



Report and Accounts

For the year ended 31 March 2023

Limited by Guarantee
Company Number 394221
Registered Charity Number 207314

Relate

Contents

	Pages
Chair's introduction	1 – 2
Trustees' Report (including Strategic Report)	3 – 23
Independent Auditors' Report	24 – 26
Statement of Financial Activities	27
Balance Sheet	28
Statement of Cash Flows	29
Notes to the Financial Statements	30 – 44

Chair's introduction

Relate is the leading relationships charity, and we're the largest provider of relationship support in England and Wales. We're there for every relationship, providing a comprehensive system of support through counselling, accessible self-help tools and digital services. We're for everyone looking for understanding, support, and the confidence to choose how to move forward in their relationships.

Over the 2022/23 financial year, we've made huge strides in becoming even more relatable and accessible. This was made possible in no small way by a brand refresh that was about so much more than a change in aesthetics. Our revamped brand seeks to embody the very qualities we value: empathy, engagement, and reassurance. It represents a shift towards a more human, conversational tone. This is more than a facelift; it's an evolution in how we communicate and connect with everyone who reaches out to us.

And what better place to showcase our refreshed brand than with a brand new website? [Relate.org.uk](https://relate.org.uk) was completely rebuilt this year to make our industry leading services and resources easier to navigate. If you haven't already, I encourage you to check out our hundreds of pages of self-help articles on everything from gaslighting to getting over a friendship break-up.

While you're there, you might want to read up on one of my favourite campaigns from the past year "the horncultural society". This creative campaign highlighted the alarming rise in sexually transmitted infections in the over 65s with a touch of humour. We took a subject that can often be sidelined and brought it front and centre using a familiar garden theme. The idea of disguising condoms as seed packets and handing them out at garden centres was not only creative but deeply resonant. It subtly conveyed the message that intimacy, much like gardening, doesn't have an age limit but requires care and awareness at every stage. The campaign exemplified our commitment to not steer away from difficult conversations, but to face them with sensitivity and flair.

That wasn't our only campaign success of the year. Relationships Week was back in September, and this year we shone the spotlight on "milestone anxiety". Our research showed that Millennials and Gen Z are experiencing more pressure to reach traditional 'life milestones' like having children, getting married, and buying a house with their partner than previous generations ever did. To relieve the pressure, we celebrated some alternative milestones, like leaving a job you hate or getting out of debt, which are equally worth celebrating.

Internally, we've been hard at work too. We made a comprehensive training course on equity, diversity, and inclusion available to all staff and volunteers, including administrators, practitioners, managers, and trustees. The aim? To ensure everyone who works with Relate, and who seeks our support, feels seen and appreciated.

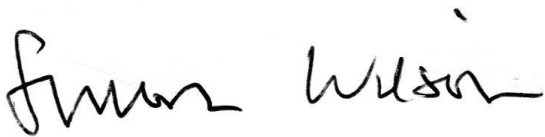
Chair's introduction

Another internal development I've been excited to see this year is the voluntary merger of Relate Northamptonshire into the national charity. This region now forms the heart of our national offering, serving as our new registered office and the place where we unite as a Board when we meet in person. A number of us were lucky enough to attend an official opening where we met current and former practitioners, local politicians and other stakeholders. I know we'll do great things here, and I couldn't be more excited to see the national charity expanding in this way.

We've also been focusing on learning more about what our clients want, need, and expect when they come to us for support. And the early learnings show we have a lot more work to do, particularly when it comes to offering support at the times when people can access it. New data shows that we have too many underutilised slots where our counsellors are offering support, but clients aren't available to access it. In the year ahead we'll continue to look at ways we can tweak our practices to fix this utilisation issue and making sure we're offering the best possible service to our clients.

Last, but not least, we laid the groundwork for an exciting new piece of work we'll be delivering in 2023/24 — a new organisational strategic framework for the Relate Federation. Early in 2023, we travelled around the country to collect thoughts and insights from colleagues on what they believed the future of our Federation should look like. We also organised several very well attended online sessions, meaning that the engagement we had, and feedback received, was gathered from across the whole Federation.

In short, it's been an exciting and transformational year, but there's clearly more transformation to come. And I, for one, can't wait.



Simon Wilson

Chair
Relate

Trustees' Report

1. Reference and Administrative Details of the Charity, its Trustees and Advisors

Registered Number of Company: 394221

Registered Charity Number: 207314

Key personnel: Board members (Trustees of the charity)

Elected members

Debra Clark

Teresa Cresswell

Michele Grant

Malcolm Pearson

Anthony Perryman

Daniel Peters

Karen Railton – Vice Chair (resigned 3 November 2022)

Patricia Whiteside

Co-opted members

Mubeen Bhutta

Matthew Chaplin – Vice Chair

Darren Franklin – Treasurer (resigned 13 June 2023)

Ffion Griffith (appointed 13 June 2023)

Mauro Mortali

Ian Pleace – Treasurer

Simon Wilson – Chair

Trustees' Report

1. Reference and Administrative Details of the Charity, its Trustees and Advisors (cont.)

Key personnel: (Management Team):

Executive Leadership Team

James Aidan Jones OBE	Chief Executive
Sarah Milsom	Director of Communications and Engagement (resigned 31 December 2022)
Sarah Berry	Assistant Director, Strategy, Innovation and Client Experience (appointed 1 December 2022)
Carol-Florin-White	Assistant Director, National Partnerships, Digital Services and Impact (appointed 13 March 2023)
Ellisa Thompson	Assistant Director, Services and HR (appointed 15 May 2023)

President

Anjula Mutanda

Vice President

Baroness Tyler of Enfield

Company Secretary

James Aidan Jones OBE

Registered Office 76 St Giles Street, Northampton, NN1 1JW.

Auditors RSM UK Audit LLP, Chartered Accountants, 10th Floor, 103 Colmore Row, Birmingham, West Midlands B3 3AG

Bankers National Westminster Bank plc, Rugby Branch, 9 North Street, Rugby, CV21 2AH

Trustees' Report

2. Structure, Governance and Management

2.1 *Legal and constitutional basis*

Relate is a charitable company limited by guarantee and is governed by its Articles of Association, changed by special resolution, and approved by the Members at a General Meeting held on 25th June 2014. The changes to the Articles in 2014 were related to the size, composition, and the process by which Board members are elected and co-opted.

2.2 *The Board of Trustees*

Under the revised Articles, the Board is comprised of up to eight Board members elected nationally at the AGM ('elected members') and up to six co-opted Board members. Whilst in no way detracting from their individual and collective responsibilities as Relate Board members, the elected members have an important role in reflecting the interests and priorities of the independent Relate entities of the Relate Federation (see 'Federation structure' below).

A range of methods is used for the identification and appointment of co-opted members including open advertisement of vacancies. Skills audits of existing Board members are undertaken annually, and Charity Commission and other guidance is taken into account.

The Board of Trustees meets on a quarterly basis. It is responsible for:

- developing and maintaining the overall strategy for Relate to deliver against its charitable objects.
- governing Relate in line with its vision, aims and charitable objectives and to provide overall policy direction.
- the overall governance and strategic direction of the charity, developing its aims, objectives, and goals in accordance with the Articles of Association, legal requirements, and regulatory guidelines.

The Board is collectively responsible for promoting the success of the charity by directing and supervising the charity's affairs. Its role is to provide leadership within a framework of prudent and effective controls which enable risks to be assessed and managed.

New trustees receive an induction pack containing everything they need to know about the Relate Federation's work, to assist with informed and effective decision making. As part of their induction, trustees are provided with the Code of Good Governance guidelines produced by the National Hub of Expertise in Governance¹. Ongoing training is then provided as identified on a case-by-case basis. As in 2021/22 an annual trustee appraisal was conducted.

¹ The National Hub is a collaborative group of charity umbrella groups facilitated by the National Council for Voluntary Organisations (NCVO)

Trustees' Report

2. Structure, Governance and Management

2.1 *Trustee remuneration*

Relate trustees give their time voluntarily and receive no benefits from the charity. Reasonable travel expenses are reclaimed from the charity as set out in note 10 to the accounts.

2.2 *Board committees*

Relate has five Board committees providing additional oversight in the following areas:

Finance Committee (meets quarterly). This committee ensures there is a framework for accountability, suitable systems and internal controls and timely financial reporting.

Audit and Risk Committee (meets quarterly). This committee ensures that the Executive is exercising effective control and managing risk by making sure there is a framework for accountability, there are effective systems and methods of control including risk analysis and risk management and that the charity is complying with relevant legislation, regulations and good practice. The committee also oversees the annual audit and reviews the Annual Report and Accounts and Audit findings report prior to their approval by the Board.

Governance Committee (meets at least twice a year and otherwise as required). This committee has three main roles: making recommendations to the Board in respect of the Chief Executive's remuneration, overseeing activity relating to the composition, appointment and effectiveness of the Board and its committees, and a wider governance remit encompassing equality, diversity and inclusion, health and safety and data security.

Federation Affairs Committee (meets at least twice per year, but in practice meetings are quarterly). This committee monitors effective governance and best practice across the Relate Federation (see section headed "The Relate Federation" on page 8).

Services Committee (meets at least three times per year, although in practice meetings are quarterly). This committee has primary responsibility for ensuring that services offered by Relate entities are delivered to a consistently high technical and clinical standard, and for promoting the customer and client experience aspect of our work.

There are monthly meetings with Chairs/Trustees of the 23 federated Centres and the Chair/Trustees and senior staff of Relate, which provide the opportunity for sharing information about a wide range of issues. To a large extent, these meetings pick up on topics that would have previously been covered by the Federation Affairs and Services committees and, as a result, the Board committee structure is being reviewed.

Other sub-groups may be established on a short-term basis as needed. According to the terms of reference they will report to one of the Board committees or directly to the Relate Board.

Trustees' Report

2. Structure, Governance and Management (cont.)

The following trustees were members of the Board committees as at 30 August 2023:

Finance Committee

Darren Franklin (*Chair until 13 June 2023*)

Ian Pleace (*Chair from 13 June 2023*)

Debra Clark

Anthony Perryman

Audit and Risk Committee

Matthew Chaplin (*Chair*)

Mauro Mortali

Malcolm Pearson

Ian Pleace

Services Committee

Malcolm Pearson (*Chair*)

Mubeen Bhutta

Teresa Cresswell

Daniel Peters

Federation Affairs Committee

Patricia Whiteside (*Chair*)

Teresa Cresswell

Mauro Mortali

Governance Committee

Michele Grant (*Chair from 3 November 2022*)

Mubeen Bhutta

Anthony Perryman

Simon Wilson

The Chair, Vice Chair, and Chief Executive Officer are ex officio members of all Committees.

The Chairs of several federated Centres are ex officio members of the Federation Affairs Committee.

2.3 Chief Executive and Executive Officers

The Chief Executive is responsible for the day-to-day management of the charity's affairs and for implementing policies and strategies agreed by the Board.

The "Executive Leadership Team" (ELT) consists of the Chief Executive and 3 Assistant Directors. The ELT meets at least weekly to oversee and review day-to-day operations and activity of the charity. Around 10 senior managers report to the Chief Executive and the other members of ELT. The senior managers meet with ELT every two weeks. Executive Leadership Team members – and occasionally individual Senior Managers – attend the Board by invitation as well as those Committee meetings that are appropriate to their areas of expertise and responsibility.

The Executive Leadership Team, including the Chief Executive, are the key management personnel for Relate. Remuneration for the Chief Executive is determined by the Governance Committee on appointment. Remuneration for the Chief Executive and other key management personnel is reviewed annually alongside a review of all staff salaries and is benchmarked periodically against market rates.

Trustees' Report

2. Structure, Governance and Management (cont.)

2.6 The Relate Federation

Relate services are delivered through two distinct channels. The first is the 23 independent local operating entities ('federated Centres') across England plus associated entities in Northern Ireland, the Channel Islands and the Isle of Man. The second channel is a group of three Relate 'Regions', plus Wales, which encompass what were the 15 formerly independent Relate Centres that migrated into the national charity mainly during the period September 2017 to June 2018.

The 'Relate Federation' comprises the national charity (including the Relate Regions) and the 23 federated Centres and the entities in Northern Ireland, the Channel Islands and the Isle of Man. Relate – the national charity – holds responsibility for the Relate brand and has three main roles in relation to the Federation: to provide leadership for the Relate Federation; to help Centres' development; and to provide support to Centres. The 23 federated Centres are as follows:

Federated Centre	Charity number
Relate Avon	1107679
Relate Birmingham	1053946
Relate Bournemouth, Poole and Christchurch	1120017
Relate Bradford and Leeds	1013811
Relate Cambridgeshire	1096975
Relate Cheshire and Merseyside and Greater Manchester	1064180
Relate Chesterfield and North Derbyshire	1102023
Relate Coventry and Warwickshire	1103470
Relate Cross Pennine	1062246
Relate Derby and Southern Derbyshire	1110768
Relate Dorset and South Wiltshire	1079585
Relate Hull and East Yorkshire	1104045
Relate London North West, Hertfordshire, Mid Thames and Buckinghamshire	1053223
Relate Leicestershire	1103070
Relate Medway and North Kent	1104649
Relate Mid Surrey	1108239
Relate Milton Keynes	1018848
Relate West Sussex	1115012
Relate North East London and Essex	1057291
Relate Nottinghamshire	1086299
Relate Plymouth and District	237035
Relate West Surrey	1079270
Relate Worcestershire	1056625

The financial statements accompanying this report reflect the financial performance of the national charity but exclude the financial performance of the federated Centres.

Trustees' Report

The entities that make up the Relate Federation have agreed common standards and practices in several areas including service quality, branding, training and 'influencing' activity (for example, with external stakeholders such as government and the media). These standards are formalised in 'Federation Agreements' between individual federated Centres and the national charity.

An important part of the role of the trustees who serve on Relate's Board is to ensure adherence of the federated Centres to the Federation Agreements both for the benefit of the national charity (i.e. this organisation) and for the collective benefit of the Relate Federation as a whole.

Relate works collaboratively with Relationships Scotland (with which we have formal referral arrangements) and has working relationships with Relationships Ireland.

3. Objectives and Activities

3.1 Charitable Objects

Relate has five charitable objects:

- 1) To educate the public concerning the benefits of secure couple relationships, marriage, and family life in order to improve the emotional, sexual and spiritual well-being of individuals which is derived from committed relationships.
- 2) To seek to enhance the good health, both mental and physical, of adults and children by:
 - increasing public awareness of the benefit of committed couple relationships, marriage, and family life; and
 - working to prevent poverty, hardship, and distress, caused by the breakdown of such relationships.
- 3) To provide counselling, advice, education, guidance, and relief to adults and/or children in relation to any aspect of contemporary life or work which:
 - may prejudice their physical or mental wellbeing; and
 - influence, either directly or indirectly, their present or future family or couple relationships.
- 4) To relieve those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage.
- 5) To promote research into all the above objects and to make the results available to the public.

Trustees' Report

3. Objectives and Activities (cont.)

3.2 *Relate's vision, mission, and values*

At its meeting in September 2023, Relate's Board of Trustees approved a new vision, mission and values for the charity as set out below.

Our Vision

Thriving relationships in every part of life

Our Mission

To provide accessible support in the ways people need it
so everyone can enjoy thriving relationships

Our Values

Accessibility	We believe in the possibility of every individual to have thriving relationships, irrespective of their background or identity.
Continuous improvement	We're committed to staying ahead of the curve, anticipating the evolving relationship and wellbeing needs of our communities, and continuously innovating. We ask questions, seek feedback, and adapt to ensure we remain significant and meaningful.
Excellence	With a foundation rooted in expert knowledge and deep skills, we measure our success by the tangible, transformative outcomes we achieve. Every initiative is undertaken with a commitment to excellence and making a lasting difference.
Safety	At the heart of our work lies a commitment to safeguarding every individual's well-being, dignity, and rights. We emphasise the paramount importance of consent, creating an environment where personal boundaries are respected and upheld.

3.3 *Public benefit*

We've referred to the guidance contained in Section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

3.4 *Quality assurance*

Relate plans and delivers its business within its charitable objects, its vision and mission and in accordance with the requirements of its chosen quality assurance system which is the 'Trusted Charity' approach and is backed by the National Council of Voluntary Associations.

Trustees' Report

3. Objectives and Activities (cont.)

Providing quality services and delivering excellent value for money remain key to the Federation's success and reputation. This, together with the unprecedented changes to the way our services are delivered in terms of online counselling and working from home during the pandemic prompted a review of Relate's Quality Assurance framework which was completed early in 2022. The results of the review were summarised in a document called "Striving for Excellence" which the Board endorsed at its meeting in March 2022. The document summarises the elements that support the process in appropriate, sensible, ethical and safe ways and provides a framework which is a common basis for our understanding of quality across the Relate Federation.

3.5 Relate's strategy

Following a process of consultation and engagement across the whole Relate Federation during 2022/23, the Board agreed the following strategic ambitions for 2023-2026.

Users	We'll focus our efforts on the services and support our users want and need.
Relationships	We'll help build a society in which thriving relationships are seen as a foundational part of a happy life.
Partnerships	We'll work in partnership with others to ensure we're able to provide people with the support that's more relevant to them in the ways they want it.
Diversify our income	We'll have a more sustainable funding model by exploring new ways of bringing in income and strengthening those already proving successful, such as retail.
Verification and validation of our expertise	We'll ensure we're always providing expert relationship and wellbeing support by drawing on our experience in clinical practice, research, and lived experience and seeking independent validation where possible.
Coalition	We'll work together across the Relate Coalition to ensure we can provide the best support to the most people using the power of connection to our local communities.
Culture and social responsibility	We'll be a relevant, curious, and impactful provider of relationship and wellbeing support that champions equality, diversity, and inclusion.
Commercial training	We'll ensure our counsellor training programmes are a gold-standard, industry leading offering. We'll extend our expertise into bespoke commercial training partnerships, enabling workplaces to foster healthier relationships among their staff.

Trustees' Report

At their September 2023 meeting, the Board of Trustees agreed these ambitions would be achieved by:

Users:

- All new relationship and wellbeing support resources and services will be designed and developed in collaboration with users.
- We'll consistently seek to learn and improve by ensuring every user is given the opportunity to provide feedback on the support they receive.
- We'll provide relationship and well-being support to more people in this period than in the last three years.

Relationships:

- We'll make accessing relationship and wellbeing support standard practice in most people's lives by designing and delivering services that can be accessed by anyone in the ways that work for them.
- We'll demonstrate that all relationships are important by diversifying our support offers, including counselling, for friends, colleagues, and families.
- We'll help people maintain their relationship health and wellbeing by providing preventative services that equip people to strengthen their relationships before problems begin.
- We'll continue to deliver and improve our existing services, including reducing parental conflict (RPC, children and young people's counselling, family counselling, individual counselling, psychosexual therapy and relationship counselling.

Partnerships:

- We'll seek out partnerships with a diverse range of charities, corporations, and public sector institutions to ensure our support can be tailored to the needs of a wide variety of people, at low or no cost where possible.
- We'll maintain our connection to local communities by seeking to partner with the institutions that sustain them, like schools and local councils, making the most of the connection our Centres have with their communities.

Diversify our income:

- We'll continue to make informed expansions in funding arenas that are already seeing results, such as retail, contracts, and bursaries.
- We'll see an increase in the percentage of income coming from sources yet unexplored, such as fundraising, legacies, merchandise, or corporate partnerships.
- We'll look to explore ways to support our core counselling offer to make it more accessible to more people, such as with group work, peer support, or digital downloads at a price point that works for our users and us.

Trustees' Report

Verification and validation of our expertise:

- We'll seek independent accreditation to ensure the value of our services.
- We'll provide holistic continuous professional development (CPD) opportunities to all our staff, either in-house or by trusted external providers.
- We'll be transparent about the application and benefits of all our services to ensure our users can make informed decisions about which service is best for them.
- We'll keep abreast of the newest developments in relationship and wellbeing support and research to ensure our offer is keeping up with the wants and needs of people in England and Wales.
- We'll endeavour to always improve on what we do by running regular appraisals and supporting staff to develop within the organisation.

Coalition:

- Relate National will act as a convener, constantly seeking opportunities for coalition members to collaborate and learn from one another.
- We'll move from a top-down Federation to a collaborative coalition.
- Every federated Centre has the choice to opt into joint ventures with other members of the coalition.
- We're committed to sharing, supporting, and helping each other with an open culture where the strengths, successes, and lessons learned within the whole coalition are shared for the benefit of all.

Culture and social responsibility:

- We'll make sure our resources are accessible and relevant to all regardless of their socioeconomic status, ethnicity, disability, sexuality, or culture.
- We'll ensure all our staff are gender, sexuality, and relationship diversity (GSRD) aware and that support is available for everyone regardless of their gender, sexuality, or relationship style.
- We'll ensure new development opportunities to allow us to recruit and retain the next generation of relationship support staff.
- We'll seek to have the diversity of our employees reflect the national distribution of protected characteristics.

Commercial training:

- We'll understand the commercial benefit of our external training offering, by understanding competitive pricing and delivering training at a positive margin for Relate.
- We'll deliver comprehensive training programmes that create exceptional counsellors, who live our values and feel a sense of loyalty and connection to Relate.
- We'll ensure our training remains relevant by ensuring it's regularly reviewed and updated with new counselling methodologies, tools, and research findings.
- We'll diversify our income by expanding our commercial offering, by designing bespoke training programmes for use in the workplace, aimed at helping employees manage workplace relationships more effectively.

Trustees' Report

4. Achievements and Performance

4.1 Organisational changes

Towards the end of 2023, Sarah Milsom, Director of Communications and Engagement, left Relate and Sarah Berry joined the Executive Leadership Team (ELT) as the Assistant Director, Assistant Director of Strategy, Innovation and Client Experience.

After operating with a smaller than usual ELT for some time, the Board of Trustees agreed with the Chief Executive's proposal to recruit additional members of the ELT. In March 2023, Carol Florin-White was appointed Assistant Director, National Partnerships, Digital Services and Impact and joined the ELT and Ellisa Thompson quickly followed in May 2023 as Assistant Director of Services and HR.

4.2 Equity, Diversity and Inclusion

During the year, comprehensive training in equity, diversity, and inclusion was made available to all staff and volunteers, including administrators, practitioners, managers, and trustees. The aim of this was to ensure everyone who works with Relate, and who seeks our support, feels seen and appreciated. While there's been good take-up of this training so far, there's still work to do in the year ahead to ensure all staff have completed this training and see championing accessibility and inclusion as a core part of their role at Relate.

Over the past year, the Inclusion Network established by Amandeep Hothi has continued to meet to identify the ways we can continue to develop this work. Our refreshed brand has also given us an opportunity to make our work more accessible.

4.3 Significant events and activities

There are several important events and activities which have directly or indirectly impacted the charity and its financial performance, and these include:

Department for Work and Pensions (DWP) Reducing Parent Conflict programme.

Relate's contract with the DWP as the prime delivery partner for an area covering eight local authority areas in the North East of England came to an end in July 2022. The DWP's evaluation of the programme found that two-thirds of completing parents felt the sessions had a positive impact on their children at six months after completion and this increased to almost three-quarters at 12 months after completion. Parents reported positive experiences from four elements of the interventions:

- tailoring of content so it's relevant to individual situations
- good practitioner approach and demeanour
- use of practical tools and activities
- provision of workbooks to reflect on the sessions.

Since the end of the programme, Relate has been developing its offer for military families - with funding from The Royal Navy and Royal Marines Charity (RNRMC) and Armed Forces Covent Fund (ARCF) we've worked with Home-Start to offer a tri-service programme for parents wishing to access relationship support.

Trustees' Report

4. Achievements and Performance (cont.)

Relate is also piloting our 'Co-Parenting Everyday (CoPE) programme in several other areas and we continue to deliver training to practitioners on recognising the difference between conflict and abuse.

Relate's charity shops.

Relate's charity shops continued to perform strongly during 2022/23 with a net contribution of £213K (2021/22: £193K). In line with the Trustees' decision to expand the charity's retail operations, a Relate shop was opened in Seaford, East Sussex, in November 2022 and this is already performing strongly. We plan to open more shops during 2023/24.

Brand development.

Launched in September 2022, our refreshed brand shows that Relate is for everyone, from every culture community, and corner of England and Wales. Combining passion, pragmatism, and expertise, our refreshed brand better represents our comprehensive system of support. Accessible and flexible, the new brand demonstrates that we're there for every relationship, including couples, family, friends, colleagues, and individuals.

The brand refresh included an overhaul of our physical brand identity, personality, and tone of voice. Since its launch, we've focused on updating our signage, marketing material, inductions, and training to ensure all Relate colleagues live the new brand.

Relate Northamptonshire.

Early in 2022, Relate Northamptonshire formally requested to start a process to merge into the national charity. Following a robust due diligence process, the merger was agreed the transfer was completed in May 2022.

Restructuring of the Operations Team

In July 2023, a formal consultation for a proposed new structure of the Operations Team was launched. The consultation affected 43 management and administration roles. The new structure aims to deliver the following for the national charity:

- improve the client journey in terms of overall quality, responsiveness, consistency, value and maximise the use of bursaries and other funding
- create a highly effective and efficient single unified service delivery operation
- Generate a sense of identity and a high level of pride and commitment in working
- establish management and administrative structures that optimise resources, systems and processes, allowing financial targets to be met
- improve performance management and data collection.

The new Service Delivery Team structure was confirmed at the of the consultation period and has been operating since the beginning of September 2023.

The counselling hours utilisation will continue to be carefully monitored on an ongoing basis and plans are in place to undertake further restructuring if this is deemed to be necessary.

Trustees' Report

5. Financial Review*5.1 Overview*

The Statement of Financial Activities (SOFA) set out on page 27 shows that total income and total expenditure has increased during 2022/23 as compared to the prior year. The overall result was net surplus for the year of £288K (2021/22: £39K).

Delivery of services in the national charity's Regions/Areas delivered a positive financial contribution of £182K in the year (2021/22: £504K), but this was substantially lower than the budgeted contribution of £547K because of lower than anticipated volumes of counselling.

5.2 Donations and legacies

Donations and legacies include funding from a wide range of grant-giving bodies to support areas of development within Relate and for the broader benefit of the Relate Federation.

We continue to use donated resources to help develop new and varied income generating streams with the aim of further diversifying Relate's sources of income. Many of these are long-term initiatives with time delays between resource being expended and a return being realised.

5.3 Financial investments

Relate's investment policy is reviewed annually. The policy enables cash that is not immediately required to be invested with institutions that are members of the Financial Services Compensation Scheme (FSCS). Within this framework, the best interest rates are sought, and performance is regularly reviewed.

The trustees have decided that it's not appropriate to invest in equities at this time.

Investment income fell to £4,788 from £164 in 2021/22.

5.4 Financial reporting

There is a detailed system of preparing business plans and an annual budget, which are reviewed in detail and approved by the Board. The budgeting cycle begins with the discussion of budget 'themes' at the November Board meeting, detailed budget preparation by budget holders during December and January, a 'budget familiarisation meeting' with the Board in February and the presentation of the full budget for approval by the Board at their meeting in March.

Monthly actual results are reported against budget and revised forecasts for the year are prepared regularly. These are provided in the form of a detailed report to the Executive Leadership Team. Summary finance reports with revised full year forecast information are prepared by the Head of Finance and presented to the quarterly Finance Committee and to Board meetings.

5.5 Financial policies and procedures

The role of the Finance Committee includes reviewing the financial policies of the charity. These set out the authority that's delegated to employees and the procedures which should be followed.

Trustees' Report

5. Financial Review (cont.)

5.6 Risks and uncertainties

Relate's risk management policy requires trustees to regularly review and assess the risks facing the charity and proactively manage them. Risks to the organisation are documented in the Corporate Risk Register which is formally reviewed and discussed as a standing item at each Board meeting reflecting the high priority afforded to this issue by the trustees.

Additional consideration of detailed matters relating to risk, including an effective review of mitigating actions/controls and an assessment of risk appetite, takes place at the Audit and Risk Committee with other sub-committees also looking at risk in their specific areas of activity. Furthermore, the management team, in conjunction with other Relate colleagues, regularly review, and provide input to the Corporate Risk Register on an ongoing basis.

Cycle of reviewing and updating Relate's Corporate Risk Register:



New risks can be identified at any stage of the review cycle and regular reviews of individual 'operational risk registers' at departmental and project level also provide the opportunity to identify risks to be considered for inclusion on the Corporate Risk Register.

The Corporate Risk Register reflects the extent to which risks could prevent the achievement of the organisation's goals.

Trustees' Report

5. Financial Review (cont.)

Once a risk has been identified and described, it's allocated to one of the following categories:

- Governance
- Operational
- Services
- Financial
- External
- Compliance

Our risk mitigation plan entails establishing both existing and planned management actions and controls, with deadlines for completion for each risk. The review process includes assessing whether each existing action and control has been completed, and whether each planned action and control has either been completed or can now be considered an existing action and control.

At each stage in the review cycle, scoring in terms of the likelihood of the risk materialising and impact of that risk, both with existing actions and controls and with planned actions and controls, is considered. The score for likelihood is multiplied by the score for impact to give an overall risk score as shown below.

		IMPACT				
		Negligible	Minor	Moderate	Severe	Catastrophic
		1	2	3	4	5
LIKELIHOOD	Rare	1	2	3	4	5
	Unlikely	2	4	6	8	10
	Possible	3	6	9	12	15
	Likely	4	8	12	16	20
	Very likely	5	10	15	20	25

Each risk is then categorised according to its overall score as follows:

	Score of 15 or above, urgent action required
	Score of 8 to 14, action required
	Score of 4 to 7, accept the risk with current planned actions
	Score of less than 4, remove the risk from the risk register

The review cycle also provides the opportunity for risks to be retired once they are no longer considered relevant. The Corporate Risk Register is updated regularly both in terms of the number of risks covered and the level of detail provided about risk mitigation approaches. It's planned to continue this regular review and update.

Trustees' Report

5. Financial Review (cont.)

In addition to the specific risk management mechanism described above, several other key controls help trustees manage the major risks facing the charity:

- formal agenda for Trustee and other meetings.
- detailed terms of reference for all sub-committees.
- comprehensive strategic planning, project management, budgeting, and management accounting.
- established organisational structure and lines of reporting:
 - significant changes to formal written policies and procedures
 - hierarchical authorisation and approval levels (Scheme of Delegation)

The key risks currently identified and included on the Corporate Risk Register are:

Governance	<ul style="list-style-type: none"> • The national charity becomes disengaged from the Relate Federation
Operational	<ul style="list-style-type: none"> • Relate fails to recruit and retain high quality staff • Embedding the relatively new ELT structure may not be successful • Departure of key members of the leadership and management teams • Significant downtime impacts key online services • New Relate shops do not reach their financial potential • Loss of counsellors and / or administration and support staff • Inability to implement the new strategic framework
Services	<ul style="list-style-type: none"> • Relate service offer becomes irrelevant
Financial	<ul style="list-style-type: none"> • Relate is not able to consistently pass the 'going concern' test • Relate's business model is not sustainable • Transactions inappropriately processed because of a lack of segregation of duties • Fraud (internal / external / cyber)
Financial	<ul style="list-style-type: none"> • Relate does not sufficiently understand and take account of the competitive environment • Relate suffers significant reputational damage • Cost of living crisis
Compliance	<ul style="list-style-type: none"> • Failure of compliance in key areas such as GDPR and Health and Safety

Trustees' Report

5. Financial Review (cont.)

5.7 Financial resilience

The Statement of Financial Activities demonstrates that our charitable expenditure exceeded our income from charitable activities. The shortfall this year is £689K (2021/22: £206K shortfall). The contribution from non-charitable income (mainly net assets from the transfer in of Relate Northamptonshire and our charity shops) exceeded this shortfall by £977K, leading to an overall increase in funds.

5.8 Principle funding sources

The charity's principal funding sources are as follows:

- *Relationship counselling and similar services (individuals and couples)* – individual fees are our primary source of income. Private individuals/couples pay for counselling services themselves (albeit in a number of cases the fee is reduced from funds created for this purpose from other sources e.g. donations and philanthropic gifts).
- *Benevolent organisations (national)* – Relate has important contracts with a number of benevolent organisations. This enables individual clients or (more usually) couples to be referred to Relate but, rather than the client(s) themselves funding their counselling, the benevolent organisations pay for it. As the name suggests, these services are available across the full geography of Relate's operations.
- *Contract provision (local)* – these arrangements are similar to national contracts in that a partner organisation is the main funder, but they're confined to specific geographies and are with a particular local partner organisation. Partners include schools, local authorities, and local health bodies (either acting alone or in partnership with each other). We've also secured contracts locally with non-statutory entities such as BBC Children in Need.
- *Gifts and donations* – gifts and donations are received from a wide range of sources including trusts and foundations, philanthropic bodies, local charities, civic bodies and voluntary groups.
- *Retail activities* – the net contribution from Relate's charity shops is an extremely valuable source of unrestricted income and further expansion of Relate's retail activities is planned during 2023/24, with the opening of two or three new shops.
- *Other sales and services* – the most important income line under this category is the provision of training to individuals, entities within the Relate Federation and external organisations. This training comprises initial qualifications in relationship counselling and continuous professional development.

Trustees' Report

5. Financial Review (cont.)

5.9 Reserves

The definition of free reserves follows the guidance given by the Charity Commission. These are funds available to be used in furtherance of the charitable objects which have not yet been spent, committed, or designated.

They therefore exclude restricted funds (where donors impose criteria for their use), fixed assets (which are in current use to support the ongoing work of the charity) and funds designated for specific purposes.

The calculation of easily realisable reserves is shown in note 17 and shows an increase in the year of £34K (2021/22: decrease of £82K).

To date the Board has set a target reserves policy of between 2.5 and 3.5 months of expenditure. This approach would allow Relate in times of financial difficulties to meet major financial commitments and provide a 'breathing space' during which normal activity would continue while consultation with its member organisations is undertaken to ensure service provision continues.

As at 31 March 2023 net funds represented just over 2.5 months of 2022/23 planned expenditure. Easily realised reserves were considerably lower. The trustees recognise that this is an uncomfortable position and they've considered both how more of the net funds might be converted into a more easily realisable form and how the business can rebuild reserves through improved trading performance and other methods.

The charity has undertaken rationalisation and restructuring over several years which has resulted in free reserves falling short of the lower end (2.5 months expenditure) of this range by July 2023 by just under £1,422K. In the long term, the Trustees expect the level of reserves to increase because of planned actions to be implemented by the management team.

The Board recognises that the 'months' expenditure' approach may need to be considered further in light of changes in the structure of the charity and in particular the revised nature of some of the liabilities that might arise in the event of a period of heightened financial risk. In particular, the Board recognises that the existence of longer-term leases and a broader range of delivery contracts creates more potential obligations.

5.10 Designated funds

No designated funds were brought forward from 2021/22 and the Board didn't designate new funds for any purpose in 2022/23.

Trustees' Report

5. Financial Review (cont.)

5.11 Going concern

The Trustees have continued to adopt the going concern basis of preparation in these financial statements. When assessing the going concern status of the charity, the Trustees have taken account of historic and projected financial performance, the ability of the charity to secure profitable revenue contracts and the ability of the business to reduce its cost base, if required, to protect working capital. Furthermore, the charity has not only learnt a great deal in terms of how to maintain operations during a global pandemic, but also it has demonstrated the ability to preserve many of its income streams and quickly adapt to reduce costs. The Trustees have prepared forecasts for the next two financial years which demonstrate that the charity has sufficient cash reserves to enable it to settle its liabilities as they fall due for a period of at least 12 months from the date of the signing these financial statements. The forecasts reflect the new Service Delivery Team structure that has been operating since the beginning of September 2023. The counselling hours utilisation will continue to be carefully monitored on an ongoing basis and plans are in place to undertake further restructuring if this is deemed to be necessary. The Trustees in making this assessment have taken steps to ensure that the charity can react to the uncertainties of the external funding environment. On this basis, the Trustees have adopted the going concern basis of preparation.

6. Auditor

RSM UK Audit LLP has indicated its willingness to continue in office.

7. Statement as to disclosure of information to auditors

The Trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Trustees has confirmed that they have taken all steps they ought to in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

8. Statement of Trustees' responsibilities

The Trustees (who are also directors of Relate for the purposes of company law and are the members of the Board) are responsible for preparing the Trustees' Report, incorporating the Strategic Report, and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and 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:

Trustees' Report

8. Statement of Trustees' responsibilities (cont.)

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP (Statements of Recommended Practice).
- Make judgments 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.
- 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. Indemnity insurance on behalf of the Trustees was paid by the Charitable Company.

9. Employee consultation and disabled employees

Relate (the national charity) holds "all colleague" meetings on a regular basis, not only to disseminate information of particular concern to employees of the national charity (including financial and economic factors affecting the performance of the national charity), but also to provide the opportunity for employees to ask questions and share their views in relation to issues that are important to them. The Chief Executive and the other members of the ELT adopt an "open door" approach by encouraging employees to raise any concerns they have at any time.

The charity will employ disabled persons when they appear to be suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise. During employment the charity seeks to work with employees, taking into account their personal circumstances, to ensure appropriate training, development and advancement opportunities are available to enable them to reach their full potential.



Simon Wilson
Chair
Relate

76 St Giles Street
Northampton
NN1 1JW

27 October 2023

Independent Auditors' Report to the Members of Relate

Opinion

We have audited the financial statements of Relate (the 'charitable company') for the year ended 31 March 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including 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 31 March 2023 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Trustees Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Trustees Report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Independent Auditors' Report to the Members of Relate

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' 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.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on pages 22-23, 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

Independent Auditors' Report to the Members of Relate

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the charitable company operates in and how the charitable company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011 and the charitable company's governing document. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report and remaining alert to new or unusual transactions which may not be in accordance with the governing documents.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to safeguarding and GDPR. We performed audit procedures to inquire of management and those charged with governance whether the charitable company is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions, recognition date and transactions entered into outside the normal course of business, challenging judgments, estimates and timing applied to the recognition of income streams.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Anna Spencer-Gray

Anna Spencer-Gray (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
10th Floor
103 Colmore Row
Birmingham
West Midlands
B3 3AG

Date 31 October 2023

Statement of Financial Activities (including Income and Expenditure for the year ended 31st March 2023)

				2023	2022
		Unrestricted	Restricted	Total	Total
	Notes	funds	funds	funds	funds
		£'000	£'000	£'000	£'000
Income from:					
Donations and legacies		63	-	63	52
Federation Centre transferred in		693	3	696	-
Total income from donations and legacies	3	756	3	759	52
Charitable activities					
Government contracts		338	-	338	954
Other Contract income		4,768	151	4,919	4,890
Membership fees		396	-	396	398
Covid-19 Support Grants		-	-	-	38
Training income		257	-	257	196
Other income	4	82	-	82	106
Total income from charitable activities		5,841	151	5,992	6,582
Other trading activities - charity shop income		827	-	827	647
Investments	4	5	-	5	-
Total income		7,429	154	7,583	7,281
		=====	=====	=====	=====
Expenditure on:					
Charitable activities					
Service delivery		4,457	294	4,751	5,008
Membership support		384	-	384	381
Other support costs	5	1,331	-	1,331	1,175
Training		215	-	215	224
Total expenditure on charitable activities	6	6,387	294	6,681	6,788
Other trading activities - charity shop costs		614	-	614	454
Total expenditure		7,001	294	7,295	7,242
Net income/(expenditure) for the year	7	428	(140)	288	39
Reconciliation of funds					
Total funds brought forward at 1 April 2022		1,063	216	1,279	1,240
Total funds carried forward at 31 March 2023		1,491	76	1,567	1,279
		=====	=====	=====	=====

The Statement of Financial Activities includes all gains and losses recognised in the year. All income and expenditure is derived from continuing activities.

Balance Sheet as at 31st March 2023

Company Number: 394221

	Note	2023		2022	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	11		1,124		762
Intangible assets	12		47		40
			<hr/>		<hr/>
Total fixed assets			1,171		802
Current assets					
Debtors	13	582		664	
Cash at bank and in hand		804		885	
		<hr/>		<hr/>	
		1,386		1,549	
Creditors					
Amounts falling due within one year	14	(990)		(1,072)	
		<hr/>		<hr/>	
Net current assets			396		477
			<hr/>		<hr/>
Total assets less current liabilities			1,567		1,279
			=====		=====
Capital and reserves					
General fund		1,491		1,063	
Restricted funds	15	76		216	
		<hr/>		<hr/>	
Total funds			1,567		1,279
			=====		=====

The notes on pages 30 to 44 form part of these financial statements.

The financial statements were approved by Board and authorised for issue on 27 October 2023 and are signed on its behalf by:



Simon Wilson
Chair
Relate

Statement of Cash Flows

	Note	2023 £'000	2022 £'000
Cash flows from operating activities:			
Net cash used in operating activities	20a	(350)	(454)
Cash flows from investing activities:			
Interest income		5	-
Sale of fixed assets		330	-
Purchase of tangible fixed assets		(34)	(158)
Purchase of intangible fixed assets		(36)	-
Net Cash transferred on transfer of centre to Charity		4	-
Cash provided by / (used in) investing activities		269	(158)
Changes in cash and cash equivalents in the year		(81)	(612)
Total cash and cash equivalents at the beginning of the year		885	1,497
Total cash and cash equivalents at the end of the year	20b	804	885
		=====	=====

Notes to the Financial Statements

1. Company status

The Company has no share capital and is a charitable company limited by guarantee and is registered at the Charity Commission in England and Wales. Under the Memorandum of Association of the Company the liability of individual members is restricted to a maximum of £5. The address of the charity's registered office and principal place of business is 76 St Giles Street, Northampton, NN1 1JW. The nature of the charity's operations is set out in the Trustees' Report.

2. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP (FRS 102)), and the Companies Act 2006.

Relate meets the definition of a public benefit entity under FRS 102.

The financial statements are presented in sterling which is also the functional currency of the charity. Monetary amounts in the financial statements are rounded to the nearest £1,000 except where otherwise indicated.

b) Preparation of the accounts on a going concern basis

The Trustees have continued to adopt the going concern basis of preparation in these financial statements. When assessing the going concern status of the charity, the Trustees have taken account of historic and projected financial performance, the ability of the charity to secure profitable revenue contracts and the ability of the business to reduce its cost base, if required, to protect working capital. Furthermore, the charity has not only learnt a great deal in terms of how to maintain operations during a global pandemic, but also it has demonstrated the ability to preserve many of its income streams and quickly adapt to reduce costs. The Trustees have prepared forecasts for the next two financial years which demonstrate that the charity has sufficient cash reserves to enable it to settle its liabilities as they fall due for a period of at least 12 months from the date of the signing these financial statements. The forecasts reflect the new Service Delivery Team structure that has been operating since the beginning of September 2023. The counselling hours utilisation will continue to be carefully monitored on an ongoing basis and plans are in place to undertake further restructuring if this is deemed to be necessary. The Trustees in making this assessment have taken steps to ensure that the charity can react to the uncertainties of the external funding environment. On this basis, the Trustees have adopted the going concern basis of preparation.

Notes to the Financial Statements

c) Tangible fixed assets and depreciation

Tangible fixed assets are initially recorded at cost and subsequently measured at cost less depreciation and any impairment loss. It is the policy of the charity to capitalise expenditure on individual items of furniture, fittings and equipment costing in excess of £1,000.

Depreciation is provided on all tangible fixed assets, except freehold land, at rates calculated to write off the cost of tangible fixed assets by equal annual instalments over their estimated useful lives as follows:

Freehold buildings	-	Over 50 years
Short leasehold improvements	-	Over the period of the lease
Furniture & fittings	-	Over 3 years

Impairment reviews are carried out when there are indications that recoverable amounts of fixed assets are below their carrying value.

d) Intangible fixed assets and depreciation

Intangible fixed assets are initially recorded at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses. It is the policy of the charity to capitalise expenditure on intangible assets costing in excess of £1,000. Amortisation is calculated so as to write off the cost of intangible fixed assets by equal annual instalments over their estimated useful lives.

Software and systems development – over 3 years.

Impairment reviews are carried out when there are indications that recoverable amounts of fixed assets are below their carrying value.

e) Leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

f) Pension costs

Relate has defined contribution pension schemes in place for employees, including one in the form of an independently administered Growth Plan, which is externally funded and not contracted-out of the State scheme. The scheme is a multi-employer scheme and Relate is unable to identify its share of the underlying assets and liabilities on a consistent and reliable basis. Under the provision of FRS 102, all schemes are treated as defined contribution schemes and contributions are recognised as they fall due in the year.

Notes to the Financial Statements

g) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

The specific bases used are as follows:

- Donations and legacies include donations, legacies, and grants receivable.
- Legacies are recognised as income where there is probability of entitlement to receipt of funds.
- Investment income is accounted for on a receivable basis.
- Charitable activity income is accounted for when earned. Activity income received in advance is deferred until entitlement to the income has arisen.
- Grants are recognised when the entitlement to the grant is confirmed. Grants that provide core funding or are of a general nature provided by the Government and charitable foundations are recorded as donations and legacies.
- Within charitable activity income, membership fees and subscriptions are allocated to activity revenue categories on a basis consistent with the use of resources.

h) Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to the expenditure. Expenditure is recognised in the period in which it is incurred on the following basis:

- Charitable expenditure comprises direct expenditure attributable to the charity's activities. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with the use of resources.
- Support costs include the charity's central functions and have been allocated to activity cost categories on a basis consistent with the total unrestricted costs for each charitable activity as a percentage of the charity's total direct costs to reflect the consumption of costs incurred in the furtherance of each of the charitable activities.

i) Funds

Relate has designated funds which are unrestricted funds set aside for specific purposes and which would otherwise form part of Relate's general funds.

Other unrestricted funds are available for Relate to carry out any of its charitable activities.

Restricted funds are funds that have restrictions imposed by donors and can only be applied for the specific purposes identified by the donor.

Notes to the Financial Statements

j) Taxation

Relate is a registered charity and is thus exempt from tax on income and capital gains falling within section 505 of the Income and Corporation Taxes Act 1988 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable activities.

In the opinion of the trustees, no tax charge has arisen in either period.

k) Financial assets and liabilities

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than its legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs) unless the arrangement constitutes financing. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

l) Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled, or expires.

m) Short term employment benefits

Short term employment benefits, such as salaries and compensated absences (holiday pay) are recognised in the year in which employees render services to the charity. The cost of any unused holiday entitlement the charity expects to pay in future periods is recognised in the period in which employees' services are rendered.

n) Critical accounting estimates and judgements

Estimates and judgements are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. There are no critical accounting estimates and areas of judgement to note.

Notes to the Financial Statements

3. Donations and legacies

			2023	2022
	Unrestricted funds	Restricted funds	Total funds	Total funds
	£'000	£'000	£'000	£'000
Donations and gifts				
Oxford Community Foundation	15	-	15	15
Gift Aid on Charity Shop Donations	25	-	25	-
Mrs E Unsworth	-	-	-	7
Others	23	-	23	30
Net Assets of Federated Centre transferred in	693	3	696	-
	<u>756</u>	<u>3</u>	<u>759</u>	<u>52</u>
	=====	=====	=====	=====

4. Other income

Other charitable income comprises recharges to the Federation, rental income, licence fees and royalties, sales of books and materials and miscellaneous income from writing and consultancy advice.

5. Other support costs

Support costs are an apportionment, based on the total unrestricted costs for each charitable activity as a percentage of the charitable company's total direct costs to fairly reflect the consumption of costs incurred in the furtherance of each of the charitable activities, of the following expenses:

	2023	2022
	£'000	£'000
Chief Executive's office	175	125
Policy, research, media & communications	69	72
Corporate Resources	1,087	978
	<u>1,331</u>	<u>1,175</u>
	=====	=====

Notes to the Financial Statements

6. Expenditure on charitable activities

Staff costs include all payroll costs. Direct costs include those costs associated with providing the activity, for example external consultancy and contractor fees, as well as a fair share of support costs.

					2023	2022
	Service delivery	Membership support	Other support	Training	Total funds	Total funds
	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs	3,333	248	668	97	4,346	4,127
Direct costs	1,418	136	663	118	2,335	2,661
	<u>4,751</u>	<u>384</u>	<u>1,331</u>	<u>215</u>	<u>6,681</u>	<u>6,788</u>
	=====	=====	=====	=====	=====	=====

7. Net income/(expenditure) for the year

The following amounts are charged in / (credited) to the Statement of Financial Activities:

	2023	2022
	£'000	£'000
Operating lease rentals:		
- Land and buildings	318	415
- Plant and machinery	3	2
Depreciation	94	72
Profit on disposal of fixed assets	(45)	-
Amortisation	29	36
Auditors' remuneration for statutory audit	35	30
	=====	=====

Notes to the Financial Statements

8. Employee information

The average headcount and average number of full-time equivalent employees was as follows:

	Average headcount		Full time equivalent	
	2023 Number	2022 Number	2023 Number	2022 Number
Service delivery	251	252	105	97
Training	2	7	2	4
Support staff	16	33	14	26
Retail Staff	26	23	16	13
Membership support and governance	8	7	6	7
	303	322	143	147
	=====	=====	=====	=====

The staff costs were as follows:

	2023 £'000	2022 £'000
Salaries	4,248	4,011
Social security costs	310	284
Pension costs	111	117
Redundancy costs	-	3
Agency costs	58	10
Other staffing costs including apprenticeship levy	6	6
	4,733	4,431
	=====	=====

Redundancy costs of nil (2021/22: £2,625) were paid to staff who were made redundant as a result of a restructuring process which took place during the year.

The analysis of payroll costs (including redundancy compensation) is as follows:

	2023 £'000	2022 £'000
Service delivery	3,333	2,782
Membership support	248	281
Training costs	97	143
Retail costs	387	282
Support staff	668	943
	4,733	4,431
	=====	=====

Notes to the Financial Statements

8. Employee information (cont.)

The number of employees whose total emoluments excluding employer pension costs exceeded £60,000 was as follows:

	2023 Number	2022 Number
£60,001 - £70,000	-	1
£120,001 - £130,000	1	1
	====	====

Total emoluments are comprised of gross salaries and Health Plan contributions. Pension contributions of £11,000 (2022: £15,181) were paid on behalf of one (2022: two) of these employees.

9. Key management personnel remuneration

The key management personnel of the charity are those having authority and responsibility delegated to them by the Trustees, for planning, directing and controlling the activities of the charity. The total employee benefits and consultancy costs of the key management personnel, including employers' national insurance contributions and employers' contributions to the pension scheme, were £207,157 (2022: £248,188).

10. Amounts payable to Trustees

No expenses for travel and subsistence were reimbursed during the year (2022: £nil). None of the Trustees nor any person connected to them received any remuneration from the Charitable Company during the current or previous year. There were no amounts received by Trustees for other services in the year (2022: £nil).

Notes to the Financial Statements

11. Tangible fixed assets

	Freehold land and buildings £'000	Short leasehold improvement £'000	Furniture and fittings £'000	Total £'000
Cost				
At 1 April 2022	600	147	366	1,113
Additions	-	33	1	34
Transfers in from joining centre	700	-	7	707
Disposal	(300)	-	-	(300)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2023	1,000	180	374	1,554
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 2022	27	88	236	351
Charge for the year	16	16	62	94
Disposal	(15)	-	-	(15)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2023	28	104	298	430
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2023	972	76	76	1,124
	=====	=====	=====	=====
At 31 March 2022	573	59	130	762
	=====	=====	=====	=====

Included in freehold land and buildings above is freehold land but the value of this cannot be separately quantified.

Notes to the Financial Statements

12. Intangible fixed assets

	Software £'000
Cost	
At 1 April 2022	136
Additions in the year	<u>36</u>
At 31 March 2023	<u>172</u>
Amortisation	
At 1 April 2022	96
Charge for the year	29
At 31 March 2023	<u>125</u>
Net book value	
At 31 March 2023	47
	===
At 31 March 2022	40
	===

Amortisation included in Service Delivery Costs in the Statement of Financial Activities.

13. Debtors

Amounts falling due within one year:

	2023 £'000	2022 £'000
Trade debtors		
- Relate federated centres	15	16
- Other trade debtors	364	386
Other debtors	17	19
Prepayments and accrued income	186	243
	<u>582</u>	<u>664</u>
	=====	=====

Notes to the Financial Statements

14. Creditors

Amounts falling due within one year:

	2023 £'000	2022 £'000
Trade creditors	151	224
Short term compensated absence (holiday pay)	36	46
Other taxation and social security	71	74
Accruals and deferred income	732	728
	<u>990</u>	<u>1,072</u>
	=====	=====

Analysis of deferred income:

	2023 £'000
Deferred income at 1 April 2022	618
Amounts released from previous years	(618)
Resources deferred in the period	613
	<u>613</u>
	=====

At the reporting date, the charity was holding funds received in advance for projects with performance conditions attached which had not been met.

15. Restricted funds

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets this criterion is identified to the fund, together with a fair allocation of overheads and support costs. The movements on the restricted funds were as follows:

	At 1 April 2022 £,000	Income £,000	Expenditure £,000	Transfers £,000	At 31 March 2023 £,000
Philip King	5	-	-	-	5
John Ridley	16	-	-	-	16
The Legal Education Fund	34	-	(23)	-	11
National Lottery Community Fund	119	110	(229)	-	-
Others (less than £10,000)	42	44	(42)	-	44
	<u>216</u>	<u>154</u>	<u>(294)</u>	<u>-</u>	<u>76</u>

Notes to the Financial Statements

15. Restricted funds (cont.)

The charity has continued to apply funds originally awarded in previous financial years on multi-year projects, with some activities paused due to exceptional circumstances in 2022/23, and as the table shows for some projects sums will continue to be applied from 2023/24.

Relate is grateful to the providers of restricted funding as well as those entities that have provided unrestricted grants and donations (see note 3 above) to the national charity and in the Relate Areas.

16. Financial commitments

The total future minimum payments in respect of operating leases are shown below:

	Land and buildings	
	2023	2022
	£'000	£'000
Expiry date:		
Within one year	263	329
Between two and five years	534	516
Greater than five years	165	189
	962	1,034
	=====	=====

17. Easily realisable reserves

The easily realisable reserves are calculated as follows:

	2023	2022
	£'000	£'000
Total funds	1,567	1,279
Less restricted funds	(76)	(216)
Less unrestricted fixed assets	(1,156)	(762)
Easily realisable reserves	335	301
	=====	=====

Notes to the Financial Statements

18. Analysis of assets and liabilities between funds

	Fixed Assets	Net current assets	Total
	£'000	£'000	£'000
Unrestricted funds	1,156	335	1,491
Restricted funds	15	61	76
	<u>1,171</u>	<u>396</u>	<u>1,567</u>
	=====	=====	=====

19. Pensions

Relate participates in a number of pension schemes.

The main scheme is The Pensions Trust's Growth Plan 4 ("the Plan"). This plan is the one of which employees of the core legacy business were members and the one into which all new joiners have been enrolled since 1 April 2019.

The remaining migrating centres had pension arrangements with NEST, NOW and The Pensions Trust. In all cases these arrangements were defined contribution schemes.

In the medium term, Relate would prefer to consolidate its pension arrangements with a single provider but as noted above, changing pension arrangements will require discussions with employees and may result in financial adjustments and charges. Work continues to assess the ease and desirability of undertaking this consolidation process and any associated financial impacts. There is little prospect of these changes taking place in the near future and so the Trustees consider any financial impact to represent a remote contingent liability.

The total charge to the Statement of Financial Activities for the year in respect of employer's contributions to all these schemes was £110,764 (2022: £116,605). Contributions totalling £19,270 (2022: £1,075) were payable to the funds at the year end and are included in creditors.

Details of Schemes

Pensions Trust Growth Plan 4 ("the Plan")

The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan.

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 Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS102 represents the employer contributions payable.

Notes to the Financial Statements

19. Pensions (cont.)

Relate paid contributions at two rates of 10% and 3% of pensionable salaries during the year (2022: 10% and 3%). The lower rate is applicable to the auto-enrolment plan. Members paid contributions at the rate of 2%, 5%, 7% or 10% (2022: 2%, 5%, 7% or 10%) during the accounting period.

The trustees of the Pensions Trust's Growth Plan commission an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date.

Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The Plan was valued as at 30 September 2020 by a professionally qualified actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £799 million and the Plan's Technical Provisions (i.e. past service liabilities) were £832 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £33 million, equivalent to a funding level of 96%.

Currently Relate is not required to contribute additional payments to support the Plan in making good the overall deficit. This is primarily because Relate moved its contributions from The Plan's Growth Series 3 to Growth Series 4 in 2011. However, were Relate to withdraw from the Plan altogether, the Plan's advisers have estimated that Relate would be liable for an additional payment of £23,170 (2022: £34,988) to cover shortfalls generated during the period it participated in the Plan's Growth Series 3. The Trustees consider this to be a remote contingent liability as Relate has no plans to withdraw from the Plan at this stage.

Further details can be found at the Plan's web-site: <http://www.thepensiontrust.org.uk>

Other Pension Schemes

As noted above, the charity operates a number of defined contribution pension schemes, in addition to The Plan, for qualifying employees in the United Kingdom. The assets of such schemes are held separately from those of the charity in independently administered funds. The contributions payable by the charity charged to the Statement of Financial Activities amounted to £6,779 (2022: £15,080). Contributions totalling £548 (2022: £1,075) were payable to the schemes at the year end and are included in creditors.

Notes to the Financial Statements

20. Net Cash provided by operating activities

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

	2023	2022
	£'000	£'000
Net income for the year per the SOFA	288	39
Adjustments for:		
Depreciation and amortisation	123	108
Profit on disposal of fixed assets	(45)	-
Interest Received	(5)	-
Decrease / (Increase) in debtors	88	(184)
(Decrease) in creditors	(103)	(417)
Net gain of transfer in of centre	(696)	-
Net cash (used) in operating activities	<u>(350)</u>	<u>(454)</u>
	=====	=====

b) Analysis of cash and cash equivalents

	At 1 April	Cash	At 31 March
	2022	flows	2023
	£'000	£'000	£'000
Cash at bank and in hand	885	(81)	804
	=====	=====	=====

21. Post Balance Sheet Events

In July 2023, a formal consultation for a proposed new structure of the Operations Team was launched. The consultation affected 43 management and administration roles. The new structure aims to deliver the following for the national charity:

- improve the client journey in terms of overall quality, responsiveness, consistency, value and maximise the use of bursaries and other funding
- create a highly effective and efficient single unified service delivery operation
- Generate a sense of identity and a high level of pride and commitment in working
- establish management and administrative structures that optimise resources, systems and processes, allowing financial targets to be met
- improve performance management and data collection.

The new Service Delivery Team structure was confirmed at the of the consultation period and has been operating since the beginning of September 2023.

The counselling hours utilisation will continue to be carefully monitored on an ongoing basis and plans are in place to undertake further restructuring if this is deemed to be necessary.

Relate

We're the largest provider of relationship support in England and Wales and we help millions of people every year to strengthen the relationships that mean the most to them.

76 St Giles Street,
Northampton NN1 1JW

E: enquiries@relate.org.uk

Relate. A company limited by guarantee.
Registered in England 394221. Registered Charity No. 207314.

Registered Office: 76 St Giles Street, Northampton NN1 1JW.
VAT registration 272 7950 31.