



CHANGING FUTURES NORTH EAST



UNAUDITED

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details of the charity, its trustees and advisers	1
Chair and chief executive's report	2 - 3
Trustees' report	4 - 19
Independent examiner's report	20
Statement of financial activities	21
Balance sheet	22
Statement of cash flows	23
Notes to the financial statements	24 - 38

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2019

Trustees

G Walker, Chair (from 1 November 2018)
G G Hall (resigned 25 April 2018)
J Henderson, Vice Chair
A N Jackson
A M Croymans, Chair (until 31 October 2018)
D M Jeffery
S Statter (resigned 29 October 2018)
J M Townshend
H Deacon (appointed 18 October 2018)

Company registered number

04009541

Charity registered number

1089347

Registered office

3 Abbey Street, Hartlepool, TS24 0JR

Company secretary

A Jackson

Accountants

Waltons Clark Whitehill Limited, Maritime House, Harbour Walk, The Marina, Hartlepool, TS24 0UX

Bankers

Co-operative Bank Plc, Olympic House, 6 Olympic Court, Off Montford Street, Salford, M5 2QP

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

CHAIR'S REPORT
FOR THE YEAR ENDED 31 MARCH 2019

It's now over 5 years since the company changed its name from Headland Future (telling people where we were based) to Changing Futures North East (telling people what we aim to do) and we chose a tree as our logo, a powerful symbol of growth and change. What has happened since that change, and where we are now. Was the name change cosmetic or meaningful, and to whom? Do we do what it says on the tin or is it still an aspiration?

In the last decade, Changing Futures has become much more than a local service. The impetus behind the name change was an increasing awareness of the importance of relationships at all levels, to all people and communities, and a growing commitment to try to improve these where it was possible to do so. At first, some services were more likely to do this than others, but over the past few years, and particularly with the interventions of the Healthy Relationships Partnership, more and more of our services have this aim as a central theme, rather than an almost incidental consequence – that is to say, we are actively working more and more to help people have healthy and stable relationships.

To me, changing futures means changing lives. But what does that look like? Some examples are to be found in other pages of this report but if I were to draw you a picture, it would be perhaps a yellow, sunny picture, like every child's picture of a family home in the sunshine, with smiley parents, siblings and a dog. It might represent children who felt better, happier, more able to ask for help and talk about their issues, in a family where difficulties could be expressed and dealt with. Thinking about that as a picture, is to acknowledge that not every child's picture is like that when they or their family meet us for the first time. There might be a big black cloud, or only one parent, or a lot of red and angry feelings coming out of it. It is transformational to think that the work that our staff and volunteers do every day, can help to make that picture so different – and our feedback from the people we help suggests that we often do!

I watched a video produced by our partnership about Empowering Parents, Empowering Communities (EPEC), an example of a parent led programme delivered in Hartlepool. As I watch this, I hear parents and professionals talk about the influence that this course and others have had on them, their lives and their families; it is similarly quite inspirational – it has quite literally changed their lives. So much of what we do, has the power to achieve these sorts of outcomes – not always dramatic, maybe incremental, but certainly change nonetheless. We need to continually improve in our ways of assessing and recording this change in ways that everyone can understand, and I am reminded that some of the radio broadcasts focussing on parents' experience of the Moving On programme, were some of the most descriptive stories of our work and achievements and the best advertising to local families we have yet devised.

Our evaluations over the past year have shown our increasing ability to help people to change their lives and improve relationships, but we also see very clearly the impact that the current funding environment could have on our ability to continue. The Board reassessed our direction and affirmed the strong emphasis on healthy relationships in all our work, but also looked at how we could be most successful in this aim, as well as where funding might be available to support it. The hard work we had done on supporting couples in conflict where domestic violence was present, was unfortunately not sustainable at this time, but we will continue to look at ways this could be developed. In the meantime we must secure the future of the organisation so that this can happen.

To secure this future we decided, after long deliberations, to pursue the DWP Reducing Parental Conflict project. This had changed considerably over the years since it was first mooted. Though its current incarnation plays to a lot of our strengths, it is also a higher risk with payment by results and external control of the contracting variables. Looking at possible new areas of work, it was felt that our unique relationship building skills and ethos could be put to good use in working with Looked After Children. Our new fostering project will start in 2019 and will require constant monitoring and careful development and evaluation. Again, the company has decided to invest some of our reserves, alongside obtaining other funding, to help the project to grow. These are big decisions for a small company, but demonstrate the commitment of the Board towards changing lives, and taking risks after careful assessment, evaluation and planning. In 2019 we will have "lift off" in these 2 major new pieces of work, but we will also be in the last year of the Healthy Relationships Partnership, which

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

CHAIR'S REPORT
FOR THE YEAR ENDED 31 MARCH 2019

has been part of our lives for the last 4 years.

Is the Board equipped to lead Changing Futures and change lives? In so far as we lead the organisation, asking searching questions, assessing risks and achievements, developing strategies and supporting staff, we have shown a willingness to step forward boldly, and move away from our comfort zone where that is appropriate. We are a team of 7 people now, a mixture of those who have served for some years and some who are quite new. We have a mixture of skills too – charity management, financial services, legal expertise, local authority background with commissioning experience – and we are always on the lookout for new people with new skills. We have discussed the charity commission guidance suggesting only 3 terms of office for trustees, but we acknowledge the difficulty of getting new trustees on a rolling basis and do not want to lose skilled and committed people. We have therefore implemented a self appraisal system providing the opportunity for each trustee to look at their contribution and their available time and periodically assess whether they can continue. This forms part of the process when trustees retire by rotation. We aim to have a continual flow of experience and new blood to keep us fresh and on our toes, and over this year a long serving trustee has left us, but we have also gained a new trustee and are interviewing more in 2019.

And so to conclude, I must now thank all of those trustees who have supported Changing Futures, as well as saying a special thanks to Alison Croymans who kindly and readily agreed to take on the chair last year to help me out. I feel we have a really good team around us, so thank you. Also thanks to Graham, Martin and Jo - who not only lead the organisation, but regularly come to our board meetings and readily answer our questions – as well as all the staff (managers, workers and volunteers) who actually change lives every day. It's a great place to be a part of!

Name G Walker
Chairman

Date 23 October 2019

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2019

The Trustees present their annual report together with the financial statements of Changing Futures North East for the 1 April 2018 to 31 March 2019. The Trustees confirm that the annual report and financial statements of the charity comply with the current statutory requirements, the requirements of the charity's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) as amended by Update Bulletin 1 (effective 1 January 2015).

Since the Charity qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

Objectives and Activities

● Aims and objectives

The objects of the Charity set out in the memorandum are:

To promote the benefit of children and young persons living in North East England and in particular those aged between 8 and 24 without distinction of sex, political, religious or other opinions by associating the local authorities, voluntary and other organisations in a common effort to advance education and to provide facilities in the interests of social welfare for recreation and other leisure time occupation with the object of improving their conditions of life. The expression "North East England" means the administrative areas of the boroughs of Hartlepool, Middlesbrough, Redcar and East Cleveland, Stockton, Darlington, Gateshead, North Tyneside and South Tyneside; the counties of Durham and Northumberland and the cities of Sunderland and Newcastle upon Tyne.

The Charity promotes the benefit of children and young persons in particular through recognition of the interconnectedness of human systems and the role of the family and the community in creating the environmental conditions to enable children and young people to thrive.

Post year end the Board has reviewed the objects of the Charity to ensure that they allow the Charity to meet need in a sustainable way and simultaneously reviewed the full articles of association and these have been updated to ensure that they are relevant and provided the necessary powers to enable the optimum functioning of the Charity.

● Our vision, mission and key strategies

The Charity is founded on the fundamental belief that relationships matter to people. They can catalyse joy, or lead to great misery. People with a variety of strong, healthy relationships are better able to thrive, and better deal with challenges presented by life. Through enhancing the relational resources available to children, family members, and community members and indeed those agencies and workers that make up the village around the family, the Charity seeks to bring about lasting social change.

Changing Futures North East seeks to make the North East of England, and Hartlepool in particular, a place where people have happier, healthier relationships than anywhere else in the country.

The organisation seeks to enable people and communities to flourish, through:

- Primarily enabling individuals and couples to have healthier couple relationships, improving children's outcomes and wider societal outcomes
- Enabling family systems to have better communication and better functioning relationships
- Enabling organisations to establish and maintain healthier relationships, internally and externally, and better support key couple relationships
- Enabling everyone to increasingly recognise and value the importance of relationships, and use this knowledge to improve relationships

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2019

The values that underpin what we do and how we work

The way the organisation thinks and operates will be reflective of and congruent with specific beliefs and values. Relationships matter to people, and have a tremendous impact on their happiness, health and life chances; different people within families and communities have different needs, but all have the right to multiple stable attachments within and outside of the family where power is not distributed harmfully. Early help is socially, ethically and financially better than late intervention, and is a cost effective and ethical way of enabling social change. Some people are not helped early enough to prevent significant difficulties developing, and their needs must be catered for too. People are complex social creatures that influence, and are influenced by, a range of internal and external factors; we must think and, as appropriate, work with, people's internal worlds and people's wider systems in order to best enable change. All people have potential, and are best helped by demonstrating belief in them and enabling them to achieve their own self determined goals. Parents love their children; families are an asset to work with, and family members have a key role to play in promoting healthy family functioning and children's welfare. Reflective organisations where healthy relationships between workers and agencies are the norm enable better outcomes for customers. By modelling healthy ways of relating within the workplace and creating an environment conducive to effective communication and emotional regulation (that treats employees with the same respect we treat people in the community we help) we will best realise the organisation's social ambitions.

Our history and current focus

Changing Futures North East began life as an estate based youth provider. In around 1997, a group of Headland residents and development workers banded together to consult young people as to their needs, and how they might better be met through youth provision in the area. The culmination of this work was the development of the Abbey Street Youth Project, led by a young person's steering group and supported by the wider community. At this point, the organisation formalised as Headland Future Limited.

The Charity still pursues its original mission to improve the lives of children and young people. Over time, the work of the organisation has shifted, based on learning that for many young people, direct work with them can only have so much impact. True change is enabled when the family context children live in is warm, nurturing, and free of poorly managed conflict, with healthy parental relationships in particular.

Changing Futures North East now operates across North East England, seeking to give young people the best chance to thrive by supporting key relationships in families, and enabling other agencies to maintain a focus on these key relationships to improve the impact of their work.

The people we work with

The Charity has the privilege to work with children, young people, families and organisations in the North East of England, particularly in the Tees Valley.

The parents and organisations we work with are passionate about meeting the needs of children, and have a range of superb assets at their disposal. The children we work with care about their parents, their siblings and their peers, and want to enjoy life and succeed. The individuals we work with care about the people in their lives, want what's best for them, and want them to be happy.

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

It is an unfortunate truth that many of those that ask for our help have been through forms of hardship (for instance, poverty, the trauma of losing a loved one, bullying, conflict laden and sometimes violent relationships, abuse) and that difficulties in their lives have left them with challenges that they are struggling to overcome successfully. However, they have shown much resilience, determination, and loyalty to others in their lives. Our job, when asked, is to help people to draw on these assets and build on their strengths, identifying their own goals and then catalysing their own change.

Different help is sometimes targeted to different groups, for instance separated families. The majority of families who accessed separation support had low incomes, and most former couples were in long term conflict. Evidence shows poorly managed and enduring couple conflict is highly detrimental to children's outcomes (especially when combined with material deprivation). Conflict where there are financial difficulties, or children and families live in poverty, is far more likely to result in poorer outcomes for children.

Much of the Charity's work is with people living in deprived communities (in Hartlepool the majority of the people we work with live in areas where children's outcomes are worse than in other areas, and there is material poverty). Some of the Charity's work is specifically targeted towards those that have suffered multiple disadvantages. Some work is focused on enabling people to develop the strengths and resources to avoid hardship through preventative programmes and collaboration with other agencies.

- **The people who enable change for children and families**

Across the year 2018/19 16 staff and 45 volunteers helped children and families, in addition to 7 people who volunteered as Trustees. The Charity would like in particular to thank those committed individuals who give up so much of their time to support people in the community, without whose help we would be unable to provide anywhere near the current level of service.

The input of volunteers working in our Mentoring and Independent Visitors service was valued at £14,166 in 18/19 as opposed to £22,603 in 2017/18. This reduction was due to lower output in the mentoring service arising from uncertainty about contract duration.

Achievements and performance, 2018/19

Service Delivery Objectives

- **Continue to provide similar levels of service for children, young people and families**

The Charity directly supported 518 people through its direct service provision compared to 271 people in 2017/18 and 358 in 2016/17. The bulk of the increase relates to increased performance in the mediation business (257 referrals were received as opposed to circa 85 the year before) and performance of the Moving On service. Additionally, the Charity supported 32 practitioners through provision of training, each holding caseloads of between 12 and 20 families at any one time.

The table below shows numbers of people who benefited from our help in 2018/19. Direct beneficiaries are people we worked with ourselves; indirect beneficiaries are usually children (where we have worked with their parents to help resolve conflict, improve parenting capacity or resolve a legal dispute).

	Practitioners	Direct beneficiaries	Indirect beneficiaries	Total
Main services	32	384	234	550

The Charity is the founder member of the Healthy Relationships Partnership. It holds the contract for the grant funding, employs and hosts the staff team and has responsibility for operational management of this initiative. The outputs for this provision are shown later in this Annual Report.

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

- **Evaluate once again the organisations effectiveness in supporting improvements in key relationships within families, and the impact on children**

- **Mediation**

Mediation provides a valuable space to help people in conflict resolve a legal dispute, usually around children, finance and property or both. We operate mediation in Tees Valley and East Durham under the brand Tees Valley Mediation. The service operates under the following principles and quality assurance parameters:

- We prioritise a good customer experience to draw in referrals and maximise the chance of people progressing to mediation
- We have established an evidence-based theory of change suggesting positive child outcomes will result from mediations where plans are in place and implemented by parents, and there is a strong evidence base that better managed parental conflict is better for children
- We are not resourced to evaluate child outcomes post mediation, but we do monitor:
 - Compliments and complaints
 - Referral numbers and trends
 - Conversion rates form referral to mediation
 - Mediations concluded with a Mediation Agreement / Outcome between the parents

Outputs and outcomes

- 257 referrals were received; that represents nearly a threefold increase on the number of referrals received in the previous financial year
- From these referrals 34 couples went on to engage in mediation
- Of those 34 couples 70% reached a Mediation Agreement / Outcome.

Typically, across the industry, the vast majority of clients do not proceed from assessment to mediation because of either an unwillingness to mediate past the point of assessment or because one partner will not attend an assessment.

- **Independent Visitors**

Independent Visitors guide, advise, listen to and befriend young people in care, sharing their experiences as well as trying new activities and spending quality time together.

Some young people in care have had a lot of broken relationships with adults in their lives. Having a positive and stable relationship with an adult unconnected to the care system can really help. The value comes from the quality and stability of the relationship.

The Charity has the contract to deliver the independent visitors service in Hartlepool. In March 2019 we also tendered for and won the contract to deliver the service across Middlesbrough, Stockton, Redcar and Darlington under a spot purchase, payment by results arrangement. The new contract for these 4 local authorities commenced April 2019.

In Hartlepool, across this year the Charity reached a high number of children and young people compared to the number when the contract was secured in 2014.

	When we took over the contract– 01/04/14	Now
Children matched	2	23
Children on a waiting list	1	6

CHANGING FUTURES NORTH EAST (A company limited by guarantee)

Using a mix of feedback sheets and qualitative interviews with children, social workers and independent visitors we know that some very positive changes were reported by or for children who benefitted from an independent visitor. However, we recognise that looked after children's overall outcomes are impacted by far more than a fortnightly to monthly independent visitors visit and therefore changes, positive and negative, cannot be created by the service.

We operate under an evidence-based theory of change that shows that healthy independent visitor relationships with looked after children can mitigate harm, improve stability and help children achieve positive outcomes. Therefore, we measure success for this service based on the quality of the relationship.

87% of children who accessed the service reported that they gained a trusted friend/adult. Of this 87%, all children rated the quality of the relationship as 9/10 or 10/10 (10/10 being excellent).

- **Moving On**

Through the support of the Rayne Foundation and the Henry Smith Charity, The Moving On Project was able to develop its approach to working to improve family relationships by:

- Piloting Family Focus – enabling better assessment and more bespoke interventions for the whole family, which paved the way for the delivery of Family Check Up
- Expanding the model of interventions that work with parents in conflict to include parents who are still together, as well as those who were separated
- Expanding the model of interventions to include work with significant adults in children's lives who were also in conflict and experiencing poorer relationships. Such as work with grandparents and extended family members.

It also supported and enabled the training of wider workforce who support families to work directly with parents to improve their skills at managing conflict at an earlier stage to avoid the need for more specialist services at a later date, and reduce the impact of conflict on children sooner. Project outputs included:

- 49 couples/separated (98 individuals) supported by Moving On Practitioner /Family Support Worker
- Circa 70 referrals (140 individuals) received.
- Nearly 20% were still in relationships, 80% separated
- 6 families worked with adapted model (non-parents) i.e. grandparent to parent in conflict over children.
- 9 families - supported through Family Focus Pilot, Assessment and then transition into further support services which has then supported development of the Family Check Up work.
- Trained 32 Practitioner in working with Family Conflict

Outcomes were demonstrated as:

- Reduced conflict between parents 71%
- Improved parental alliance between parents 76%
- Improved emotional wellbeing of parents 48%
- Improved child resilience in families – 62%
- Parents' increased awareness and understanding of children's needs 53%

- **Department for Work and Pensions Contract (subcontracted from RELATE to CFNE to operate in Tees Valley)**

The Reducing Parental Conflict programme is being funded by the Department for Work and Pensions. As part of the programme, relationship support interventions will be offered to parents in conflict in four target geographies. The North East is one of these areas.

RELATE secured the tender for the North East contract area, and have sub contracted provision of the work in Tees Valley to Changing Futures North East. Directly delivery with families will not commence until 2019/20 and consequently targets and performance will be reported on fully in next year's annual report.

CHANGING FUTURES NORTH EAST **(A company limited by guarantee)**

The payment model is largely payment by results and focused on parents attendance levels. Work will be subject to their being sufficient demand from participating local authorities who will provide referrals.

Changing Futures North East has previously delivered a payment by results contract addressing reductions in parental conflict and funded by the Department for Work and Pensions, exceeding performance targets.

○ **Mentoring**

The mentoring service works with young people, usually in groups, for at least 12 months. A volunteer mentor works with each child. We delivered 3 groups for 36 weeks of the year and the service has supported 38 children and young people, with additional support for their parents and carers. Outcomes included:

- Social Skills and building friendships
- Achieving a range of personal development goals
- Managing difficult emotions and coping with stress

○ **Parents as Partners**

This 16-session groupwork programme was delivered by members of Changing Futures North East, Belle Vue Community Sports and Youth Centre staff and Hartlepool Borough Council staff across the project duration and latterly was delivered by HBC with our support. In the final year 4 parents completed the programme. In total, 34 parents completed Parents as Partners over the project lifetime. Overall, the key outputs and outcomes included:

- Reduction of distress in 65% of participants
- Reduction in avoidant problem solving in 53% of participants
- Reduction in power struggle in 68% of participants
- Increase in collaborative problem solving in 47% of participants
- Reduction in violent problem solving in 79% of participants
- Reduction in conflict in 79% of participants
- Reduction in conflict about the kids in 63% of participants
- Increased caring in 53% of participants
- Increased overall satisfaction in 42% of participants
- Increased relationship quality in 64% of participants
- Reduced child difficulties in 44% of participants

Enabling wider systems change in Hartlepool Objectives

- Deliver the second phase of the workforce development strategy
- Broaden membership of the family relationship network and support organisations to effect change to improve their support for the parental relationship
- Build on the help seeking behaviour campaign to improve community awareness, self-help and relevant service access
- Implement legacy activities to enable further work beyond 2020 and influence service design and strategy outside of Hartlepool

CHANGING FUTURES NORTH EAST (A company limited by guarantee)

Enabling wider systems change in Hartlepool Objectives

The highlights of 2018/19 include;



Deliver the second phase of the workforce development strategy

Practitioners need to be able to respond positively to family relationship issues-to feel confident to have 'difficult conversations' with parents and to have the skills to be able to strengthen the couple relationship. We therefore invested in How To Argue Better - training project team members to deliver this (OnePlusOne) evidence based programme to 131 practitioners in Hartlepool. We have also invested in a practice development lead, a full time secondment from Hartlepool Borough Council (HBC) to the HRP team to support this work and to increase the potential for the skills to be retained within the system.

In addition, 18 practitioners from the wider early help system (local authority early help teams, schools and voluntary sector family support agencies) are undergoing a Level 4 qualification 'Working with Children, Individuals and Families' with a specific focus on reducing parental conflict. Participants are now engaged in an evaluation which will help us understand how they are embedding this approach into their work and how they can be supported.

Healthy relationship champions in Hartlepool

**Amy, Family Support Worker,
Hartlepool Borough Council**



"Through the conversations the How To Argue Better tools generated Mum and Dad reflected on how they did things and came up with their own solutions to reducing their conflicts."

**Fiona, Family Support Worker,
Hartlepool Borough Council**



"As a result of the work completed with the family the parents have developed more effective ways of resolving conflict. Relationships have improved and the boys are no longer worried about Mum and Dad 'splitting up.'"

**Katie, Family Support Worker,
Hartlepool Borough Council**



Katie used the How to Argue Better training materials and as a result of this work the parents have improved their relationship and reduced arguments by improving their communication with each other.

**Lisa, Head of Year,
St Hilda's Church of England School**



"For our school it's certainly a vital aspect in the sense that if we have healthy relationships with our parents and their relationships are healthy we will have improved outcomes for our children."

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

- **Broaden membership of the family relationship network and support organisations to effect change to improve their support for the parental relationship**

We created the Family Relationship Network as a vehicle to deliver and support this community-based work. To become a network member, agencies have undertaken staff briefings, training and have adapted their work practices to be whole family focused. Below are the agencies that have become part of the FRN in 2018-19.

Belle Vue Sports Community & Youth Centre



The Belle Vue Sports, Community & Youth Centre is a founding member of the Healthy Relationships Partnership. The Centre has developed an increased focus on strengthening family relationships in its work and in the community it serves.

MINDskills Recovery College



They have worked with the HRP to further their commitment to healthy relationships & supporting individuals & families to identify how mental health & relational distress can impact upon the quality of the couple relationship and how they parent.

Asylum and Refugee Drop In Centre



The Centre wants to ensure that everyone can be supported in times of relational distress. HRP training has further equipped them with skills which enable them to support community members who experience a vast array of life stressors.

Hartlepool Carers



We have a joint agenda to support and to strengthen family relationships. The team have embraced the training opportunities offered to them - participating in both the Level 4 Qualification and How To Argue Better training.

The Healthy Relationships Reference Group was set up in March 2019 and now contains 16 members. Drawn from managers and practitioners from partner agencies - Hartlepool early help locality teams, schools and the voluntary and community sector, this group has helped shape the programme's work and priorities for the coming year.

- **Build on the help seeking behaviour campaign to improve community awareness, self-help and relevant service access**

The Relationships Matter 2019 conference held in February 2019 attracted over 80 delegates. Using a variety of mediums - drama, presentations and workshops - participants were afforded the opportunity to deepen their understanding of the impact destructive parental conflict has on children. Given what national research tells us about the vulnerability of some families to relationship distress and breakdown, two priority groups of parents were the focus of the conference; new parents and parents caring for a child with additional needs. We worked in partnership with 1 Hart, 1 Mind, 1 Future, a local network of parents with children with additional needs, and with local health visitors to develop the programme and the resources available to delegates on the day and online through the Healthy Relationships Partnership website www.hrphartlepool.co.uk.

In February 2019 we began to plan a new help seeking behaviour campaign to launch in April 2019.

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

- **Implement legacy activities to enable further work beyond 2020 and influence service design and strategy outside of Hartlepool**

The HRP has become part of the Hartlepool Children's Strategic Partnership (CSP) 'architecture' and has been asked to lead on one of the CSPs strategic priorities (Relationships & Resilience). Having this priority situated within the Strategic Partnership notionally gives continued strategic focus beyond the lifetime of this project. The HRP Board have identified five key strands to support systems change to endure and has been working to ensure progress against these in 2018/19, and promoting learning around this further afield. Key learning and performance has centred around:

- 1. The value of co-design.** As an example, we have worked alongside a group of health visitors to develop and to test out materials that they and other early years practitioners can use to help strengthen relationships between new parents.
- 2. The value of working alongside.** Project team members have offered consultancy to help support and develop quality practice regarding strengthening the couple relationship and reducing parental conflict. We have learned how much more there is to workforce development than training. To bring about the changes in practitioner behaviour and to become more relational (using the knowledge and skills they are acquiring) we need to take into account the practitioner's values, their own history and experiences, their motivation, and their beliefs about the work. The changes in their practice needs to be authorised by the organisation and system in which they work and this has to be ongoing and reinforced with supervision.
- 3. The value of collecting stories of lived experience.** We have focused our attentions on creating a social media presence to be able to create and share blogs which help to illustrate good practice within the workforce. Tailoring messages to target groups and using personal narratives has supported our aspirations to increase help seeking.
- 4. The value and challenges involved in embedding a data informed culture.** The HRP is attempting to model the benefits of using data and evidence-based practice to inform service developments against a culture which struggles to identify performance data to inform early help interventions and to evaluate the difference they are making. We are beginning to tailor messages – applying the research and evidence more specifically to the context in order to more effectively influence systems change.
- 5. The value of a strengths-based approach-viewing the community as a resource.** The healthy relationships agenda has broadened its appeal to those organisations working with adults around issues of interest or concern to them. For example, our work with MINDskills Recovery College (a branch of Hartlepool and East Durham Mind) was as a result of identifying the inter-relationship between mental wellbeing and relationship stability. Relationships being both a protective factor for adults with mental ill health and a cause of emotional stress if relationships are unhealthy. We have also collaborated with parents who have trained to deliver the Empowering Parents, Empowering Communities (EPEC) to incorporate reducing parental conflict within their thinking.

In terms of sustainability:

- The requirement to work with the parental couple relationship will be reflected in practitioner and manager job descriptions and person specifications. Work has come to fruition in this quarter to ensure that this is also reflected in early help competency standards framework and in supervision practice within HBC.
- The HRP team has shared our learning with Barnsley Early Help Strategic Lead, Leeds RPC Development and have been invited to present our experience at Northumberland Strategic RPC Conference, the Regional DWP network and at the National Early Intervention Foundation Reducing Parental Conflict Conference,

CHANGING FUTURES NORTH EAST (A company limited by guarantee)

- Learning and evaluation activity has focused upon community based relationship support and the evaluation of the Level 4 training programme. We anticipate developing a suite of learning reports that will be shared at either the October Practice Celebration event or at our final Relationships Matter in Hartlepool Conference next year. By February 2020 we will report on the following;
 - Providing Community Based Relationship Support (*experiences of community volunteers and the existing workforce*)
 - Delivering Evidence Based Relationship Interventions (*Parents as Partners delivery experience and learning*)
 - Changing Early Intervention Practice to Support Parental Relationships (*WFD – Level 4 and HTAB*)
 - Relationships Matter to Young People -Enabling School Based Early Intervention (*High Tunstall Project and Work of Schools reference group*)
 - Hartlepool's Experience of Place Based Systems Change-The Journey from 2015-2020

Business Objectives

- **Implement relevant plans in-year**
- **Develop a refreshed strategy and worked through plans that set out how the organisation will increase revenue from services where there is a statutory obligation for local authorities to provide them or provide services to support defined groups of people**

The Board have refreshed strategic priorities for the organisation. They are now as follows:

- **Shape services around three core themes and draw in resources to support them**
 - Helping prevent children becoming looked after and addressing substantial vulnerabilities and building on their strengths
 - Supporting families to have healthy relationships, in particular healthy parental relationships
 - Helping looked after children to thrive

Across all themes, the focus of our work will be on growing and utilising healthy relationships to help people heal from trauma and challenge, and promote self-esteem, self-efficacy, resilience and healthy development.

- **Subject to financial modelling being favourable, develop a fostering service:**
 - The Board believe that this provision would meet an under-met need in an area with increasing market demand in North East England in particular
 - It builds from the organisations core competencies in supporting family functioning and addressing neglect and trauma
 - It links to one of the priority areas of spending for Local Authorities – there is and will remain a statutory obligation to safeguard vulnerable children

The strategy contains a series of objectives for the year ahead which are detailed later in this Annual report.

Analysis of performance and strategies and key objectives for 2018/19

Included in the theories of change that run through most of our services is that healthy relationships enable wider change for the people we help, and for that reason we have placed particular emphasis on this as an outcome. We know from evidence and some of our own evaluation that:

- Healthy relationships between couples can improve parenting
- Stable, trusted adults in children's lives can help children heal and build resilience and aspiration
- Less conflict is good for people

All of the Charity's services help in one or more of these areas. Consequently, we believe this report evidences that the Trustees have complied with the duty in section 4 of the Charities Act 2011 to have due regard to the public benefit guidance issued by the Commission.

CHANGING FUTURES NORTH EAST (A company limited by guarantee)

Clearly securing the Department for Work and Pensions sourced, Reducing Parental Conflict programme as a subcontractor of RELATE, focusing on our delivery in Teesside, potentially gives a huge boost to the organisation on a number of fronts – a. an increased ability to meet unmet need around couple's conflict, and resultantly help children, b. an opportunity to build presence and partnerships across Tees Valley and c. revenue to support organisational costs. However, as a payment by results contract, this presents challenge (around cashflow management) and risk (essentially the Charity could lose money). Robust mitigations have been put in place to manage risks, overseen by a Contract Management Group chaired by a Director/Trustee, and a loan to provide some working capital has been secured from the Charities Aid Foundation.

Last year, we evaluated the couples therapy programme for couples in conflict and violent relationships. The learning has been shared with colleagues at Hartlepool Borough Council. In our opinion, the cultural barriers locally to this work taking root and being funded are too great and reluctantly we have decided to cease providing this service for the moment. Nationally there are still concerns about couples work for people living in violent relationships; the DWP will not allow couples violence cases to be worked with in their programme.

Good performance in growing the mediation and independent visitors services stands to help with ability to support families and sustainability, but again these are contracts with challenges – tending to be low value spot purchase or sales or payment by results models. This is very much the direction of travel – contracts structured in such a way as to create a risk of financial loss which in isolation may not have a big impact, but taken cumulatively across a number of contracts may substantially heighten risk of serious financial loss.

Thankfully, the Charity has developed some competencies that are helping make successes out of services we sell, spot purchase and payments by results contract, including in marketing and communications, sales skills converting leads into referrals who then go on to engage in programmes or volunteer, and management of processes to enable 'as quick as is helpful' progression through stages of support and exit from services. Evidence of this is the threefold increase in mediation referrals in 12 months, and history of making a surplus from the last Department for Work & Pensions payment by results contract, as well as the large increase in the Hartlepool Independent Visitors caseload supported by volunteer recruitment.

However, the DWP work is short-term (to mid-2021) and the extreme financial pressures facing local authorities means that contracts such as mentoring seem at high risk. It isn't far fetched to imagine the demise of some local authorities in the North East entirely over the next few years. Early Action project funding ends in March 2020 and this has sustained much of the organisations core costs in the last few years. This has a few implications for the Charity and for its work:

- Risks for systems change work – the Early Action project has worked with agencies in Hartlepool Children's Workforce. Continued cuts to council services jeopardise the progress that has been made. The project has mitigated this risk somewhat by creating a network of different agencies and ensuring that the resource of the project is distributed across them.
- Risks for finances - Independent Visitors and Mediation are important services to us, but even at scale relatively small services financially. The Charity has little sustainable revenue beyond March 2020. New and ideally more sustainable sources of funding are needed.

The Board have decided to focus on supporting looked after children as a new strategic priority, in particular through fostering. It's in keeping with the Charity's mission, builds on our trauma informed, relationship and parenting focused expertise and operates in an area relatively insulated from spending cuts. The Independent Visitors service can add stability to children placed in foster placements through our service and the Housing Hero's Partnership potentially provides a bridge for young people who leave foster care to live relatively independently. Work is progressing on developing detailed financial forecasts and refining the business plan to seek social investment to drive this project forward. It would, in addition to loan investment, require substantial resources from the Charity's reserves and the Board (and the prospective lenders) are focused on addressing the need to stress test the cumulative risks of the payment by results contract, sales/spot purchase services as well as investment in fostering. To help mitigate risks, if the Board pursues

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

fostering the Charity will focus on applying for grants towards core costs in 2019/20 to help the organisation over a transitional period until it can be more self-sustaining.

Our key objectives for 2019/20 include:

Enabling wider systems change in Hartlepool

- Embed core activities within partner organisations to enable their continuation beyond the lifetime of the project (from April 2020)
- Build on the help seeking behaviour campaign to improve community awareness, self-help and relevant service access
- Work with parents to identify what additional support might be helpful, and support them with resourcing this as necessary

Service delivery

- Spread and grow the Independent Visitors offer across Tees Valley
- Increase mediation referrals across Tees Valley
- Co-construct a therapeutic fostering model with care leavers and foster parents
- Provide increased levels of service across service delivery programmes, particularly focused on the DWP funded Reducing Parental Conflict project

Business objectives

- Pursue and secure loan finance for fostering
- Identify how services might build around a fostering offer
- Generate new core funding from trusts and foundations for the next 3 years
- Evaluate once again the organisations effectiveness in supporting improvements in key relationships within families, and the impact on children

Structure, governance and management

• **Constitution**

The Charity is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 7 June 2000 and updated on 24 January 2002, 7 April 2008 and 31 July 2019.

• **Method of appointment or election of Trustees**

The management of the Charity is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

• **Pay policy for senior staff**

The pay of senior staff is reviewed annually by a pay and conditions sub group comprised of at least two Directors including the Chair.

Positions are mainly benchmarked against comparably sized charities operating in North East England, usually focusing on those operating within the child health and social care industry. Salaries paid for positions with similar duties and requisite skills in the public sector are taken into account. Guides on salaries from relevant bodies are also taken into account. Proposals of the committee are considered by the full Board who make the final decision.

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2019

● **Organisational structure and decision making**

A board of Trustees of up to 12 members, who meet at least quarterly, administer the Charity. New Trustees receive a full induction from the chair and the CEO. There are subcommittees covering safeguarding, finance, health and safety and human resources. Contract management groups meet between monthly and every six months (depending on size and scope of contracts). The RELATE Reducing Parental Conflict Contract Management Group meets usually monthly, given heightened risks associated with the financial model (payment by results). This group is chaired by a Director who reports back to the Board usually monthly.

The board specifically reviews its performance and composition annually through a dedicated meeting. Day to day decision making is delegated to the CEO, Graham Alton, and in his absence the Deputy CEO, Martin Todd.

Responsibility for particular work areas is delegated by the CEO to project or work area coordinators or managers.

● **Risk management**

The Trustees actively review the major risks which the Charity faces as follows:

- A thorough annual audit of all risks
- Identification of risks that require monthly, quarterly and annual reports to be made to the Board
- Establishment of control measures to reduce risks Continued monitoring of risks through contract management groups and policy sub committees.

The Charity has identified key risks in areas including:

- Seemingly relentless pressures on government funding in the fields the Charity currently operates in and linked contracts, with risks to the proper functioning of Children's Services departments and financial viability of some Local Authorities
- Higher competition for charitable funding as a result
- Shift on spending across current and prospective funders from earlier help services to those addressing specific marginalised or complex needs groups, or those that governmental agencies have a statutory obligation to help
- High dependence on 'sales' to generate revenue to enable the Charity to fulfil its objects, including;
 - o Spot purchase and client self-funding for Mediation and Independent Visitors services
 - o Payment by results model for the major Reducing Parental Conflict service
 - o Subject to securing loan investment, spot purchase model for Fostering service
 - o Requirement to recruit a high volume of volunteers to underpin delivery of Independent Visitors service
- Cashflow management given planned investment from reserves in Fostering, servicing of loan debt and the payment by results contract that has a window of 4 to 10 months from first working with a client to maximum fee return
- Generally sparse funding for direct delivery services supporting parental relationships which will become an issue after the DWP reducing parental conflict programme concludes
- Decreasing contract availability and money for back office functions (and direct management) threatening capacity for business development and ensuring quality provision

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2019

Measures have been put in place to control these risks, which are reviewed monthly to quarterly by the Board. This includes:

- Targeting dedicated grant funding for key development staff
- Prioritising development of existing and new services that there is a statutory obligation to supply – with us focusing in particular on Fostering and complimentary services like Independent Visitors
- Detailed multi-year cashflow modelling

• **Quality Assurance & Complaints**

Changing Futures North East is committed to standardising processes to ensure quality in multiple areas of business operations. Consequently, the Charity pursues securing and maintaining relevant quality marks.

The Charity operates under a modified complaints procedure for the DWP Reducing Parental Conflict programme, where there is right of appeal to the DWP and an independent arbitration scheme (ICE) that potentially carries a financial penalty of £4,000 per upheld complaint.

No complaints were received this financial year, as opposed to 1 in the previous financial year which was partially upheld.

Financial review

• **Investment policy and performance**

Under the Memorandum and Articles of Association the Charity has the power to make any investments which the Trustees see fit.

The Charity currently only invests its funds in deposit accounts. The interest received is considered to be acceptable in the current economic environment.

• **Year end position**

Overall there has been a decrease in income from £577,982 in the prior year to £535,141 in the current year. There has been a shift from working with children and young people to couple and family relationships. Expenditure also reduced from £597,742 to £515,571.

Overall there was an increase in funds of £20,570. Total funds at the year end were £771,562 of which £518,053 was restricted.

• **Reserves policy**

Existing reserves and performance against targets. The Board determined in its 2015 – 2021 Strategy that free reserves of circa £225,000 should be targeted, of which the current level is £242,544. The Board set a target of achieving an average of growth in free reserves equating to 4% of income between 2015/16 to 2020/21;

	Annual change	Income in year	Growth as % of income	Average to date
15/16 to 16/17	£60,428	£731,349	8.3%	8.3%
16/17 to 17/18	£(3,014)	£649,706	(0.5%)	3.9%
17/18 to 18/19	£(14,314)	£577,982	(2.5%)	2.2%
18/19 to 19/20	£34,231	£535,141	6.4%	3.1%

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2019

The board is broadly on course to meet its reserves growth target under the current reserves policy. Targeted investment has been made in activities of importance to the development of the Charity in this current financial year.

Reserves policy rationale

The Trustees consider that the performance of the Charity over the period is satisfactory. However, in their annual risk review the Trustees commented again on current and future economic conditions and uncertainty in the funding environment:

- A growing trend towards payment by results contracts, where investment is needed in work and only recouped if targets (for instance, outputs and outcomes) are achieved
- Pressure on local government and central government finances, with early help services at substantial risk as local authorities focus on acute need and meeting statutory obligations
- High competition for contracts and grant
- Reliance on sales generally to draw in revenue

The Board have considered how best the organisations strategic aims and objectives can be achieved in the context of the current and predicted environment and the organisations strengths and weaknesses. Their view is that sufficient reserves should be held to:

- Safeguard a limited number of services to vulnerable service users in the short term, until either replacement funding can be secured, other services can be brought in to offer support, or needs can be met by the Charity
- Providing working capital to ensure restricted funding remains restricted, and enable the Charity to operate in a PBR environment
- To cover liabilities in the unlikely event that the Charity is wound up
- To enable investment in development of new services, subject to a strong business case and likelihood of sustainable income and good outcomes from such services

Reserves should be managed in a way that, where it is necessary to hold them, they generate the best possible return for the Charity (including both financial and social return).

In respect of investment in development of new services, the Board are considering investing the bulk of reserves into the development of a fostering service because:

- The Board believe that this provision would meet an under-met need in an area with increasing market demand in North East England in particular
- It builds from the organisations core competencies in supporting family functioning and addressing neglect and trauma
- It links to one of the priority areas of spending for Local Authorities – there is and will remain a statutory obligation to safeguard vulnerable children.

Investment would need to be paired with a loan.

Within this financial year, the Board planned to approximately maintain the level of free reserves and grow them, if possible.

The Board have committed to review the reserves policy later in 2019 and until this time plan to maintain this year's reserves policy.

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2019

Trustees' responsibilities statement

The Trustees (who are also directors of Changing Futures North East for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they 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:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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.

This report was approved by the Trustees, on 23 October 2019 and signed on their behalf by:

G Walker, Chair
Trustee

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

INDEPENDENT EXAMINER'S REPORT
FOR THE YEAR ENDED 31 MARCH 2019

Independent Examiner's Report to the Trustees of Changing Futures North East (the 'Charity')

I report to the Trustees on my examination of the financial statements of the Charity for the year ended 31 March 2019.

This report is made solely to the Charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. My work has been undertaken so that I might state to the Charity's Trustees those matters I am required to state to them in an independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Charity and the Charity's Trustees as a body, for my work or for this report.

Responsibilities and Basis of Report

As the Trustees of the Charity (and its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the financial statements of the Charity are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the Charity's accounts carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent Examiner's Statement

Since the Charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants in England and Wales, which is one of the listed bodies.

I have completed my examination. I can confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the Charity as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Signed:

Dated:

THESE ACCOUNTS HAVE NOT BEEN SIGNED Heather O'Driscoll FCA

Waltons Clark Whitehill Limited

Chartered Accountants

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
INCOME AND ENDOWMENTS FROM:					
Donations and legacies	3	5,594	-	5,594	18,091
Charitable activities	4	52,237	466,098	518,335	555,935
Other trading activities	5	7,499	-	7,499	3,649
Investments	6	3,713	-	3,713	307
TOTAL INCOME AND ENDOWMENTS		69,043	466,098	535,141	577,982
EXPENDITURE ON:					
Raising funds		-	-	-	3,101
Charitable activities	7,10	86,469	428,102	514,571	594,641
TOTAL EXPENDITURE		86,469	428,102	514,571	597,742
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS					
Transfers between Funds	18	(17,426) 47,082	37,996 (47,082)	20,570 -	(19,760) -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		29,656	(9,086)	20,570	(19,760)
NET MOVEMENT IN FUNDS		29,656	(9,086)	20,570	(19,760)
RECONCILIATION OF FUNDS:					
Total funds brought forward		223,853	527,139	750,992	770,752
TOTAL FUNDS CARRIED FORWARD		253,509	518,053	771,562	750,992

The notes on pages 24 to 38 form part of these financial statements.

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)
REGISTERED NUMBER: 04009541

BALANCE SHEET
AS AT 31 MARCH 2019

	Note	£	2019 £	£	2018 £
FIXED ASSETS					
Intangible assets	13		1,083		1,583
Tangible assets	14		396,101		411,422
			397,184		413,005
CURRENT ASSETS					
Debtors	15	50,881		14,690	
Investments	16	78,017		115,708	
Cash at bank and in hand		263,933		222,263	
		392,831		352,661	
CREDITORS: amounts falling due within one year	17	(18,453)		(14,674)	
NET CURRENT ASSETS			374,378		337,987
NET ASSETS			771,562		750,992
CHARITY FUNDS					
Restricted funds	18		518,053		527,139
Unrestricted funds	18		253,509		223,853
TOTAL FUNDS			771,562		750,992

The Charity's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The Trustees consider that the Charity is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the Charity to obtain an audit for the year in question in accordance with section 476 of the Act.

The Trustees acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on 23 October 2019 and signed on their behalf, by:

G Walker, Chair

The notes on pages 24 to 38 form part of these financial statements.

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	20	<u>1,206</u>	<u>(12,621)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		2,773	307
Purchase of tangible & intangible fixed assets		-	(4,519)
Cash withdrawn from deposit (over 3 months)		<u>37,691</u>	<u>-</u>
Net cash provided by/(used in) investing activities		<u>40,464</u>	<u>(4,212)</u>
Change in cash and cash equivalents in the year			
Cash and cash equivalents brought forward		<u>222,263</u>	<u>239,096</u>
Cash and cash equivalents carried forward	21	<u><u>263,933</u></u>	<u><u>222,263</u></u>

The notes on pages 24 to 38 form part of these financial statements.

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared 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) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Changing Futures North East meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 Going concern

The Board believe that the Charity will function well as a going concern, however note that the payment by results contract and development of a possible new fostering service present risks that will need continued close monitoring and management, particularly given the pressures on public sector finances that present a challenge to the voluntary and community sector. Key risks are detailed on page 16 of the Trustees report.

1.3 Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources.

Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (continued)

1.5 Intangible fixed assets and amortisation

Intangible assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset, less their estimated residual value, over their expected useful lives on the following bases:

Software database	-	4 years straight line
-------------------	---	-----------------------

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Fixtures and fittings	-	20% - 25% straight line
Office equipment	-	20% - 25% straight line

1.7 Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.8 Pensions

The Charity contributes to a defined contribution pension scheme and the pension charge represents the amounts payable by the Charity to the fund in respect of the year.

1.9 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. COMPANY STATUS

The Charity is a company limited by guarantee. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

The registered office address is:

3 Abbey Street
Hartlepool
TS24 0JR

3. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Donations	5,594	-	5,594	<i>18,091</i>
<i>Total 2018</i>	<u><u>4,822</u></u>	<u><u>13,269</u></u>	<u><u>18,091</u></u>	

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Systems change work	-	303,185	303,185	<i>336,291</i>
Couple and family relationships	51,432	111,450	162,882	<i>115,593</i>
Working with children and young people	805	21,463	22,268	<i>74,051</i>
Core support	-	30,000	30,000	<i>30,000</i>
	<u><u>52,237</u></u>	<u><u>466,098</u></u>	<u><u>518,335</u></u>	<u><u>555,935</u></u>
<i>Total 2018</i>	<u><u>11,637</u></u>	<u><u>544,298</u></u>	<u><u>555,935</u></u>	

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

5. FUNDRAISING INCOME

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Room hire	2,725	-	2,725	1,628
Other income	4,774	-	4,774	2,021
	<u>7,499</u>	<u>-</u>	<u>7,499</u>	<u>3,649</u>
<i>Total 2018</i>	<u>3,649</u>	<u>-</u>	<u>3,649</u>	

6. INVESTMENT INCOME

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Investment income	3,713	3,713	307
	<u>3,713</u>	<u>3,713</u>	<u>307</u>
<i>Total 2018</i>	<u>307</u>	<u>307</u>	

7. EXPENDITURE ON CHARITABLE ACTIVITIES

	Systems change work £	Couple and family relationships £	Working with children and young people £	2019 £	2017 £
Direct costs (note 8)	268,345	124,665	22,709	415,719	413,918
Support costs (note 9)	59,146	31,480	4,772	95,398	177,915
Governance costs (note 10)	2,141	1,140	173	3,454	2,808
	<u>329,632</u>	<u>157,285</u>	<u>27,654</u>	<u>514,571</u>	<u>594,641</u>
Total	<u>329,632</u>	<u>157,285</u>	<u>27,654</u>	<u>514,571</u>	<u>594,641</u>

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

8. DIRECT COSTS

	Systems change work £	Couple and family relationship £	Working with children and young people £	Total 2019 £	<i>Total 2018 £</i>
Project activities	61,621	581	6,568	68,770	65,905
Premises costs	2,803	1,242	-	4,045	308
Printing postage and stationery	4,342	319	-	4,661	670
Phone	340	908	218	1,466	885
Repairs and renewals	-	-	-	-	722
Travelling	2,624	8,075	5,669	16,368	17,434
Other	2,594	1,011	50	3,655	760
Legal and Professional	250	2,000	-	2,250	5,541
Training costs	32,150	164	-	32,314	20,052
Wages and salaries	147,430	104,099	9,752	261,281	276,503
National insurance	12,861	5,668	368	18,897	23,831
Pension cost	1,330	598	84	2,012	1,307
	<u>268,345</u>	<u>124,665</u>	<u>22,709</u>	<u>415,719</u>	<u>413,918</u>
<i>Total 2018</i>	<u>259,988</u>	<u>97,997</u>	<u>55,933</u>	<u>413,918</u>	

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

9. SUPPORT COSTS

	Systems change work £	Couple and family relationship £	Working with children £	Total 2019 £	Total 2018 £
Project activities	30	17	3	50	1,210
Premises costs	6,153	3,275	496	9,924	14,271
Printing postage and stationery	2,020	1,075	163	3,258	2,998
Phone	1,418	755	114	2,287	2,777
Repairs and renewals	3,454	1,838	279	5,571	7,312
Insurance	2,914	1,551	235	4,700	4,717
Travelling	719	382	58	1,159	821
Equipment hire	237	126	19	382	823
Other staff costs	591	314	48	953	385
Other	530	282	43	855	1,762
Legal and Professional	2,262	1,205	183	3,650	9,694
Training costs	685	364	55	1,104	4,594
Wages and salaries	26,274	13,984	2,119	42,377	103,259
National insurance	1,040	553	84	1,677	6,705
Pension cost	1,010	538	82	1,630	848
Depreciation & Amortisation	9,809	5,221	791	15,821	15,739
	<u>59,146</u>	<u>31,480</u>	<u>4,772</u>	<u>95,398</u>	<u>177,915</u>
<i>Total 2018</i>	<u>113,862</u>	<u>39,145</u>	<u>24,908</u>	<u>177,915</u>	

10. GOVERNANCE COSTS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Independent Examination	2,920	-	2,920	2,808
Professional fees	534	-	534	-
	<u>3,454</u>	<u>-</u>	<u>3,454</u>	<u>2,808</u>

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

11. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2019	<i>2018</i>
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	15,321	<i>15,322</i>
Amortisation of intangible fixed assets	500	<i>417</i>
	<u> </u>	<u> </u>

During the year, no Trustees received any remuneration (2018 - £NIL).

During the year, no Trustees received any benefits in kind (2018 - £NIL).

One Trustee received reimbursement of expenses amounting to £88 in the current year, (2018 - 1 Trustee - £130).

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

12. STAFF COSTS

Staff costs were as follows:

	2019	<i>2018</i>
	£	£
Wages and salaries	303,658	<i>382,854</i>
Social security costs	20,574	<i>30,545</i>
Other pension costs	3,642	<i>2,155</i>
	<hr/> 327,874 <hr/>	<hr/> <i>415,554</i> <hr/>

The average number of persons employed by the Charity during the year was as follows:

	2019	<i>2018</i>
	No.	<i>No.</i>
Charitable activities	10	<i>12</i>
Management and Administration	5	<i>7</i>
	<hr/> 15 <hr/>	<hr/> <i>19</i> <hr/>

Average headcount expressed as a full time equivalent:

	2019	<i>2018</i>
	No.	<i>No.</i>
Charitable activities	10	<i>12</i>
Management and Administration	5	<i>7</i>
	<hr/> 15 <hr/>	<hr/> <i>19</i> <hr/>

No employee received remuneration amounting to more than £60,000 in either year.

The total remuneration (including employers NI) paid to key management personnel was £96,487 (2018: £88,812).

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

13. INTANGIBLE FIXED ASSETS

	Software database £
Cost	
At 1 April 2018 and 31 March 2019	2,000
Amortisation	
At 1 April 2018	417
Charge for the year	500
At 31 March 2019	917
Carrying amount	
At 31 March 2019	1,083
<i>At 31 March 2018</i>	1,583

14. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Office equipment £	Total £
Cost				
At 1 April 2018 and 31 March 2019	571,080	9,615	107,462	688,157
Depreciation				
At 1 April 2018	167,422	8,369	100,944	276,735
Charge for the year	11,422	481	3,418	15,321
At 31 March 2019	178,844	8,850	104,362	292,056
Net book value				
At 31 March 2019	392,236	765	3,100	396,101
<i>At 31 March 2018</i>	403,658	1,246	6,518	411,422

15. DEBTORS

	2019 £	2018 £
Trade debtors	47,892	10,877
Prepayments and accrued income	2,989	3,813
	50,881	14,690

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

16. CURRENT ASSET INVESTMENTS

	2019 £	2018 £
Bank deposit accounts	<u>78,017</u>	<u>115,708</u>

17. CREDITORS: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	3,332	5,198
Other taxation and social security	12,199	6,197
Accruals and deferred income	2,922	3,279
	<u>18,453</u>	<u>14,674</u>

18. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 April 2018 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2019 £
Designated funds					
Revaluation Reserve	6,192	-	(175)	-	6,017
Moving On	-	2,500	(3,666)	1,166	-
Fostering	-	-	(1,413)	1,413	-
Moving on Relate	-	23,540	(11,973)	(4,660)	6,907
	<u>6,192</u>	<u>26,040</u>	<u>(17,227)</u>	<u>(2,081)</u>	<u>12,924</u>
General funds					
General Fund	217,661	43,003	(69,242)	49,163	240,585
Total Unrestricted funds	<u>223,853</u>	<u>69,043</u>	<u>(86,469)</u>	<u>47,082</u>	<u>253,509</u>

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

18. STATEMENT OF FUNDS (continued)

Restricted funds

	Balance at 1 April 2018 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2019 £
Abbey Project	397,466	-	(11,247)	-	386,219
Youth Club	162	-	(162)	-	-
Mentoring	7,765	62,000	(53,273)	(7,452)	9,040
Independent Visitor	588	12,880	(10,755)	(1,090)	1,623
Healthy Relationships, Better Childhood - Early Action	93,842	303,185	(268,345)	(36,414)	92,268
Tudor Trust	5,000	30,000	(30,000)	-	5,000
Family Group Conferencing	539	-	(250)	(289)	-
Tees Valley Community Foundation	19	-	-	-	19
Awards 4 All	3,045	-	(3,045)	-	-
Henry Smith	2,137	24,450	(17,599)	-	8,988
Rayne	14,702	25,000	(24,806)	-	14,896
EDF	850	-	-	(850)	-
Hospital of God	1,000	-	-	(1,000)	-
Independent visitor expenses	24	8,583	(8,620)	13	-
	<u>527,139</u>	<u>466,098</u>	<u>(428,102)</u>	<u>(47,082)</u>	<u>518,053</u>
Total of funds	<u>750,992</u>	<u>535,141</u>	<u>(514,571)</u>	<u>-</u>	<u>771,562</u>

Purposes of restricted funds

ABBHEY PROJECT

The Abbey Street Project represents funds raised to refurbish a building to be used by the Charity to provide facilities for the advancement of education and leisure time opportunities for children and young people. The main fund provider to the project was the community fund who kindly provided funding of £540,609 in circa 2001.

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

18. STATEMENT OF FUNDS (continued)

YOUTH CLUB

Donations brought forward towards the activities of the youth club have been spent in the year.

MENTORING

£62,000 from a Local Authority contract to provide a Mentoring Service to Children and Young People. The brought forward income includes grants from Hadrians Trust, James Knott Trust, UK Steel and sundry small donations.

INDEPENDENT VISITOR & INDEPENDENT VISITOR EXPENSES

Local Authority contract to provide volunteer Independent Visitors to Children and Young People in Care.

HEALTHY RELATIONSHIPS, BETTER CHILDHOOD - EARLY ACTION

This fund represents investment to develop proposals for system change in Hartlepool to enable a shift in spending from acute to preventative and early intervention (Early Help) services. This funding came from Comic Relief.

TUDOR TRUST

A grant from Tudor Trust to contribute to the CEO salary. This grant is recurrent for 3 years.

FAMILY GROUP CONFERENCING

This contract was to run a service offering families a voluntary decision making meeting to help them find their own solutions to problems.

TEES VALLEY COMMUNITY FOUNDATION

Income received for work with children and Young People.

AWARDS 4 ALL

Funding brought forward for a Children and Young People's mentoring project to recruit train and supervise new volunteers.

HENRY SMITH

Funding towards the salary of a family support worker.

RAYNE

This funding was also towards the salary of a family support worker. The funding was for two years so a balance remains unspent.

EDF

Income received for mentoring work with children and Young People. This was spent on the mentoring service so has been transferred into that fund.

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

18. STATEMENT OF FUNDS (continued)

HOSPITAL OF GOD

Income received for work with family relationships. This was spent on supporting two families through the moving on project so has been transferred to that fund.

Transfers are made between funds in order to reflect the element of funding received which is spent on core activities.

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at</i> <i>1 April 2017</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers</i> <i>in/out</i>	<i>Balance at</i> <i>31 March</i> <i>2018</i>
	£	£	£	£	£
Revaluation Reserve	6,367	-	(175)	-	6,192
General Fund	<u>231,773</u>	<u>20,415</u>	<u>(136,416)</u>	<u>101,889</u>	<u>217,661</u>
Restricted funds					
	<i>Balance at</i> <i>1 April 2017</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers</i> <i>in/out</i>	<i>Balance at</i> <i>31 March</i> <i>2018</i>
	£	£	£	£	£
Abbey Project	408,713	-	(11,247)	-	397,466
Youth Club	1,333	2,082	(3,141)	(112)	162
WVP 5-19	7,515	32,000	(20,701)	(18,814)	-
Mentoring	156	75,187	(57,558)	(10,020)	7,765
Independent Visitor	1,701	12,879	(12,902)	(1,090)	588
Healthy Relationships, Better Childhood					
- Early Action	84,114	336,292	(259,862)	(66,702)	93,842
Family & Young People Activity	2,060	-	(2,060)	-	-
Apprentice Grant	5,000	-	(5,000)	-	-
Local Sustainability Fund	17,000	-	(14,999)	(2,001)	-
Filling the Gap	20	850	(834)	(36)	-
Tudor Trust	5,000	30,000	(30,000)	-	5,000
West view Project	-	9,004	(7,154)	(1,850)	-
Family Group Conferencing	-	5,000	(4,461)	-	539
Tees Valley Community Foundation	-	1,000	(981)	-	19
Awards 4 All	-	5,000	(1,569)	(386)	3,045
Henry Smith	-	12,100	(9,897)	(66)	2,137
Rayne	-	25,000	(10,298)	-	14,702
EDF	-	1,000	-	(150)	850
Hospital of God	-	1,000	-	-	1,000
Running missing	-	830	(168)	(662)	-
Independent visitor expenses	-	8,343	(8,319)	-	24
	<u>532,612</u>	<u>557,567</u>	<u>(461,151)</u>	<u>(101,889)</u>	<u>527,139</u>

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Intangible fixed assets	1,083	-	1,083
Tangible fixed assets	9,882	386,219	396,101
Current assets	260,995	131,834	392,829
Creditors due within one year	(18,451)	-	(18,451)
	<u>253,509</u>	<u>518,053</u>	<u>771,562</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestricted funds 2018 £</i>	<i>Restricted funds 2018 £</i>	<i>Total funds 2018 £</i>
Intangible fixed assets	1,583	-	1,583
Tangible fixed assets	13,956	397,466	411,422
Current assets	222,988	129,673	352,661
Creditors due within one year	(14,674)	-	(14,674)
	<u>223,853</u>	<u>527,139</u>	<u>750,992</u>

20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019 £	2018 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	20,570	(19,760)
Adjustment for:		
Depreciation charges	15,821	15,739
Dividends, interest and rents from investments	(2,773)	(307)
(Increase)/decrease in debtors	(36,191)	8,488
Increase/(decrease) in creditors	3,779	(16,781)
Net cash provided by/(used in) operating activities	<u>1,206</u>	<u>(12,621)</u>

CHANGING FUTURES NORTH EAST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2019	2018
	£	£
Cash in hand	202,184	160,772
Notice deposits (less than 3 months)	61,749	61,491
Total	263,933	222,263