

Company no. 2433492
Charity no. 1088588

Law Centres Federation

Report and Financial Statements

31 March 2019

Law Centres Federation

Reference and Administrative Details for the year ended 31 March 2019

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 2018 to 9 November 2018:

Chair: Ruth Hayes
Vice Chair: Sean Canning
Vice Chair: Sally Causer
Treasurer: Nick Whittingham
Secretary: Elayne Hill

Committee Members: Sharon Challands
Sue James
Muhammad Khan
Martha Osamor
Ian Rajaratnam
Michelle Rigby
Helen Rogers
Pamela Robotham
David Slater
Sarah Scott
Maureen Vincent

From 9 November 2018 to 31 March 2019:

Chair: Helen Rogers
Vice Chair: Sean Canning
Vice Chair: Sally Causer
Treasurer: Nick Whittingham
Secretary: Elayne Hill

Committee Members: Caroline Bottoms
Sharon Challands
Sue James
Muhammad Khan
Shyam Popat
Michelle Rigby
Pamela Robotham
Sarah Scott
David Slater

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On 31st March 2019 there were 2 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 2019 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

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 2019

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 2019. 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 a Memorandum and Articles of Association created in 1978 and last updated at the 2016 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.

The charity purchased insurance costing £523.05 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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Report of the Executive Committee for the year ended 31 March 2019

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.

The Executive Committee has reviewed the strategic plan and ensured strategies have been put in place to monitor and mitigate these risks.

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

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least 2 lawyers and having an independent management committee drawn from the community it serves.

On 31 March 2019 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.

The Executive Committee secured resources to employ a Director with 4 full-time and 4 part-time staff to implement the organisation's strategic objectives in 2018-2019 which 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 who 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 2018 - 2019

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 and extends best practice across the network.
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 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.
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

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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 publicly reports 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.

Throughout 2018-2019, LCN considered all its activities were for the benefit of the public and were guided by our strategic plan.

Impact 2018-2019

In October 2018 LCN commissioned Social Finance to undertake a strategic review of the organisation and to make recommendations. Social Finance surveyed members and external stakeholders and conducted a number of in-depth interviews. Their findings, summarised below, evidence LCN's impact:

LCN is a **small but impactful organisation**, providing real value to its member Law Centres, who effect real change for the most vulnerable in society every day. In our conversations with members and stakeholders it was clear how important people find LCN's work to be and how essential it is to the legal advice landscape.

We have reviewed LCN's current activities and found it to be a **well-run organisation** that is serving its member needs. The work done by LCN staff is impressive, especially given their number.

We found members are generally happy with the support they receive from LCN and supportive of the organisation and recognised the strength of the leadership of its team.

Trainings are an instrumental offering for LCN.

The assistance by LCN on topics such as Legal Aid Agency (LAA) tender and contracts was seen as very useful

Support offerings point to the importance of LCN as a central resource, that Law Centres feel they can turn to for advice and guidance.

Advocacy and Communications is a major component of LCN's activity on behalf of Law Centres is engagement with political institutions. Respondents saw the advocacy and policy engagement that LCN undertakes as very important

It points to the fact that Law Centres are often one of the first organisations to see the ramifications of policy changes. LCN is therefore well placed to communicate these reflections through advocacy and policy engagement on behalf of Law Centres, and is also one of the few umbrella organisations with a dedicated advocacy resource. This makes it a unique offering in the advice landscape, as one of the few umbrella organisations that are able to aggregate the experience of delivery organisations into one policy agenda that seeks to make access to justice more equal.

Community - Convening the community of law centres is a core function of LCN, and contributes to LCN's objective to maintain a national organisation that promotes member collaboration. There was a strong sense that LCN members valued being able to connect with other colleagues across the network for specific advice and collaboration.

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Membership - 100% of respondents said that their LCN subscription fee is **good value for money**, which is a strong indication that LCN is providing value for members, and playing a crucial role.

2018/2019 Strategic Plan - Impact

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 Learning and effectively sharing best practice

- 11 training workshops were carried out over the year with 94 attendees from 29 Law Centres. Subjects ranged from training on new regulations, supporting migrant workers, supervision, how to get the most out of specific legal aid contracts.
- The feedback following has been overwhelmingly positive, with the majority of attendees saying that the trainers were excellent or very good (90%), and the knowledge gained greatly help them in their work.
- Roundtable on "Making Sense of Social Justice Lawyering" was organised and co-hosted with the UCL Centre for Access to Justice, with keynote presentations from Professor Simon Rice (University of Sydney) and Jaquie Kinghan (UCL). The event was oversubscribed and attended by law students, lawyers and representatives from across the advice sector.
- **8 regional and special interest group meetings** took place with 85 attendees from 32 Law Centres
- Increased online activity and discussion among special interest groups which include housing, immigration, discrimination, administration and finance workers, managers, Junior network and Brexit related work
- Feedback from meetings includes effectiveness of special interest groups to discuss casework issues, to support each other, to share resources and with all groups requesting 2 face-to-face meetings per year going forward.
- Most Law Centres have struggled with recruitment issues and lack of suitable applicants over the year. LCN has supported this by redrafting job descriptions, distributing job adverts to wider audiences and repeatedly highlighted this as a grave concern to MOJ and LAA.
- **43 bulletins** were distributed throughout year

1.2 Legal Aid contracts

- The 2018 tendering process was difficult as requirements changed throughout the process and there were several tenders for the same contract. This was both confusing and stressful for many Law Centre Directors.
- Training was provided prior to the tender. Support was provided with the process, negotiating with LAA and providing direct assistance to Law Centres to finalise contracts.
- Law Centres were successful in obtaining new contracts in Housing, Community Care, Public Law, Mental Health, Immigration and Family Law.
- The challenge remains recruiting supervising solicitors. LCN will focus on assisting with recruitment and the development of supervisors in the coming year.
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1.3 Law Centre Governance

- The Governance Project has been developed to train trustees and chairs on their duties.
- Our Chair Survey was sent out early in the year and the project plan was formed based on the answers received. The LCN Governance Manual was updated to comply with the updated Charity Commission's Charity Governance Code and adapted to the needs of Law Centres.
- A donation of £10000 ensured we could work with Foundation for Social Improvement to create a tailored training programme of two face-to-face training sessions as well as a series of webinars on various topics that boards could peruse at their leisure. We will also be providing training on Legal Aid and its importance to Law Centres.
- The training part of the project will be carried out summer/autumn 2019.

1.4 Income Generation and Fundraising

- **Fundraising:** 10 applications submitted, 6 were successful. Total raised £1,563,000
- **Income Generation schemes:** LCN has reviewed Law Centres and other advice agencies in London that offer or have offered a client fee-charging service. A report has been produced that analyses the findings, highlights strengths and weaknesses of the different schemes, and has a series of recommendations for developing this area of work. The next phase will include a round table event to develop new ideas that have been identified in the research Phase. A pricing Tool has been developed and training will be provided on how to use it. All learning and resources will be made publicly available.
- **Group Purchase Schemes:** 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. It was renegotiated for another 3 years in 2018. We also took out a national subscription to RightsNet on behalf of all Law Centres at the beginning of 2019.

1.5 Implement our 2020 Digital Vision

IT Upgrade

- Implemented the second phase of programme to upgrade the hardware and software of Law Centres to increase efficiency, reliability and migrate them to the cloud. Centralise IT support and provide training on new systems
- For Phase 2, including shared mailboxes we have upgraded 135 users, all hardware for 4 centres and migrated them to the cloud
- Disaster recovery strategy has been put in place
- Centres have been brought under the LCN national IT support contracts
- Training system has been put in place for onboarding centres and centres have the option for further training.
- Overall in the upgrade, the estimated time saved of 15 minutes per user per day thanks to faster computers, removal of servers, and accessibility of information from any internet enabled location. 15 minutes x 135 users (in this phase) is 33.75 hours per month or the equivalent of one whole full time staff across these centres in productivity saved.
- Reviewing for IT support contract and performance.

5 Year Digital Strategy

- Created a coherent 5-year digital strategy together with a data scientist and Centres that we have a road map for digital development and can incorporate into LCN's strategic plan.

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SMS Tool

- Created a tool that admin staff and lawyers can use to communicate with clients, improve usage of lawyer-time, improve client journey and help manage service demand.
- Tool was developed as part of the Fuse digital accelerator programme working with CAST to improve communication with clients (appointment confirmation & reminder, list of documents, update on cases, signposting, etc)
- Following the successful launch of the pilot in May 2018, we worked on improving the functionality and adding new features to the tool
- In December version 2 of the tool was rolled to the 5 LCs in the pilot.
- Since the **SMS** pilot was launched:
 - 1,610 clients have been set up (and sent at least one text)
 - 3,850 texts have been sent to clients
 - 713 texts have been received from clients
- Tool has reduced wastage of lawyer time, reduced number of missed appointments, enabled more efficient use of lawyer and admin time, clients are more likely to bring essential documents to appointment
- USD 75,000 has been secured to further develop the tool from Twilio Foundation
- Overwhelmingly positive feedback from the centres and clients actively using the tool

CMS – Client Management System

- After reviewing many CMSEs, testing three and working with 2 software suppliers to negotiate affordable pricing, Advice Pro was recommended as the most appropriate package for Law Centres.
- 15 centres are now using Advice Pro with and another 5 preparing to migrate.
- We have established a working group of 45 people working in Law Centres to share experiences, learnings and data, and to identify enhancements and customisation required for Law Centre users.

Future digital projects

- Phase 3 of Upgrade will commence in July 2019
- Funding has been secured for further digital developments over the coming 3 years.

Strategic Goal 2

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

2.1 Equality and Human Rights

- *Equal Treatment Bench Book*, workshop presented by John Horan. Attended by a mix of Law Centre practitioners, Equality charities and law firms. The lecture will be followed by a half day workshop in summer 2019.

BARINGS - Supporting Migrant Workers: Human Rights Based Approaches

- The project involved the delivery of three training sessions in London, Birmingham and Newcastle. The training sessions were attended by 42 people in total, comprising of a mix of solicitors, support workers and service managers. Half of the attendees came from Law Centres. The sessions enabled dialogue between non-advice organisations and Law Centres on referrals and criteria for identifying a case that may benefit from specialist advice, thus fulfilling both aims in one session.
- Another project output was a well-received, comprehensive manual for practitioners, entitled "Supporting Migrant Workers: Human Rights Based Approaches", written by 36

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Group Barrister Ben Amunwa. The manual is available from LCN's website, together with videos containing information from the manual.

- Feedback revealed an increase of 24% in participants' knowledge of human rights based approaches; 25% increase in attendee ability to use human rights in their work following training; and a 23% increase in confidence to use human rights based approaches. Interestingly, the confidence of delegates' own organisations' ability to support migrant seeking advice decreased by 7% after the training compared to before the session. This suggests that some attendees became more aware of the complexity of work that assisting migrant workers involves, which is valuable learning for an organisation.

2.2 Brexit, EU Nationals and challenging the Hostile Environment

EU Citizens' Rights Project: Contracted by the European Commission to provide lawyers to deliver EU Citizens' Rights information sessions organised by local community organisations across the UK (England, Wales, Scotland and Northern Ireland) from June 2018 to March 2019.

- 111 information sessions delivered
- 18 lawyers involved, 12 from 8 Law Centres. Worked with other organisations (eg JustRight Scotland) and freelance lawyers to cover all areas in the UK
- Estimated 4,500 attendees plus a few thousand livestream views of some of the sessions
- A few of the sessions targeted vulnerable citizens: agricultural workers, victims of modern slavery, elderly, citizens with learning disabilities, over 500 Roma attended
- Events organised by 66 community organisations or EU citizens' movements (eg the3million)
- 92% of attendees who gave feedback agreed to the sessions being useful to them
- 90% of attendees who gave feedback agreed to feeling better informed and more confident after the session
- Developed a web-based system to initially manage bookings, it now continues to be used to post information and details of support organisations (www.eurights.uk)
- Added over 150 new organisations to our database

EULAMP: The project is funded by the European Commission. There are 5 partners in the project (LCN, 2 Law Centres, 2 other agencies) which aims to assist Latin Americans living in the UK with EU citizenship assert their rights and access services to which they are entitled.

- Between February 2018 and February 2019 (the project's first year), project partners met 379 clients for individual advice sessions and held 3 workshops with EU-Latin Americans about EU citizen's rights and Brexit. A voter registration campaign encouraged people to vote in the local elections in May 2018, reaching over 150 Latin Americans with EU passports.

PRE-Brexit: PRE-Brexit is a project funded by Trust for London, aimed at assisting EEA nationals and their family members living in London navigate their way through Brexit. The project particularly focuses on providing legal advice and rights information to vulnerable European migrant groups, and on capacity building to professionals working with them.

- Between February 2018 and February 2019 (the project's first year), 347 EU citizens were given individual advice and 611 attended awareness raising sessions relating to immigration, but also rights to reside in relation to benefits and housing.

2.3 GDPR.

- We successfully carried out the final parts of GDPR training for our centres as well as releasing template documents for them to use to ensure their compliance. We continue to advise centres on this.

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2.4 National Conference/AGM:

- Held in Newcastle on 8 & 9 November 2018
- 108 attendees from 27 Law Centres represented with 3 speakers from US & Canada. 100% of attendees who responded to survey were very satisfied with the conference overall and rated the speakers as good.

2.5 Regulation and national PII scheme

- The National PII scheme will ensure that all Law Centres are appropriately covered for the work that they do, by insurers who understand Law Centres.
- With changes to SRA regulation and guidance, special bodies are no longer bound to have equivalent PII as regulated firms. This meant that we were able to re-approach AdviceUK to discuss creating a block policy for all Law Centres under the name of LCN. Work has progressed and a third of our members are now signed up under a price-match offer, the block policy is set to commence in April 2020 when all members will be covered by AdviceUK insurance.
- LCN plans to set up a Risk Management Group which will be informed of all claims and be able to take appropriate action to help minimise future risk based on analysis of claims history.
- The Risk Management Group will be able to look at trends of issues that occur, suggest training or changes to ways of working. This should lead to ensuring best practice across the network, improve client relations and increased quality control by LCN.
- LCN attended several meetings with SRA and other parties from sector as well as ongoing discussions with SRA about special bodies difficulties with previous SRA guidance and rules. Culminated in changes to guidance on PII and bank accounts. It was agreed that comprehensive guidance will be drafted to inform Special Bodies of the effects of the changes.

2.6 Extend Network, new members

- There were 2 new members in 2018 with SpeakEasy set to join in April 2019 as SpeakEasy South Wales Law Centre
- Ongoing work with 6 organisations potentially join the network, 2 in London, 4 in the north.
- LCN receives a substantial number of membership enquiries each year but few are taken forward.

2.7 LCN's own systems including data, website

- *Salesforce* continued to be customised and developed as a tool for LCN to better record and report on our activity. This will continue to be developed in 2019, particularly through the implementation of *Communities*.
- LCN's own data collection was reviewed with further updates and clean-up of data in *Salesforce* and update of group email lists
- LCN Signposted 522 people who phoned LCN searching for legal assistance
- LCN's website will be redeveloped in 2019 in line with *Salesforce* and the extension of online collaboration amongst Law Centres.

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 and Advocacy

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- Engagement with the government's review LASPO cuts:
 - Written submissions
 - Face-to-face contributions, on our own and through consultative panels
 - Delivering instructive sessions in a bespoke one-day conference
 - Organising a Law Centre visit for civil servants to understand practical delivery
 - Helping 3 other organisations with their submissions
- Influencing the Opposition on support for access and Law Centres. This led to a Labour party public pledge in September 2018 and continues to be developed with them
- Advocacy and influencing work on other access to justice issues:
 - Court reform and closures – with Justice Committee, National Audit Office
 - Specialist housing court – with Ministry Housing Communities & Local Government
 - Post-LASPO justice policy – primarily with Ministry of Justice and Legal Aid Agency
 - Public legal education (PLE) and information – through Solicitor General's PLE forum
 - Human rights – with Joint Committee on Human Rights (report we contributed to published in July 2018) and the UN Special Rapporteur on Extreme Poverty and Human Rights
- Work to improve Law Centres' evidence base: developing internal data collection tool

3.2 Profile Raising

- Overall, benefited from current affairs which helped position Law Centres or strengthen their profile in certain areas of work: the legal aid review, the HPCDS legal challenge (housing), and the Guardian appeal (immigration and wider Hostile Environment).
- Social media:
 - Total direct followers rise of 18% to over 16,000 people
 - Total reach rise of 43% to over 280,000 people
- News media:
 - 164 appearances, up 24% from 124 the previous year
 - LCN responsible for 26% of the appearances last year compared to 8% the year before
 - Two-thirds of coverage (107 appearances) was in national media
- Guardian appeal – profile-building opportunity that arose through targeted promotion of Law Centre casework with relevant journalists. Generated £330,000 to increase Law Centre capacity. Involved planned and reactive traditional and social media work over 2 months, raising profile and improving positioning in the immigration and anti-racism spaces
- Targeted communications work related to advocacy outcomes, including a syndicated BBC data journalism project on legal aid which ran in December 2018, and promoting LCN's Judicial Review success in June-July 2018
- Project-specific communications work to support the EU Rights project with the European Commission Representation in the UK and the Human Rights Based Approaches project
- Public engagements representing Law Centres in national forums (Everyday Equality conference in May 2018, PLP North conference in July 2018) and international ones (Global pro bono forum, November 2018)
- Routine communications and branding work for the network as a whole as well as helping individual Law Centres undertake their own comms work (e.g. Derbyshire, Bristol, Suffolk)
- Planning the network's fiftieth anniversary fundraising appeal (since June 2018)

3.3 Other Research and evidence

- Contributed to relevant sector research, including into increasing capacity of immigration advice, homelessness, impact of austerity, impact of *hostile environment* policy,
- Facilitating talks on joint action with other organisations on emergent issues such as Windrush crisis, and growth of hate crime.
- In the London region, where nearly half of members are based - contributions made to the London Plus advisory group, a London Assembly inquiry into the temporary

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accommodation crisis (report in May 2019), the GLA strategies on data, social welfare advice and European Londoners, and to a London Funders/London Councils spending review conference (February 2019) and resulting collaborations.

The Year Ahead - Our Strategic Goals 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

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 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 does not engage external professional fundraisers or commercial participators to carry out fundraising activity and does 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.

In the coming year, LCN intends to launch a 50th Anniversary fundraising campaign. We intend to engage external professional fundraisers to assist us with this, however, we will not engage in face-to-face or telephone fundraising as part of this campaign.

GDPR

As part of its preparation for the General Data Protection Regulation that came into force in May 2018, LCN has reviewed and updated its Privacy Policy. This 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. Throughout the year, LCN continued to review and update its privacy policy as required.

Financial review

The company had a net surplus on unrestricted funds of £27,319 before transfers of £4,814 to restricted funds. Together with the accumulated surplus brought forward from previous years, the company now has accumulated unrestricted funds of £76,716 (2018 £54,211).

Restricted funds carried forward at 31 March 2019 amounted to £531,077 (2018: £214,11). This is sufficient for the activities for which the funds were provided.

The total net incoming resources for the company were £339,470 (2018: outgoing resources £(2,624))

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Our main source of unrestricted funds continues to be from subscriptions from Law Centres and donations. In addition, a contribution this year of £17,760 (2018: £21,261) as gifts-in-kind was generously provided by several law firms.

Reserves policy

The Executive Committee have 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; and
- that an increasing proportion of the organisation's income is now derived from fixed term project grants.

The Executive Committee agreed that LCN should maintain unrestricted funds equal to three month's core service running costs. This amounts to £74,162 which equates to three months' salaries plus running costs. The current level of unrestricted reserves is £76,716. The level of unrestricted reserves is sufficient for LCN to meet its obligations to staff. Nevertheless, the Executive Committee has budgeted for a small surplus in the coming year in order to further build reserves with a future aim of having reserves to the level of 6 months running costs.

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;
- 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.

In so far as the trustees are aware:

Law Centres Federation

Report of the Executive Committee for the year ended 31 March 2019

- 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.

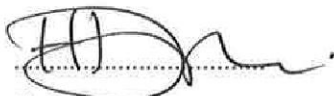
Events since the end of the year

In the opinion of the Executive Committee no event since the balance sheet date significantly affects the company's financial position.

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 **7 October 2019** and signed on its behalf by



Helen Rogers,

CHAIR

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS LAW CENTRES FEDERATION

Opinion

We have audited the financial statements of Law Centres Federation ('the company') for the year ended 31 March 2019 which the Statement of Financial Activities, 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 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 2019 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 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.

We have nothing to report in this regard.

Opinion 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 have 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' remunerations 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 and Strategic Report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 14, 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.

- 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

Date: *1/11/2019*

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 2019

	Note	Restricted £	Unrestricted £	2019 Total £	2018 Total £
Income and Endowments					
Donations	2a	303,299	119,937	423,236	78,305
Charitable activities	2b	484,701	212,349	697,050	740,630
Investments		-	-	-	885
Other	2c	46,598	10,517	57,115	26,758
Total		834,598	342,803	1,177,401	846,578
Expenditure on:					
Raising funds		-	21,985	21,985	21,389
Charitable activities		522,447	293,499	815,946	827,813
Total	3	522,447	315,484	837,931	849,202
Net income/(expenditure)		312,151	27,319	339,470	(2,624)
Transfers between funds	11	4,814	(4,814)	-	-
Net movement in funds	11	316,965	22,505	339,470	(2,624)
Reconciliation of funds:					
Total funds brought forward	11	214,112	54,211	268,323	270,947
Total funds carried forward		531,077	76,716	607,793	268,323

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 2019

	Note	£	2019 £	2018 £
Fixed Assets				
Tangible Fixed Assets	10	<u>3,641</u>	3,641	3,828
Current assets				
Debtors	7	262,899		170,129
Cash at bank and in hand		<u>530,849</u>		<u>260,133</u>
		793,748		430,262
Creditors: amounts falling due within one year	8	<u>(189,596)</u>		<u>(165,767)</u>
Net current assets			<u>604,152</u>	<u>264,495</u>
Net Assets			<u>607,793</u>	<u>268,323</u>
Funds	11			
Restricted funds				
In surplus			531,077	214,112
Unrestricted funds:				
General fund			76,716	54,211
<i>of which designated</i>			<u>51,219</u>	<u>29,987</u>
Total funds			<u>607,793</u>	<u>268,323</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 07 October 2019 and signed on its behalf by



Helen Rogers
Chair



Nick Whittingham
Treasurer

Company no. 2433492

Law Centres Federation - (limited by guarantee)

Cash Flow Statement

As at 31 March 2019

	2019	2018
	£	£
Cash generated from operating activities:		
Net cash provided by/(used in) operating activities	270,716	70,821
Cash flows from investing activities:		
Interest income	-	885
Purchase of property, plant and equipment	-	-
Net cash provided by/(used in) investing activities	0	885
Change in cash and cash equivalents in the reporting period	270,716	71,706
Cash and cash equivalents at the beginning of the reporting period	260,134	188,428
Cash and cash equivalents at the end of the reporting period	530,850	260,134

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

	2019	2018
	£	£
Net income/ (expenditure) (as per the statement of financial activities)	339,470	(2,624)
Adjustments for:		
Additions	(1,660)	-
Depreciation charges	1,846	1,531
Investment income	-	(885)
(Increase)/decrease in debtors	(92,770)	(22,132)
Increase/(decrease) in creditors	23,830	94,931
Net cash provided by/(used in) operating activities	270,716	70,821

Analysis of cash and cash equivalents

	2019	2018
	£	£
Cash in hand	530,850	260,134
Total cash and cash equivalents	530,850	260,134

Law Centres Federation

Notes to the financial statements

For the year ended 31 March 2019

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 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 legal firms 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	94.1%
Cost of generating voluntary income	5.9%

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.
- 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.

Law Centres Federation

Notes to the financial statements

For the year ended 31 March 2019

- 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 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 5% of gross pay.
- 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

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.

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.

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 £	2019 Total £	2018 Total £
Subscriptions from Law Centre members	-	73,480	73,480	72,380
Donations	303,299	46,457	349,756	5,925
	303,299	119,937	423,236	78,305

Law Centres Federation

Notes to the financial statements

For the year ended 31 March 2019

2b. Charitable Activities

	Restricted	Unrestricted	2019 Total	2018 Total
	£	£	£	£
AB Charitable Trust	-	20,000	20,000	-
Barings - Strengthening the Voluntary Sector	9,990	-	9,990	19,950
City Bridge Trust - The Way Ahead	25,000	-	25,000	50,000
Esmée Fairbairn Foundation	47,667	-	47,667	-
European Union Latin American Project	-	-	-	156,548
Freshfields - General contribution to core activities	-	10,000	10,000	-
Future Advice Fund - EU funding (TLEF)	-	-	-	25,000
IT National Project Phase 1 (TLEF)	-	-	-	181,130
IT National Project Phase 2 (TLEF)	127,500	-	127,500	42,500
IT - SMS Tool (CAST)	5,000	-	5,000	-
IT - SMS Tool & Digital Development (Tides Foundation)	56,666	-	56,666	-
IT - 5yr Digital Strategy (TLEF)	8,800	-	8,800	-
John Ellerman Foundation	-	30,000	30,000	30,000
Law Society	-	-	-	8,000
Living Rights Project (European Commission)	-	-	-	73,510
Social Finance (TLEF)	38,250	-	38,250	10,000
Strategic Review of LCN (TLEF)	54,890	-	54,890	-
PRE Brexit (Trust for London)	78,300	-	78,300	39,050
Developing New Models - Trust for London	15,000	-	15,000	15,000
Law Centre Training - The Legal Education Foundation	6,596	-	6,596	19,789
Other Small Grants	-	6,000	6,000	14,500
Contract Service - European Commission Citizen's Rights	-	99,030	99,030	-
Training fees	873	4,329	5,202	5,565
Gifts in Kind	10,169	7,591	17,760	21,261
Online legal resources	-	24,989	24,989	22,067
Annual conference	-	10,410	10,410	6,760
Total	484,701	212,349	697,050	740,630

2c. Other income

	Restricted	Unrestricted	2019 Total	2018 Total
	£	£	£	£
Sundry income	-	10,517	10,517	3,307
IT Licensing	46,598	-	46,598	23,451
Total	46,598	10,517	57,115	26,758

Law Centres Federation

Notes to the financial statements

For the year ended 31 March 2019

3a. Total expenditure

	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
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

3b. Analysis of governance costs

	2019	2018
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

3c. Analysis of bad debt expense

	2019	2018
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

Law Centres Federation

Notes to the financial statements

For the year ended 31 March 2019

3d. Total expenditure (Comparison 2018)

	Raising Funds	Charitable Activities	Support Cost	2018	2017
	£	£	£	£	£
Staff costs (note 5)	17,160	269,672	4,372	291,204	262,558
Staff Travel, Training, Recruitment & Meetings	520	6,754	1,558	8,833	23,558
Governance costs (note 3d)	-	-	17,044	17,044	17,827
Premises costs	-	7,784	11,889	19,673	18,734
Office: ICT, Insurance & Communications	-	15,013	2,728	17,741	21,532
Legal and Professional Fees	-	65,492	11,323	76,815	147,348
Services to Law Centres	-	139,626	-	139,626	-
Grants & Payments to Law Centres	-	184,930	-	184,930	41,510
Annual Conference & Events	-	22,896	-	22,896	13,645
Publication design & print	-	200	242	442	8,591
Subscriptions & Journals	-	-	3,142	3,142	2,608
Training and Course Costs	-	5,454	-	5,454	5,311
Website Development	-	7,740	3,978	11,718	32
Bad debts expense (provision adjustment)	-	-	1,294	1,294	3,942
Gifts in kind	-	15,890	5,371	21,261	31,488
Other (Travel & Project Specific costs)	-	27,131	-	27,131	23,661
Total expenditure	17,680	768,562	62,941	849,202	622,345
Support Costs	3,709	59,232	(62,941)	-	-
Total expenditure	21,389	827,813	-	849,202	622,345

3d. Analysis of governance costs (Comparison 2018)

	2018
Annual Report	5,167
Audit	8,400
EC travel (reimbursed)	1,637
Governance meetings	1,298
Trustee liability insurance	542
Total governance costs	17,044

Law Centres Federation

Notes to the financial statements

For the year ended 31 March 2019

4. Net income/(expenditure) for the year

This is stated after charging:	2019	2018
	£	£
Executive Committee's reimbursed expenses	1,962	1,637
Auditors' remuneration (excluding VAT):		
▪ Audit	8,400	8,400
Operating lease rentals:		
▪ property	8,480	8,480

Executive Committee's reimbursed expenses of £1,962 represents the reimbursement of travel and subsistence costs relating to attendance at governance meetings of 6 executive committee members (6 in 2017/18). None of the 18 members (16 members to Nov 2018; 14 members from Nov 18) of the committee serving during 2018/19 were remunerated.

5. Staff costs and numbers

Staff costs were as follows:	2019	2018
	£	£
Salaries and wages	256,118	256,691
Social security costs	14,656	24,103
Pension contributions	10,995	10,410
	281,769	291,204

No employee earned more than £60,000 during the year. (2018: none)

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

	Head count		Full Time Equivalent	
	2019	2018	2019	2018
	No.	No.	No.	No.
Cost of generating income	5	4	0.3	0.3
Support costs	7	5	0.9	0.8
Direct Service provision	13	10	5.7	5.7
Average Employee Numbers	9	8	7	7.0

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

Law Centres Federation

Notes to the financial statements

For the year ended 31 March 2019

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 £89,700 (2018: £88,094), which includes total employer NIC Contributions of £8346.72 and total employer pension contributions of £3873.12. 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

	2019 £	2018 £
Grants receivable	148,191	104,203
Contracts receivable	57,349	-
Prepayments	27,801	24,628
Conference fees	-	80
IT Licensing	18,898	15,356
Membership & Lexis Nexis	27,877	20,019
Allowance for doubtful debts	(17,816)	(6,936)
Other debtors	599	12,779
	262,899	170,129

8. Creditors: amounts due within 1 year

	2019 £	2018 £
Trade creditors	137,354	131,417
Taxation and social security	9,788	7,060
Accruals	12,637	8,400
Deferred Income	12,000	4,350
Pension contributions	3,268	3,175
Amount held on behalf of Law Centres	13,050	10,228
Other creditors	1,499	1,137
	189,596	165,767

9. Deferred Income

	2019 £	2018 £
Deferred Income b/f	4,350	-
Released in year	4,350	-
Deferred to next year	12,000	4,350
Deferred Income c/f	12,000	4,350

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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For the year ended 31 March 2019

10. Fixed assets

	Computer equipment £	2019 Total £
Cost		
As at 01 April 2018	6,124	6,124
Additions	1,659	1,659
As at 31 March 2019	7,783	7,783
Depreciation		
As at 01 April 2018	2,296	2,296
Charge for the year	1,846	1,846
As at 31 March 2019	4,142	4,142
Net book value		
As at 31 March 2018	3,828	3,828
As at 31 March 2019	3,641	3,641

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					
Human Rights Based Approaches - STVS, Baring Foundation	11,142	10,390	21,532	-	-
Guardian Christmas Appeal 2018	-	303,299	-	-	303,299
The Way Ahead - City Bridge Trust	-	25,000	25,000	-	-
Policy Development - Esmee Fairbairn Foundation	-	47,667	19,845	-	27,822
European Union Latin American Project - European Commission	115,441	100	21,411	-	94,130
IT - SMS (CAST & TLEF)	-	61,666	16,740	-	44,926
IT National Project Phase 2 - The Legal Education Foundation	29,383	183,767	220,029	-	(6,879)
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	-	11,497
Strategic Review of LCN (TLEF)	-	54,890	42,590	-	12,300
PRE Brexit - Trust for London	31,582	78,300	73,382	-	36,500
Developing New Models - Trust for London	18,022	15,000	30,540	-	2,482
Law Centre Training - The Legal Education Foundation	3,542	7,469	11,011	-	-
North Wales steering group	5,000	-	-	-	5,000
Total restricted funds	214,112	834,598	522,447	4,814	531,077
Unrestricted funds					
General fund **	54,211	342,803	315,484	(4,814)	76,716
of which designated	29,987	60,000	38,768	-	51,219
Total funds	268,323	1,177,401	837,931	-	607,793

* Resources include allocated Gifts in Kind

11b. Unrestricted Funds Transfer

** Includes:

£30,000 of unrestricted donations from the Guardian Christmas Appeal 2018. This was retained by LCN to oversee and manage the fund and report on its use. The funds will be expended in 2019/20.

£27,219 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 2019/20.

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Notes to the financial statements

For the year ended 31 March 2019

11.c Movements in funds (2018 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					
General Development including Pro Bono - Access to Justice Foundation	11,990	-	11,990	-	-
Human Rights Based Approaches - STVS, Baring Foundation	-	19,950	8,808	-	11,142
The Way Ahead - City Bridge Trust	-	50,000	50,000	-	-
European Union Latin American Project - European Commission	-	156,548	41,108	-	115,440
Securing EU Funding - Future Advice Fund, The Legal Education Foundation	2,823	25,000	27,823	-	-
IT National Project Phase 1 - The Legal Education Foundation	(6,526)	219,585	213,058	-	-
IT National Project Phase 2 - The Legal Education Foundation	-	42,500	13,117	-	29,383
Living Rights Project - European Commission	102,130	73,510	198,122	22,483	-
Scoping Legal Support and Social Care with Social Finance - The LEF	-	10,000	10,000	-	-
PRE Brexit - Trust for London	-	39,050	7,468	-	31,582
Developing New Models - Trust for London	23,596	15,000	20,574	-	18,022
Law Centre Training - The Legal Education Foundation	1,839	26,149	24,447	-	3,541
North Wales steering group	5,000	-	-	-	5,000
Total restricted funds	140,852	677,292	626,515	22,483	214,112
Unrestricted funds					
General fund	130,095	169,286	222,687	(22,483)	54,211
Total funds	270,947	846,578	849,202	-	268,323

* Resources include allocated Gifts in Kind

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Notes to the financial statements

For the year ended 31 March 2019

11. Movements in funds (continued)

Purposes of restricted funds

Barings: Strengthening the Voluntary Sector - This project is designed to develop capacity and expertise for the collaborative partnership between the Law Centres Network, member Law Centres and local non-advice agencies, in order to integrate a human rights -based approach (HRBA) into their discrimination work with migrant workers. This project was completed in 2018.

City Bridge Trust Bridge Fund: The Way Ahead - This Project aims to practically engage in, contribute to, develop and implement The Way Ahead program with Law Centres and other partner organisations in London. This work was completed in 2018.

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 - EU Citizens Rights Information Service - a 10 month contract was awarded by the European Union to provide information services to community organisations on the EU Settlement Scheme and the EU Elections in 2019. The service was managed by LCN but deliver by Law Centres. The service ended in March 2019.

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.

European Union: Living Rights Project - EU funds were awarded to LCN to manage a project with 10 partners in the UK to undertake education and support activities to assist recent EU migrants to the UK. Thus project ended in February 2019.

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.

Legal Education Foundation (LEF): Digital Vision - a small grant provided to develop a 5 year digital strategy for LCN and Law Centres. This work was completed in early 2019.

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.

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Notes to the financial statements

For the year ended 31 March 2019

11. Movements in funds (continued)

Legal Education Foundation: Law Centre Training Project - to develop and deliver training targeted at the specific needs of Law Centres. This project ended in 2018.

Legal Education Foundation in partnership with Social Finance: Pilot the inclusion of legal assistance in 2 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.

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 - Include 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.

Purposes of restricted funds (continued)

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.

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Notes to the financial statements

For the year ended 31 March 2019

12a. Net Assets by Fund

	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>

12b. Net Assets by Fund (2018 Comparison)

	Unrestricted £	Restricted £	2018 Total £
Fixed Assets	3,828	-	3,828
Net current assets	<u>50,383</u>	<u>214,112</u>	<u>264,495</u>
	<u>54,211</u>	<u>140,852</u>	<u>268,323</u>

13. Operating lease commitments

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

	Property 2019 £	2018 £
Within 1 year	4,240	4,240
1 - 2 years	-	-
2 - 5 years	<u>-</u>	<u>-</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:

	2019 £	2018 £
Financial assets measured at amortised cost	235,098	143,675
Financial liabilities measured at amortised cost	(167,809)	(154,357)