financial statements

For the year ended 31 March 2020

3a. Total expenditure

	Raising Funds	Charitable Activities	Support Cost	2020	2019
	£	£	£	£	£
Staff costs (note 5)	22,381	286,025	1,405	309,811	281,769
Staff Travel, Training, Recruitment & Meetings	819	6,744	3,776	11,339	9,056
Governance costs (note 3b)	-	-	17,927	17,927	13,442
Premises costs	-	16,195	706	16,901	16,680
Office: Office costs, ICT, Insurance & Communications	-	14,396	-	14,396	13,618
Legal and Professional Fees	-	46,289	7,307	53,596	151,927
Services to Law Centres	-	71,480	-	71,480	146,850
Grants & Payments to Law Centres	-	1,078,401	-	1,078,401	62,831
Annual Conference & Events	-	15,138	-	15,138	15,812
Publication design & print	-	672	-	672	5,243
Subscriptions & Journals	-	640	2,680	3,320	2,858
Training and Course Costs	-	10,628	-	10,628	11,761
Website / Digital Development	-	26,148	610	26,758	8,825
Bad debts expense (Note 3c)	-	3,780	11,402	15,182	43,933
Gifts in kind	-	2,526	8,509	11,035	17,760
Other (Travel & Project Specific costs)	-	21,714	1,203	22,917	35,566
Total expenditure	23,200	1,600,776	55,525	1,679,501	837,931
Support Costs	4,011	51,514	(55,525)	-	-
Total expenditure	27,211	1,652,290	-	1,679,501	837,931

3b. Analysis of governance costs

	2020	2019
	£	£
Annual Report	3,381	1,045
Audit	12,315	10,080
EC travel (reimbursed)	1,946	1,962
Governance meetings	285	355
Total governance costs	17,927	13,442

3c. Analysis of bad debt expense

	2020	2019
	£	£
Exchange losses	-	22,384
Debtor w/offs	14,420	10,668
Bad debt allowance adjustment	762	10,880
Total bad debt expense	15,182	43,933

Law Centres Federation

Notes to the financial statements

For the year ended 31 March 2020

3d. Total expenditure (Comparison 2019)

	Raising Funds	Charitable Activities	Support Cost	2019	2018
	£	£	£	£	£
Staff costs (note 5)	16,620	265,148	-	281,769	291,204
Staff Travel, Training, Recruitment & Meetings	534	5,356	3,166	9,056	8,833
Governance costs (note 3b)	-	-	13,442	13,442	17,044
Audit and other fees	-	-	-	-	-
Premises costs	-	10,440	6,241	16,680	19,673
Office: Office costs, ICT, Insurance & Communications	-	13,199	419	13,618	17,741
Legal and Professional Fees	-	140,311	11,616	151,927	76,815
Services to Law Centres	-	146,850	-	146,850	139,626
Grants & Payments to Law Centres	-	42,777	20,054	62,831	184,930
Annual Conference & Events	-	15,812	-	15,812	22,896
Publication design & print	-	5,070	173	5,243	442
Subscriptions & Journals	-	201	2,657	2,858	3,142
Training and Course Costs	-	11,761	-	11,761	5,454
Website / Digital Development	-	8,726	99	8,825	11,718
Bad debts expense (Note 3c)	-	24,384	19,549	43,933	1,294
Gifts in kind	-	13,277	4,483	17,760	21,261
Other (Travel & Project Specific costs)	-	35,566	-	35,566	27,131
Total expenditure	17,155	738,879	81,897	837,931	849,202
Support Costs	4,831	77,067	(81,897)	-	-
Total expenditure	21,985	815,946	-	837,931	849,202

	2019	2018
	£	£
3e. Analysis of governance costs (Comparison 2019)		
Annual Report	1,045	5,167
Audit	10,080	8,400
EC travel (reimbursed)	1,962	1,637
Governance meetings	355	1,298
Total governance costs	13,442	16,501

	2019	2018
	£	£
3f. Analysis of bad debt expense (Comparison 2019)		
Exchange losses	22,384	-
Debtor w/offs	10,668	-
Bad debt allowance adjustment	10,880	1,294
Total bad debt expense	43,933	1,294

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Notes to the financial statements

For the year ended 31 March 2020

4. Net income/(expenditure) for the year

This is stated after charging:	2020	2019
	£	£
Executive Committee's reimbursed expenses	1,946	1,962
Auditors' remuneration (excluding VAT):		
▪ Audit fee	9,000	8,400
▪ Additional fees for Covid-19 related going concern analysis	495	-
Operating lease rentals:		
▪ property	8,480	8,480

Executive Committee's reimbursed expenses of £1,946 represents the reimbursement of travel and subsistence costs relating to attendance at governance meetings of 4 executive committee members (6 in 2018/19). None of the 24 members (16 members to Nov 2019; 15 members from Nov 19; 2 members from Dec 2019) of the committee serving during 2018/19 were remunerated.

5. Staff costs and numbers

Staff costs were as follows:	2020	2019
	£	£
Salaries and wages	269,015	256,118
Social security costs	23,879	14,656
Pension contributions	16,918	10,995
	309,812	281,769

No employee earned more than £60,000 during the year. (2019: none)

The average monthly number of employees (full-time equivalent) during the year is as follows:

	Head count		Full Time Equivalent	
	2020	2019	2020	2019
	No.	No.	No.	No.
Cost of generating income	5	5	0.4	0.3
Support costs	7	7	0.9	0.9
Direct Service provision	13	13	5.8	5.7
Average Employee Numbers	8	9	7	7

Staff have been allocated to areas of work where they spend most time.

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Key Management Personnel

The Key Management of the Charity is considered to be the Director (FT), Finance Manager (0.6 FTE) (& Trustees). The total employee benefits of the key management personnel were £92,933.16 (2019: £89,700), which includes total employer NIC Contributions of £8507.16 and total employer pension contributions of £5523.24. Trustees are not remunerated but are reimbursed for travel and subsistence expenses incurred through attendance of governance meetings.

6. Taxation

All income is charitable and applied for charitable purposes only and thus is exempt from corporation tax.

7. Debtors

	2020 £	2019 £
Grants receivable	446,936	148,191
Contracts receivable	-	57,349
Prepayments	25,382	27,801
Conference fees	1,500	-
IT Licensing	12,921	18,898
Membership & Lexis Nexis	24,097	27,877
Allowance for doubtful debts	(18,578)	(17,816)
Other debtors	56,716	599
	<u>548,974</u>	<u>262,899</u>

8. Creditors: amounts due within 1 year

	2020 £	2019 £
Trade creditors	129,487	137,354
Taxation and social security	11,266	9,788
Accruals	158,895	12,637
Deferred Income	-	12,000
Pension contributions	3,175	3,268
Amount held on behalf of Law Centres	39,119	13,050
Other creditors	1,457	1,499
	<u>343,399</u>	<u>189,596</u>

9. Deferred Income

	2020 £	2019 £
Deferred Income b/f	12,000	4,350
Released in year	12,000	4,350
Deferred to next year	-	12,000
Deferred Income c/f	<u>-</u>	<u>12,000</u>

Deferred income c/f relates to the April-May 2018 portion of the Annual Law Centre IT License Subscriptions, which were invoiced in June 2017.

Deferred income in 19/20 relates to a) an annual Freshfield's grant for 19/20 received in 18/19, and b) a payment on account for Law Centre membership in 19/20.

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10. Fixed assets

	Computer equipment £	2020 Total £
Cost		
As at 01 April 2019	7,784	7,784
Additions	2,715	2,715
As at 31 March 2020	10,499	10,499
Depreciation		
As at 01 April 2019	4,142	4,142
Charge for the year	2,228	2,228
As at 31 March 2020	6,370	6,370
Net book value		
As at 31 March 2019	3,643	3,643
As at 31 March 2020	4,129	4,129

11.a Movements in funds

	At the start of the year £	Incoming resources £	Outgoing resources £	Transfers £	At the end of the year £
Restricted funds:					
Development and support of Law Centres					
Access to Justice Foundation	-	15,000	6,569		8,431
Bell Foundation	-	10,000	8,000		2,000
Esmee Fairbairn Foundation - Policy Development	27,822	47,667	48,596	-	26,893
European Union Latin American Project - European Commission (Note 11.d)	94,129	414	110,826	-	(16,283)
EUSS (Home Office)	-	723,854	723,854	-	-
Guardian Christmas Appeal 2018	303,299	-	300,000	(3,299)	-
IT Digital Transformation (National Lottery Community Fund)	-	71,129	27,865	-	43,264
IT - SMS (Tides Foundation)	44,926	-	44,926	-	-
IT National Upgrade (TLEF)	(6,879)	278,660	99,726	-	172,055
Scoping Legal Support and Social Care with Social Finance (TLEF)	11,497	-	6,397	-	5,100
Strategic Review of LCN (TLEF)	12,300	-	12,300	-	-
Sustainability (TLEF)	-	50,000	28,687	-	21,313
PRE Brexit - Trust for London	36,500	39,250	72,685	-	3,065
Developing New Models - Trust for London	2,483	-	625	-	1,858
North Wales steering group	5,000	-	-	-	5,000
Total restricted funds	531,077	1,235,974	1,491,056	(3,299)	272,696
Unrestricted funds					
General fund ***	76,716	296,955	188,445	3,299	188,525
<i>of which designated</i>	51,219	50,000	38,507	-	62,712
Total funds	607,793	1,532,929	1,679,502	-	461,222

* Resources include allocated Gifts in Kind

11b. Restricted Funds Transfer

** Includes:

£3,299 of donations from the Guardian Christmas Appeal 2018. This reflects a portion of the donation accounted for in 1819 which should have been allocated to LCN but was incorrectly budgeted and allocated to pay-out to Law Centres in 1920. The fund for Law Centres totalled £300k and this was paid in full to Law Centres in 2019.

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For the year ended 31 March 2020

11c. Unrestricted Funds Transfer

*** Includes:

£33,753.62 c/fwd of designated donations to LCN to kick-start the Law Centre 50th Birthday campaign, and designated donations from Law Firms to support Law Centres during Covid-19.

£28,958.10 c/fwd of the unrestricted John Ellerman fund. This portion of unrestricted funds has been designated for learning & transformation development and support in Law Centres. The funds will be expended in 2020/21.

£44,866.30 c/fwd of the unrestricted AB Charitable Trust grant. This contributes to LCN's core costs.

11d. Restrictd Fund Deficit

The EULAMP project, funded by the European Commission, officially ends in April 2020. Income for 80% of the eligible project funding has already been received and accounted for. The final 20% is payable after the project end date but the exact amount of income due back is not known at this point in time as the actual project budget has not yet been approved by the Commission and it is not known what is considered eligible expenditure for reimbursement. It was not possible to accrue for income within this period for this reason therefore the deficit has been carried forward to the next financial year.

11.e Movements in funds (2019 Comparison)

	At the start of the year	Incoming resources	Outgoing resources	Transfers	At the end of the year
	£	£	£	£	£
Restricted funds:					
Development and support of Law Centres					
Human Rights Based Approaches - STVS, Baring Foundation	*	11,142	10,390	21,532	-
Guardian Christmas Appeal 2018		-	303,299	-	-
The Way Ahead - City Bridge Trust		-	25,000	25,000	-
Policy Development - Esmee Fairbairn Foundation		-	47,667	19,845	-
European Union Latin American Project - European Commission	*	115,441	100	21,411	-
IT - SMS (CAST & TLEF)		-	61,666	16,740	-
IT National Project Phase 2 - The Legal Education Foundation	*	29,383	183,767	220,029	-
IT 5 yr. Digital Vision (TLEF)		-	8,800	8,800	-
Living Rights Project - European Commission		-	-	4,814	4,814
Scoping Legal Support and Social Care with Social Finance - The LEF		-	38,250	26,753	-
Strategic Review of LCN (TLEF)		-	54,890	42,590	-
PRE Brexit - Trust for London		31,582	78,300	73,382	-
Developing New Models - Trust for London		18,022	15,000	30,540	-
Law Centre Training - The Legal Education Foundation		3,542	7,469	11,011	-
North Wales steering group		5,000	-	-	-
Total restricted funds		214,112	834,598	522,447	4,814
Unrestricted funds					
General fund **		54,211	342,803	315,484	(4,814)
of which designated		29,987	60,000	38,768	-
Total funds		268,323	1,177,401	837,931	-

* Resources include allocated Gifts in Kind

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For the year ended 31 March 2020

11. Movements in funds (continued)

Purposes of restricted funds

Access to Justice Foundation - Grant awarded to LCN to work with Law Centres to assist them to become more sustainable and use the Law as a tool for change.

Bell Foundation - Project lead by Harrow Law Centre to support victims of Crime, particularly Hate Crime. LCN's role is to extend the learning from Harrow's project to other Law Centres with view to establish model in other parts of the UK.

Esmée Fairbairn Foundation - 3 years funding for core costs to maintain capacity and delivery on LCN's policy work was granted in late 2018.

European Union Latin American Project - funded by the EU this project works with 4 partner organisations to empower EU-Latin Americans to exercise their mobility rights and to fully participate in U.K. society.

EUSS - 12 month grant from the Home Office to manage a national project to assist vulnerable EU citizens to apply for Settled Status. LCN manages the project, Law Centres provide the service.

Guardian and Observer Charity Appeal 2018 - LCN was one of the beneficiaries of the Guardian 2018 Xmas Appeal which raised funds to support organisations assisting people affected by the Windrush Scandal. The funds were for distribution to Law Centres in 2019/20.

John Ellerman Foundation - 3 years core funds granted to support the development of Law Centres. The focus of this work is on Learning and transformation.

The National Lottery Community Fund - Realising Law Centres 2020 Digital Vision - 3 year grant awarded to LCN to work together with Law Centres to explore and implement digital technology to assist them to achieve their mission.

Legal Education Foundation - IT National Project to extend phase 1 and implement Phase 2 of a national upgrade to Law Centres ICT infrastructure, titled Law Centres 2020 Digital Vision. The project will be implemented in 3 phases and will upgrade desktop computers, migrate all software and data to cloud based services and roll out digital tools specifically designed to assist Law Centres in their work.

Legal Education Foundation in partnership with Social Finance: Pilot the inclusion of legal assistance in Social Finance's Health and Social Care platforms to identify how such a service could be implemented.

Legal Education Foundation: Strategic Review - a project to Commission Social Finance to review the future sustainability of LCN and to make recommendations for the next 3 and 10 years. Thus work was completed in March 2019.

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Notes to the financial statements

For the year ended 31 March 2020

Purposes of restricted funds (continued)

Legal Education Foundation: Sustainability - 3 year grant awarded to LCN to assist it to implement recommendations made following its strategic review aimed at helping LCN become more sustainable.

Trust for London: Developing New Models - stage 2 of this project aims to better understand client fee charging business models across Law Centres and other advice agencies in London. Lessons learnt will be used to improve business models and support agencies to make the fee charging services profitable.

Trust for London: PRE Brexit - provides advice to EEA citizens and their families living in London on protection of their residency rights in the lead up to Brexit and to build capacity through specialist awareness raising sessions for those working with EEA citizens.

Tides Foundation: - a grant from the US Twilio platform via the Tides Foundation to further develop the SMS Communication Tool.

Other Small Grants & Donations - Includes a grant from the a grant from AB Charitable Trust that contributes to LCN's core costs, a grant from Allen & Overy to promote Law Centres and a grant from Freshfields that we have used to provide Governance assistance to Law Centres.

North Wales steering group - this fund is money held for North Wales steering group given by the Law Society Trust in the year ending 31 March 2002. The funds are being held to support the development of a Law Centre in North Wales which is the purpose of the original grant. A small committee has been formed to advance this project but progress is slow. LCN will release the funds to the project group once they have incurred expenses in relation to the establishment of the Law Centre that can be evidenced.

12a. Net Assets by Fund

	Unrestricted £	Restricted £	2020 Total £
Fixed Assets	4,129	-	4,129
Net current assets	<u>184,398</u>	<u>272,696</u>	<u>457,093</u>
	<u>188,525</u>	<u>272,696</u>	<u>461,222</u>

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Notes to the financial statements

For the year ended 31 March 2020

12b. Net Assets by Fund (2019 Comparison)

	Unrestricted £	Restricted £	2019 Total £
Fixed Assets	3,641	-	3,641
Net current assets	<u>73,075</u>	<u>531,077</u>	<u>604,152</u>
	<u>76,716</u>	<u>531,077</u>	<u>607,793</u>

13. Operating lease commitments

The charity had annual commitments at the year end under operating leases expiring as follows:

	Property 2020 £	2019 £
Within 1 year	<u>4,240</u>	<u>4,240</u>
	<u>4,240</u>	<u>4,240</u>

14. Related party transactions

Some members of LCN's board of trustees sit on the boards of community Law Centres that receive funds from LCN. When funding decisions are taken in respect of these community Law Centres, the relevant representative is excluded from the discussions taking place.

15. Financial Instruments

The financial statements include the following in respect of items held at amortised cost at 31 March:

	2020 £	2019 £
Financial assets measured at amortised cost	775,109	765,947
Financial liabilities measured at amortised cost	289,839	151,490