

FAMILY SERVICE UNIT SCOTLAND
(A Company Limited by Guarantee)

KNOWN AS CIRCLE

REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2020



**FAMILY SERVICE UNIT SCOTLAND
(A Company Limited by Guarantee)
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Legal and administrative information

Directors

Grant Sugden, Chair (appointed 30/07/18)
The Very Reverend Ian Barcroft (appointed 10/02/06, resigned 29/07/2019)
Wendy Paterson (appointed 06/09/10)
Jacqui Gillies (appointed 15/02/17)
Nickola Paul (appointed 15/02/17)
Jane Scott (appointed 01/07/17)
Cameron Wyllie (appointed 31/07/17)
Romy Langeland (appointed 31/07/17)
Beata Burkinshaw (appointed 30/07/18)
Garry Luke, Treasurer (appointed 30/07/18)
Helen McCann (appointed 21/01/19)

Chief Executive and Company Secretary

Mark Kennedy

Associate Advisors

Ewan Aitken
Dona Milne
Brian Hills
Dan Gunn
Mary Hepburn
Dave Liddell
Norma Baldwin
Caroline Lamb

Registered Office

18 West Pilton Park
Edinburgh
EH4 4EJ

Auditors

Chiene + Tait LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

Bankers

CAF Bank Ltd
25 Kings Hill Avenue
Kings Hill
West Malling
Kent
ME19 4JQ

Santander
2-3 Triton Square
London
NW1 3AN

Shawbrook Bank
Lutea House
Warley Hill Business Park
The Drive, Great Warley
Brentwood
Essex, CM13 3BE

Solicitors

Lindsays
Caledonian Exchange
19A Canning Street
Edinburgh
EH3 8HE

Employment Law advisors

Navigator
Floor 3
1 – 4 Atholl Crescent
Edinburgh
EH3 8HA

Operating name: Circle

Charity number: SC037181

Company number: SC296943

**FAMILY SERVICE UNIT SCOTLAND
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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The Directors submit their report together with the financial statements for the year ended 31 March 2020.

Objectives and activities

The objects of the charity as stated in the Memorandum of Association are:

- To provide help, support and protection to children, families and individuals who are in conditions of poverty, vulnerability or distress or who are otherwise in need by reason of their personal, social or economic circumstances; and
- To advance education, policy and practice in health and social services through study of conditions that affect children and families and through dissemination of the knowledge gained through that study and the experience of service provision.

The charity has the general aim of promoting the social inclusion of families with children marginalised by poverty and discrimination. The charity's purpose is to improve the lives of children by strengthening families.

Our objectives are:

- To protect and promote the best interests of children
- To support marginalised families with children to develop a self-supporting and effective family life
- To provide holistic and preventative services
- To establish locally based, effective, accessible and flexible services
- To work in partnership with other agencies to promote integrated services
- To support student learning and post qualifying learning and development
- To develop and disseminate good practice to influence policy and practice

To do this we provide preventative family support services that are strengths based and solution focussed. Currently we have projects which focus on:

- Families with children affected by parental substance use
- Families with children affected by parental imprisonment
- Families with children at risk of school exclusion
- Families with very young children and who need additional support
- Fathers in their role as parents
- Young people who are using substances

The strategies employed to achieve the charity's objectives are:

- To provide preventative and intensive family support services.
- Family support - to strengthen the ability of children and families to manage the threat and consequences of personal challenges and to help develop and strengthen the skills and resourcefulness of families in caring for their children.
- Work with schools - to improve the educational opportunities of children, prevent school exclusion and improve the relationship between families and schools.
- Early years work - to promote the best possible start in life.
- Student learning - to support the development of the future social care workforce through providing student placements.
- Workforce development - through continuous professional development and the dissemination of good practice.

Shorter and longer term objectives are set out within the Plans for the Future section of this Report.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

The charity's areas of activity are described below.

Circle Edinburgh provides the following services:

- Harbour Project supports families with children affected by parental drug and alcohol use. This is a partnership with CrossReach's Sunflower Garden, with Circle offering whole family support and Sunflower Garden offering therapeutic support to children and young people. There is also one post that supports young people who use drugs and alcohol themselves and their families as well as a Fathers' post. The Fathers' post adds an additional support to the whole family.
- Haven Project is based in Muirhouse and provides whole family support on an outreach basis and centre based work which includes parenting groups and crèches as well as individual and group support to fathers. This project works with families with children under 12.
- ISSEP Project is based in West Pilton linking 5th and 6th year pupils with primary aged children. The mentoring service runs after school in term time and aims to improve educational attainment and social skills of the children involved.
- Pupil Equity Fund post is commissioned by two primary schools, Craigentenny and St. Ninian's who decided to use this Scottish Government initiative to fund a Family Outreach Worker. They have committed to this until August 2021.
- Placements for social work students, who experience a rich mix of learning opportunities. (Practice Learning.)

Circle West Lothian provides the following services:

- Project which supports families with children in West Lothian who are affected by parental drug and alcohol use. This service is commissioned by the West Lothian Alcohol and Drug Partnership.

Circle East and Midlothian provides the following services:

- Project which supports families with children in East Lothian who are affected by parental drug and alcohol use.
- Project that supports pregnant women and new mothers in East and Midlothian affected by substance use and their families.
- Family inclusion project that works across sectors and in partnership with families to develop family centred practice that recognises and promotes the rights and wishes of families.

Circle Families Affected by Imprisonment (FABI) provides the following services:

- Project that identifies and supports men in HMP Addiewell who are fathers and have children affected by parental drug and alcohol use and who are returning to their families and communities in West Lothian and North and South Lanarkshire. The worker also provides community based support to the fathers and their families.
- Shine National Women's Mentoring PSP is a partnership between SACRO (the lead partner) Circle, Venture Trust, Turning Point, Access to Industry, Barnardo's, Apex and The Wise Group. Circle's role is to provide through care to mothers in prison, and on liberation, and their families. The Shine service is funded by the Scottish Government.
- Women's Outreach Team is funded by The Henry Smith Charity and works in North and South Lanarkshire. It is a partnership between Circle and Addictions Support & Counselling and is a service for women involved in the criminal justice system having received either a Community Payback Order or Electronic Monitoring as an alternative to imprisonment.
- Women's Outreach Service is funded by Clackmannanshire and Stirling Alcohol and Drugs Partnership and operates in both local authority areas. The service offers intensive person-centred support to women with substance use issues and their families. It is delivered in partnership with Addictions Support & Counselling.
- Caledonian System Project supports families affected by domestic abuse and is a partnership between South Lanarkshire Council, Circle and Women's Aid South Lanarkshire. It is funded by the Scottish Government.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Achievements and performance from April 2019 to March 2020

The backdrop to the past year has continued to be one of challenge for Circle and the voluntary sector as a whole. This has meant that we have had to be even more committed and resourceful in maintaining, and in some instances growing, the services that help to support and develop some of the most marginalised families in Scotland.

Overall the year has been a positive one for Circle. Our team of front-line family outreach workers and project managers has continued to work in a committed and innovative way to ensure families access support that is respectful and that meets their needs and expectations. We have improved outcomes for families across a range of indicators helping them to be more active and healthy and feel more respected and included.

There have been successes in securing ongoing funding for some of our vital services, and we have added to other services that will support our capacity to innovate and develop our work as we go forward. As a result of our financial restructure we have transformed our financial performance, going from a substantial deficit in 18/19 to a positive surplus in the last year. This turnaround has come about as a result of increased fundraising activity and some necessary cost cutting.

In the latter part of the year our services were affected by the COVID-19 Pandemic. The following section contains reports on how we are managing the challenges and risks associated with this unprecedented situation.

During this financial year we have:

Secured new funding for our Haven Project in Edinburgh. This was done through a competitive grants process that obtained a sum of £119,000 for three years from The City of Edinburgh Council Children and Families Grant Programme. This will allow us to continue Early Years Group Work, Family Outreach and Fathers' Support at our base in Muirhouse until September 2023.

Established a Family Inclusive Practice Partnership with MELD in East Lothian. This is funded by The Challenge Fund - Getting Ready for System Change. The main aim of the project is to identify barriers to family inclusive practice alongside strengths and solutions, across three service systems.

Formed a new partnership with South Lanarkshire Council's Caledonian System Team, which works with families affected by domestic violence. Circle's role is to specifically support children affected by domestic violence. The service is funded by the Scottish Government, through South Lanarkshire Council, until March 2021 but is likely to be extended beyond this date.

Extended the scope of our Harbour project by securing additional £101,000 in funding from the Edinburgh Alcohol and Drug Partnership. This will fund a group work post and a development work post, and will extend the funding for our Young Persons' drug and alcohol service.

Learned that the funding for our successful West Lothian Children Affected by Parental Substance Use service will be extended to 31 March 2022. This will ensure continuity of support for vulnerable families and children in West Lothian and provide an opportunity for Circle to further develop our services there.

In consultation with the board of trustees and the staff team we have produced a new three-year strategy for Circle. The new strategy lays out our ambitions to increase partnerships, build organisational resilience, develop our staff team, increase participation, innovate our practice and influence policy at a local and national level.

DIRECTORS' REPORT (CONTINUED)

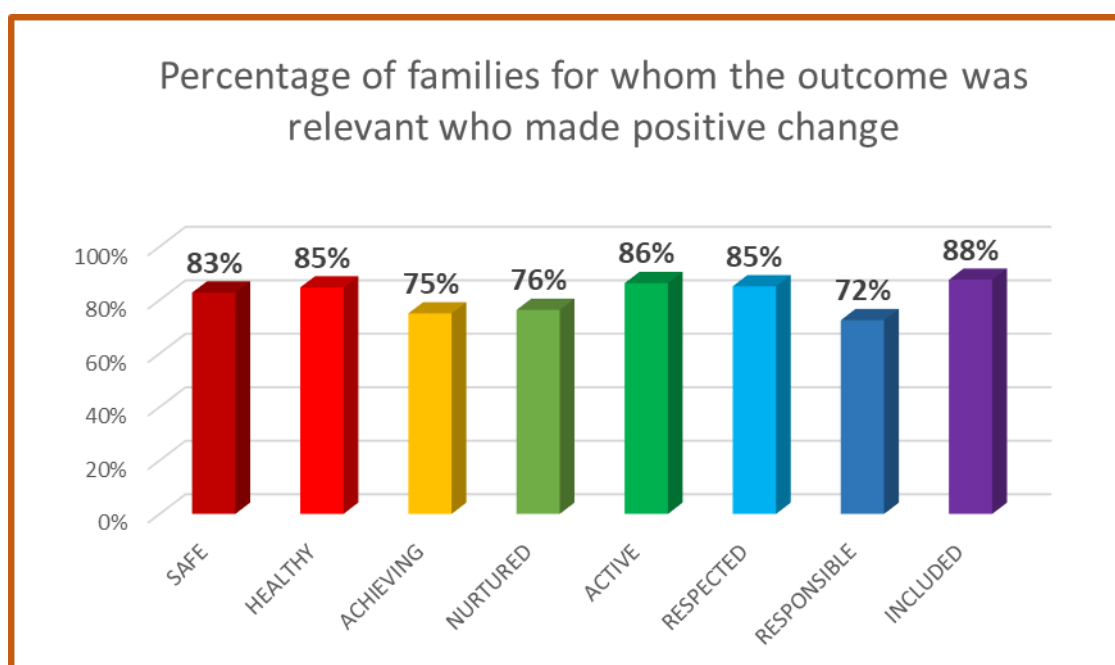
FOR THE YEAR ENDED 31 MARCH 2020

Achievements and performance from April 2019 to March 2020 (continued)

Between April 2019 and March 2020 Circle provided whole family support to **540** families including families who accessed group work support. Those families consisted of **825** children, **632** parents and **12** kinship carers. We also worked specifically with **21** Young People who accessed our Young Persons' Service.

Circle staff record the work that they do with families using the GIRFEC national framework consisting of eight overarching outcomes, using the recognised 'SHANARRI framework to evidence "journey travelled" for the families. Each outcome has a number of indicators and each project records against indicators relevant to that project and the families they are working with.

The following table represents the percentage of families, for whom service has ended in the year and for whom the outcome was relevant, who have made positive change against that outcome. Service ended for 471 families over 2019-20, of which 405 had outcomes recorded. This year's figures show an improvement in positive outcomes for families against six of the eight indicators when compared to 2019/2020 figures.



Circle is committed to the personal development of the families we work with.

Throughout the year we fundraise to pay for seasonal trips during the Easter, summer and October school breaks for the families we work with. This provides much needed fun days for families and helps make positive memories and experiences for the children. Some of those were:

- Beach trips
- Visit to Newhailes House
- Park Day and Scavenger Hunt at Holyrood Park
- Children's Festival Show
- Dynamic Earth
- Swimming Trips

¹ The eight wellbeing indicators are commonly referred to by their initial letters – SHANARRI (Safe, Healthy, Achieving, Nurtured, Active, Responsible, Respected, Included)

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Achievements and performance from April 2019 to March 2020 (continued)

Thirty-one children and young people attended the Scripture Union Holidays over the summer. This is a partnership between Circle and the Prison Fellowship and is organised and staffed by Scripture Union. This is an opportunity for children and young people to experience a residential trip with fun outdoor activities and experiences.

In December, with donations of toys and gifts from Cash4Kids, Inverleith Church, Pilrig St. Paul's Church and St. Mary's Church in Hamilton, we were able to ensure that all children and young people had gifts to open at Christmas. The Salvation Army again provided much needed food parcels.

Circle provides practice learning opportunities for social work students who are supervised by staff who are Practice Teachers. Between April 2019 and March 2020 Circle provided 11 placements of which three were observational opportunities. The social work students came from Edinburgh, Stirling and Napier and The Open University.

Between April 2019 and March 2020 Circle held three Staff Development Days for the whole staff team. External inputs included: Solution Focused Approach (Peter Doran, Ex trustee and CEO of Harmeny School), Maintaining Professional Boundaries (Avril McIvor, University of Glasgow) and Working with Personality Disorders (Dawn Harris, Psychologist). The Staff Development Days also provide an opportunity for our whole organisation to come together, learn from one another and build cohesion across our geographically dispersed teams.

In April 2019 Circle carried out an organisation wide training audit. The feedback gathered from the staff team was used to define the minimum level of training we expect staff to complete and to identify priority areas of development that we will encourage and support staff to participate in. The key finding of the audit was that staff felt that we needed a refresh of our Solution Focused Practice Approach as this is key to the ethos of the organisation. To facilitate this refresh, we arranged a training day where the key principles of the approach were revisited and re-embedded in our work. This was supported by an additional day of Solution Focused Supervision training for all managers and senior staff.

We also identified a need for training in working with families affected by domestic violence. This need was highlighted by the independent evaluation into our Women's Outreach Service, where 85% of the women interviewed were victims of domestic violence. To improve our practice in this area 12 members of staff, both managers and family outreach workers, have completed Safe and Together training in the past year. Safe and Together is a child centred approach that focuses on the safety and wellbeing of victims of domestic violence and their children.

Two further members of staff gained accreditation in PuP (Parents Under Pressure). The overarching aim of the PuP program is to help parents facing adversity develop positive and secure relationships with their children. Within this strength-based approach, the family environment becomes more nurturing and less conflictual and both parents and children learn to self-regulate their behaviour. We now have a total of 11 PuP Practitioners across the organisation's services.

Circle had a strong year in fundraising and income generation. We welcomed new funders including The Walter Scott Trust, KPE4, The Tampon Tax Fund, the Challenge Fund, Muirhouse Housing Association, Henry Smith Charity and East Lothian Council. We organised our largest ever fundraising event, The DARED Challenge, which had 154 participants who did a run every day in June in support of Circle.

In January 2020 the Management and Board held an Away Day. The themes for the day were: Getting the best from our Board, Being the best we can be (organisational structure and working practices) and Improving beneficiary participation in the management and governance of Circle. A theme that emerged on the day was the need to embed change in a way that is appropriate and positive for the whole organisation.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Achievements and performance from April 2019 to March 2020 (continued)

Between April 2019 and March 2020 one Trustee, Ian Barcroft, resigned from the board. Ian had been a long-standing trustee and had brought a wealth of experience, knowledge and commitment to the organisation. He played a key role in the foundation and development of Circle and was also instrumental in the setting up of our Lanarkshire base.

COVID-19 impact on services

The COVID-19 pandemic has created significant challenges for Circle in continuing to deliver vital services to children and families that have been disproportionately affected. Families with younger children have been particularly impacted by the lockdown restrictions and the closure of services such as schools, nurseries and other supports. Despite the challenging circumstances Circle has continued to provide vital services to some of the most vulnerable families across central Scotland.

Since the start of the pandemic restrictions, all project staff and managers, and most of the core services team, have been working remotely. This will continue until it is safe for us to return to offices and other workspaces. The transition to remote working has, for the most part, been seamless and staff have adapted quickly. All project staff, and managers, already had laptop computers and remote access to all files and resources. Circle's in-house IT support has been invaluable during this transition.

Family outreach services have been keeping in constant contact with families helping them to manage their situation by ensuring they have all the basic necessities of life. There has also been a lot of innovative remote working with children and families including using videoconferencing platforms and social media. The following are examples of the support being offered remotely to families: family support & advice, reducing social isolation, arts, crafts and educational activities, emotional support, support for parenting, food parcel or shopping delivery, home energy support, financial assistance, digital support and pharmacy pick up.

As restrictions have eased we have commenced outdoor socially distanced meetings and activities with families and other beneficiaries of our services. We will continue to work diligently to support families while following government guidelines and minimising risk to our service users and staff.

Our group work services, both for families and fathers, have moved online with groups meeting via videoconferencing platforms. The focus with families involved in group work has been to support them in their own homes and this is a change in emphasis of the projects that is necessary at this time.

Circle will continue to follow government guidelines as we emerge from lockdown, innovating and modifying services to continue supporting families while taking account of risks to staff and families. Any return to normal working will have to be phased and we will need to put the necessary protections in place to protect staff and clients. To this end we are carrying out ongoing dynamic risk assessments of all premises and practices.

Circle is committed to evidencing and sharing best practice and to influencing Scottish Government policies that have the potential to improve the lives of or impact on the lives of the families we work with.

Circle completed a Corra funded, whole families approach research project "Think Family, Act Family". The research sought to test the efficacy of a whole family approach in a third sector agency and explore the approach's ability to encompass child protection concerns. A presentation of the work was given at the Scottish Association of Social Work Annual Conference. An article based on the research has been written and is awaiting publication.

In April 2019 Circle's FABI Project hosted a visit from Margaret Mitchell MSP, Chair of The Scottish Government Justice Committee at our base in Hamilton. We presented Circle's FABI services and discussed the challenges faced in sustaining high quality services in the current funding climate and the most pressing issues for women and families affected by involvement in criminal justice.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Achievements and performance from April 2019 to March 2020 (continued)

In June 2019 Circle hosted a visit by Ben Macpherson MSP, Minister for Public Finance in the Scottish Government. Circle's Edinburgh's early years were presented and the wider challenges around funding services for voluntary sector partners were discussed.

In October 2019 Circle hosted its Annual Lecture at George Heriot's School in Edinburgh. The title of the lecture was "When home is not the safe place" and the theme was how we understand children's experiences of domestic abuse. The speakers were John Devaney PHD, Centenary Professor of Social Work at The University of Edinburgh, and Dr Briega Nugent, Independent Research Consultant. We had a record attendance with 131 people registering for the event.

Financial Review

The Directors have continued to ensure that the organisation has a clear and robust approach to financial planning, income generation and financial control and the members of the Board and the Audit Group all play a major role in this.

The Directors are satisfied with the financial performance for the year to 31 March 2020, particularly given the difficult financial context in which we are currently operating.

Investment Policy

The cash reserves of the organisation are held in interest bearing accounts. The Directors keep this arrangement under regular review and pay particular attention to the requirement to ensure that sufficient liquidity is maintained to enable the organisation to manage its commitments, taking into account the uncertainty attached to the timing of receipt of large proportions of its income.

Principal Funding Sources

The principal funding sources for the charity are by way of grant and contract income from The City of Edinburgh Council, West Lothian Council, Scottish Government and payments from universities for practice placements for student social workers. The charity is also receiving one to three year grants from a number of large trusts and foundations including Corra Foundation, The Robertson Trust, Henry Smith Charity, The Cattanach Trust and the National Lottery Community Fund. The charity has benefited hugely from personal donations and personal trusts. In the last year we have also been successful in raising funds from events.

COVID-19 finance and fundraising risk management

The Directors and management of Circle are extremely mindful of the threat to our financial stability posed by the COVID-19 pandemic. While close monitoring and forecasting are part of our regular governance and management structures, we are conscious that increased vigilance will be necessary in the coming year and beyond.

Circle has procedures, structures and tools in place to closely monitor income and expenditure. These include the following:

- *Monthly Budgeting and Fundraising meeting.* At this meeting monthly budget updates are presented and each funding stream is analysed with appropriate plans put in place to mitigate risk. Costs for each project are considered and sources of future funding are identified and plans are put in place to reduce costs in line with loss of income.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Financial Review (continued)

- *Board Finance and Fundraising Sub Group.* The scope of the Sub Group is to provide governance and oversight of financial and fundraising management and to provide assurance to the Board of Circle. The responsibilities of the group are to review annual budget, quarterly management reports and financial review, quarterly monitoring of fundraising performance, oversee annual fundraising strategic plan, oversight of pension schemes and provision, any other financial issues which may arise with implications for the organisation.
- *Funding situation report.* This is presented to each board meeting and outlines each project funding stream to assesses the level of risk using a RAG risk scale. Where risks are identified actions are decided and assigned as part of the board minutes.

Current income streams COVID-19 risk assessment

Restricted Income:

The majority of Circle's income is restricted and from statutory sources and given to carry out particular projects or pieces of work over defined time periods. While most of this income is from statutory sources, such as government or local authorities, there is also a portion of funding that comes from charitable trusts that is also restricted. At this point none of this income has been affected by the COVID-19 pandemic and will remain in place for the time specified in the original agreements and contracts. Below is a summary of our major funding streams and the timelines associated with them.

Haven Project: Funded with a grant from The City of Edinburgh Council. This income is guaranteed at this level until July 2023.

West Lothian project: Funded with a tender from West Lothian ADP. This contract has been extended to 31 March 2022.

Harbour Project: Funded by a tender from The City of Edinburgh Council ADP. This contract currently runs to 31 March 2021. We are in discussions regarding an extension to this period. Where the extension does not happen, the contract will be tendered. Were we to be unsuccessful in this tender the project will be ended and Circle will have no ongoing costs associated with this work.

East Lothian Project: Funded by a grant from The National Lottery Community Fund. This grant runs to 30 September 2021. Where this funding can't be renewed the project will close and we will not continue to have the costs associated with the project.

Shine Project: Circle is a partner in a Scottish Government funded PSP. This funding is reviewed annually by the Scottish Government and the current award runs to 31 March 2021. We fully expect this funding to be renewed next year. Were it not to be renewed we would have no ongoing costs associated with the project.

Smaller Projects: Circle has range of smaller projects carrying out discreet pieces of work funded by a range of charitable trusts and statutory sources. In common with the above major projects all these are time bound and where we are not able to renew funding the projects will end and costs will be cut in line with this. All of these funding streams and associated costs are reviewed monthly at our budget and fundraising meeting and appropriate plans put in place to raise funding and mitigate costs.

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DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Financial Review (continued)

Unrestricted Income:

During the course of the year Circle will be in receipt of unrestricted income. This comes from a range of sources including charitable trusts, individual donors and fundraising events. In 2019/20 this amounted to 11.6%. This income is normally used for discretionary charitable activities and core cost funding. Circle employs an Income Generation Manager who takes a lead on unrestricted fundraising and we have a fundraising strategy and action plan which is updated annually. In 2019/20 we generated a positive surplus in unrestricted funding that contributed to an increase in the organisation's unrestricted reserves. This meant we entered 2020/21 in a stronger financial position.

We are extremely mindful of the discretionary nature of this income and the potential for it to be negatively affected by the COVID-19 pandemic. To mitigate any risk, we are closely monitoring income this year and taking steps like bringing in increased fundraising capacity. In the first quarter of 2020/21 we have continued to successfully bring in unrestricted income and are currently running ahead of budget for the year. The response from regular major donors to the pandemic has been positive and this has led to an increase in donations in the first quarter. We have also been able to run our major fundraising event, The DARED Challenge, and have more than doubled the amount we raised from this in 19/20.

Reserves Policy

The Directors' long term aim is to ensure the charity builds up general funds equivalent to three months' running expenses for the total organisation. At current levels of activity that is equivalent to £356,185. The Directors consider this level of reserves is one which is prudent considering the level and extent of risk associated with funding streams which the charity is required to manage. There is however a requirement to recognise the deficit on the pension scheme which has had a significant impact in 2015/16 and 2017/18, and as a consequence the total unrestricted reserves figure now sits at £189,503. The Directors are taking measures to reduce the gap between the target and actual reserves by continuing to seek grants and donations. Restricted reserves at the year end amounted to £35,671, giving a total reserves figure at 31 March 2020 of £225,174.

Pension Fund

The Directors are aware of the potential costs and liabilities associated with its pension fund arrangements and have kept this under constant review over the past few years. To help to mitigate this risk, in April 2012 they took the decision to revise pension fund arrangements from a defined benefits scheme to a defined contribution scheme for new members and future accruals in respect of existing members. During 2014/15 the Directors further considered the position and, after taking independent advice, agreed that from 1st April 2015 they would no longer offer the CARE pension scheme. Instead, from 1 April 2015, Circle made arrangements for staff to be enrolled in a defined contribution scheme offered by Royal London. This scheme is also used for the auto-enrolment arrangements which Circle was required to offer from 1 April 2015.

The Directors consider it essential to maintain a close focus on the impact of continued deficits in the pension fund on the balance sheet and costs of the organisation.

Principal risks and uncertainties

The Directors have a risk management strategy in place and the risk assessment process and risk register are designed to record the significant risks the charity faces, to allocate responsibility for their mitigation along with associated management actions and timescales, and to record management processes designed to minimise risks.

Circle has a range of key policies in place which include HR, Health & Safety, Finance and Practice. These are regularly reviewed with our HR & Employment Law advisors and audit group.

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DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Financial Review (continued)

It is recognised that in pursuit of our normal activities we may choose to accept some risks and it is the responsibility of management to identify, report and control these risks. Finance and fundraising is the biggest risk faced by the organisation and a finance and fundraising strategy has been developed to address this.

The risk assessment is reviewed twice a year by the Directors.

There are a number of major risks faced by the charity in the current uncertain financial climate. The principal risk and uncertainty faced by the charity relates to on-going funding. The Directors keep the position under constant review; where funding sources look likely to end we take action to mitigate the impact, including making redundancies where required. We are also constantly seeking to investigate new sources of funding.

Other risks that are reviewed by the Directors on a regular basis include:

- Operational risks
- Development and planning risks
- Finance and fundraising risks
- Legal risks

Plans for Future Periods

Circle plans to continue the activities outlined above in the forthcoming year subject to satisfactory funding arrangements. The major financial concern for the charity is its reliance on short term and uncertain funding sources, tendering for contracts and the reduction in ring fenced funding to Councils. This means that fundraising in support of existing services and new developments will remain a key priority of the charity.

Circle will seek funds in support of the following areas of activities:

- Project funding - where the current income associated with a project is insufficient to cover the total cost and where the project is thus required to demonstrate that action is in hand to address this position.
- Quality assurance and sustainability – the charity will continue efforts to generate funds to cover organisation costs. These include the costs of central support systems such as finance, payroll, HR and IT support, the costs of supervision, management, quality assurance and regulatory costs. The charity has the strategic aim of covering all these costs through overall project funding; however, it recognises that this may not always be possible and that some flexibility is required. It will therefore continue to make appropriate applications for organisation and development costs.
- Development and innovation – the charity wishes to develop further its capacity to identify new service needs and pilot innovative projects to support these. This requires an element of funding to be available to respond to policy change and undertake assessments of need.

Structure, Governance and Management

Family Service Unit Scotland was established in order to take over the Scottish undertakings of the former Family Service Units.

Governing Document

Family Service Unit Scotland is a company limited by guarantee governed by its Memorandum and Articles of Association dated 10 February 2006 (revised July 2014). It is registered as a Scottish charity with OSCR. The Board is the governing body of Family Service Unit Scotland. The members of the Board are both Directors of the Company and trustees of the charity. Family Service Unit Scotland is known as Circle.

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DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Structure, Governance and Management (continued)

Appointment of Directors

As set out in the Articles of Association at an Annual General Meeting the Company may by ordinary resolution (subject to Article 79) appoint or reappoint as an elected Director any member in respect of whom a written notice of willingness has been received in compliance with Article 76.

Director induction and training

New Directors undergo an induction process to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the Board and decision making processes, the business plan and recent financial performance of the charity. During induction they meet other Directors and key employees. Directors are encouraged to attend appropriate internal and external training events to facilitate the undertaking of their role.

Organisation

The Board of Directors, which must have a minimum of six members and a maximum of 12 members, governs the charity. The Board is required to meet no fewer than four times per year and is currently meeting on a two-monthly basis. There are two sub-committees, an Audit Group which meets twice a year and a Finance & Fundraising Group which meets quarterly. A Chief Executive is appointed by the Directors to manage the day to day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the Directors, for operational matters including finance, employment and service delivery activity. The Board of Directors is aware of the need to regularly review its composition to manage succession planning and to ensure that the Board contains an appropriate mix of skills and experience; this process is kept under regular review at Board meetings. The Board also recognises the significant contribution which is made to our activities by volunteers.

Related parties

Ian Barcroft who was a Director of Family Service Unit Scotland until 29 July 2019 is also the Rector of St Mary's Episcopal Church. In his role as Rector, he also supports the work of St Mary's for All and both organisations have a partnership agreement to deliver services in Hamilton, South Lanarkshire.

Key management personnel and remuneration policy

The Directors consider the Board of Directors, who are also the trustees, and the Chief Executive comprise the key management personnel of the charity as they are in charge of directing and controlling, running and operating the charity on a day to day basis. All Directors give of their time freely and no Director received remuneration nor expenses in the year.

The remuneration of the Chief Executive is agreed by the Chair of the Board in consultation with Board members and is set after comparison with appropriate benchmarks.

Reference and administrative details

Information about the charity is set out on page 1.

**FAMILY SERVICE UNIT SCOTLAND
(A Company Limited by Guarantee)
KNOWN AS CIRCLE**

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Statement of Directors' Responsibilities

The Directors (who are also trustees of Family Service Unit Scotland for the purposes of charity law) are responsible for preparing the Directors' 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 Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS102) (second edition – October 2019);
- 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 operation.

The Directors are responsible for keeping adequate 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, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). 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 Directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Directors 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 Directors 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.



GARRY LUKE
Treasurer, Board of Directors

27 July 2020

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS AND MEMBERS

Opinion on financial statements

We have audited the financial statements of Family Service Unit Scotland for the year ended 31 March 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 2020, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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 were:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable 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 Directors are responsible for the other information. The other information comprises the information included in the Directors' Report other than the financial statements and our auditor's report thereon. 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

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

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities set out on page 13 the Directors (who are also the trustees of the charitable company for the purposes of charity 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 Directors 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 Directors 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

We have been appointed auditor under section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with regulations made under those Acts.

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS AND MEMBERS OF
FAMILY SERVICE UNIT SCOTLAND
KNOWN AS CIRCLE
(Continued)**

Use of our report

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's Directors, as a body, in accordance with section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charitable company's Directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, its members as a body, and its Directors as a body, for our audit work, for this report, or for the opinions we have formed.



Jeremy Chittleburgh BSc CA (Senior Statutory Auditor)
For and on behalf of
CHIENE + TAIT LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh, EH3 6NL

18 August 2020

Chiene + Tait is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

FAMILY SERVICE UNIT SCOTLAND
(A Company Limited by Guarantee)
KNOWN AS CIRCLE

STATEMENT of FINANCIAL ACTIVITIES
(Including Income and Expenditure Account)

For the year ended 31 March 2020

	Notes	Un- Restricted Funds £	Restricted Funds £	Total 2020 £	Un- Restricted Funds £	Restricted Funds £	Total 2019 £
Income from:							
Donations		130,721	10,849	141,570	67,430	32,370	99,800
Charitable activities	3	20,000	1,311,960	1,331,960	-	1,416,101	1,416,101
Investments							
– bank interest		2,714	-	2,714	3,127	-	3,127
Total income		153,435	1,322,809	1,476,244	70,557	1,448,471	1,519,028
Expenditure							
Raising funds	4	15,039	-	15,039	11,547	-	11,547
Charitable activities							
- costs	5	7,956	1,412,964	1,420,920	10,535	1,553,031	1,563,566
- pension scheme adjustment	20	(11,220)	-	(11,220)	5,000	-	5,000
Total expenditure		11,775	1,412,964	1,424,739	27,082	1,553,031	1,580,113
Net income/(expenditure)		141,660	(90,155)	51,505	43,475	(104,560)	(61,085)
Fund Transfers	15	(66,778)	66,778	-	(42,279)	42,279	-
Net movement in funds for the year		74,882	(23,377)	51,505	1,196	(62,281)	(61,085)
Reconciliation of funds							
Fund balances brought forward at 1 April	15,16	114,621	59,048	173,669	113,425	121,329	234,754
Fund balances carried forward at 31 March	15,16	189,503	35,671	225,174	114,621	59,048	173,669

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derives from continuing activities.

The notes on pages 20 to 31 form part of these financial statements.

FAMILY SERVICE UNIT SCOTLAND
(A Company Limited by Guarantee)
KNOWN AS CIRCLE


BALANCE SHEET

As at 31 March 2020

	Notes	£	2020 £	£	2019 £
Fixed assets					
Tangible assets	10		13,691		11,382
Current assets					
Debtors	11	130,984		94,810	
Cash at bank and in hand		489,148		556,391	
		-----		-----	
		620,132		651,201	
Liabilities: amounts due within one year	12	179,904		223,714	
		-----		-----	
Net current assets			440,228		427,487
			-----		-----
Total assets less current liabilities			453,919		438,869
Liabilities: amounts due after more than one year	14		228,745		265,200
			-----		-----
Net assets			225,174		173,669
			=====		=====
Funds					
Unrestricted funds	16		189,503		114,621
Restricted funds	15		35,671		59,048
			-----		-----
			225,174		173,669
			=====		=====

These financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual financial statements required by the Companies Act 2006 and are for circulation to members of the company.

The financial statements were approved by the Directors on 27 July 2020 and are signed on their behalf by:


 Garry Luke, Director


 Grant Sugden, Director

Company No. SC296943

The notes on pages 20 to 31 form part of these financial statements.

**FAMILY SERVICE UNIT SCOTLAND
(A Company Limited by Guarantee)
KNOWN AS CIRCLE**

STATEMENT OF CASHFLOWS

For the year ended 31 March 2020

	Notes	2020 £	2019 £
Cash used in operating activities	21	(58,377)	(86,689)
		-----	-----
Cash flows from investing activities			
Bank interest income		2,714	3,127
Purchase of fixed assets		(11,580)	(10,844)
		-----	-----
Cash used in investing activities		(8,866)	(7,717)
		-----	-----
Decrease in cash and cash equivalents in the year		(67,243)	(94,406)
Cash and cash equivalents at the beginning of the year		556,391	650,797
		-----	-----
Cash and cash equivalents at the end of the year		489,148	556,391
		=====	=====

Analysis of cash and cash equivalents

Cash at bank – current accounts	2,312	95,645
Cash at bank – term deposits	486,836	460,746
	-----	-----
	489,148	556,391
	=====	=====

Analysis of Changes in Net Debt

	2019 £	Cash flows £	2020 £
Cash and cash equivalents	556,391	(67,243)	489,148
Total net debt	556,391	(67,243)	489,148
	-----	-----	-----
	556,391	(67,243)	489,148
	=====	-----	-----

The notes on pages 20 to 31 form part of these financial statements.

**FAMILY SERVICE UNIT SCOTLAND
(A Company Limited by Guarantee)
KNOWN AS CIRCLE**

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2020

1. Company information

Family Service Unit Scotland is a company limited by guarantee incorporated and domiciled in Scotland with registered company number SC296943. The registered office and principal place of business is 18 West Pilton Park, Edinburgh, EH4 4EJ. The financial statements have been presented in Pounds Sterling as this is the functional and presentational currency of the company.

2. Accounting policies

Basis of accounting

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) (second edition – October 2019) - (Charities SORP (FRS 102), and the Companies Act 2006.

Family Service Unit Scotland 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 note(s).

Going Concern

The financial statements have been prepared on a going concern basis. The Directors have assessed the charitable company's ability to continue as a going concern and have reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements and consider that there are no material uncertainties relating to going concern. The Directors have additionally addressed going concern in the light of Covid 19 and do not consider that it affects the company's ability to continue as a going concern.

Significant judgements and estimation uncertainty

In the application of the company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. As the estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for carrying amounts of tangible assets.

Taxation

Family Service Unit Scotland's charitable activities fall within the exemptions afforded by part 11 of the Corporation Tax Act 2010. Accordingly, there is no Corporation Tax charge in these financial statements.

Donations, legacies and similar income

Donations, legacies and similar income is included in the year in which it is receivable, which is when the charity becomes entitled to the income, it is probable that it will be received and the amount can be measured reliably.

Investment income

Income from all investments is included in the year in which it is receivable.

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

2. Accounting policies (continued)

Grants receivable

Grants received, including capital grants, are reflected in the Statement of Financial Activities when relevant conditions for entitlement have been met, it is probable they will be received, and the amounts can be quantified with sufficient reliability. Where donors specify that grants are for particular purposes, this income is included in incoming resources within restricted funds when receivable. Where grants are specifically made for the performance of charitable activities in a period subsequent to the year-end they are deferred and excluded from the Statement of Financial Activities.

Expenditure

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. All costs have been directly attributed to one of the functional categories of resources expended in the Statement of Financial Activities, with the exception of support costs which have been allocated to activities on the basis of the proportion of total staff involved in each category. Costs of charitable activities consist of those applied by the charity in meeting its charitable objectives. Within support costs are governance costs, which include the costs of general governance of the charity as opposed to direct management inherent in meeting charitable objectives, and are those associated with strategic, constitutional and statutory requirements.

Operating leases

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

Tangible fixed assets

All fixed assets over £500 are initially capitalised at cost, plus any incidental costs of acquisition.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer equipment – 33.3%

Telephone equipment – 10%

Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any discounts due.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors

Creditors are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

The company 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.

FAMILY SERVICE UNIT SCOTLAND
(A Company Limited by Guarantee)
KNOWN AS CIRCLE

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

2. Accounting policies (continued)

Pensions

The company participates in a multi-employer defined benefit pension scheme in respect of members admitted prior to 1 April 2012. In respect of these existing members, and any new members to the scheme, benefits accruing from 1 April 2012 are derived from defined contributions, further details of which are included in note 20. Normal contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the scheme. In addition, a deficit reduction plan is in place to which monthly contributions are made. The present value of the future cashflows have been recognised as a liability as set out in note 20.

Funds

Unrestricted general funds are the funds which can be used in accordance with the charitable objects at the discretion of the Directors. Restricted funds are the funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

3. Charitable activities and donations income	Charitable Activities	Donations	Restricted Total 2020	Restricted Total 2019
	£	£	£	£
Support for families in the early years	224,739	9,905	234,644	227,394
Support for families with children affected by substance use	699,110	305	699,415	711,970
Support for families with children affected by parental imprisonment	318,111	639	318,750	391,429
Developmental Activities	70,000	-	70,000	117,678
	-----	-----	-----	-----
	1,311,960	10,849	1,322,809	1,448,471
	=====	=====	=====	=====

4. Cost of raising funds

	2020	2019
	£	£
Other fundraising costs	15,039	11,547
	-----	-----

5. Charitable activities

	Direct Costs	Support Costs	Total 2020	Total 2019
	£	£	£	£
Restricted				
Support for families in the early years	200,583	31,944	232,527	243,572
Support for families with children affected by substance use	635,385	102,816	738,201	770,731
Support for families with children affected by parental imprisonment	335,847	54,235	390,082	409,744
Developmental Activities	44,277	7,877	52,154	128,984
	-----	-----	-----	-----
	1,216,092	196,872	1,412,964	1,553,031
	=====	=====	=====	=====

FAMILY SERVICE UNIT SCOTLAND
(A Company Limited by Guarantee)
KNOWN AS CIRCLE

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

5. Charitable activities (continued)	Pension Deficit Costs	Support Costs	Total 2020	Total 2019
	£	£	£	£
Unrestricted				
Support for families in the early years	(1,049)	548	(501)	1,782
Support for families with children affected by substance use	(3,616)	1,886	(1,730)	5,415
Support for families with children affected by parental imprisonment	(1,937)	1,012	(925)	2,482
Developmental Activities	(226)	118	(108)	856
	-----	-----	-----	-----
	(6,828)	3,564	(3,264)	10,535
	=====	=====	=====	=====

Pension deficit costs relate to remeasurement adjustments and the unwinding of the discount on the net present value of agreed payments under the deficit reduction plan.

6. Support Costs	Wages and Salaries	Profes- sional Costs	Total 2020	Total 2019
	£	£	£	£
Restricted				
Support for families in the early years	28,153	3,791	31,944	38,318
Support for families with children affected by parental substance use	90,640	12,176	102,816	116,931
Support for families with children affected by parental imprisonment	47,910	6,325	54,235	54,699
Developmental Activities	7,011	866	7,877	18,386
	-----	-----	-----	-----
	173,714	23,158	196,872	228,334
	=====	=====	=====	=====

Support costs, including governance costs, are allocated to activities on the basis of the proportion of staff numbers involved in each activity.

7. Governance costs	2020	2019
	£	£
Auditor's remuneration - audit services	4,260	4,140
Directors' liability insurance	672	672
	-----	-----
	4,932	4,812
	=====	=====

FAMILY SERVICE UNIT SCOTLAND
(A Company Limited by Guarantee)
KNOWN AS CIRCLE

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

8. Net income	2020	2019
	£	£
This is stated after charging:		
Rentals payable in respect of operating leases – land and buildings	30,974	29,343
	=====	=====

9. Analysis of staff costs and numbers, Director remuneration and expenses, and the cost of key management personnel

	2020	2019
	£	£
Wages and salaries	1,020,864	1,108,404
Social security costs	84,284	85,796
Pension costs – annual employer contributions and discounting	95,158	88,597
Remeasurement adjustments – defined benefit scheme	(11,220)	5,000
Redundancy payments	-	7,746
Staff travel costs and pension advice fees	43,890	44,170
	-----	-----
	1,232,976	1,339,713
	=====	=====

No individual employees earned £60,000 or more, excluding employer pension contributions, during the year (2019: £Nil). None of the Directors were remunerated for their duties as Directors during the year. Out of pocket expenses totalling £Nil (2019: £Nil) were reimbursed during the year in respect of Directors.

The key management personnel of the charitable company comprise the Directors and the Chief Executive. The total employee benefits of the key management personnel of the charitable company during the year, including employers National Insurance contributions, were £54,332 (2019: £58,998).

The average number of employees during the period was 40 (2019: 42).

10. Tangible fixed Assets	Computer & Telephone Equipment
	£
Cost	
At 1 April 2019	48,021
Additions	11,580

At 31 March 2020	59,601

Accumulated depreciation	
At 1 April 2019	36,639
Charge for year	9,272

At 31 March 2020	45,910

Net book value	
At 31 March 2020	13,691
	=====
At 31 March 2019	11,382
	=====

FAMILY SERVICE UNIT SCOTLAND
(A Company Limited by Guarantee)
KNOWN AS CIRCLE

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

11. Debtors	2020	2019
	£	£
Other debtors	117,531	81,828
Prepayments	13,453	12,982
	-----	-----
	130,984	94,810
	=====	=====

The aggregate of financial assets that are measured at amortised cost is £38,811 (2019: £17,576).

12. Liabilities: amounts falling due within one year	2020	2019
	£	£
Trade creditors	11,017	4,587
Other creditors and accruals	8,602	28,747
Other taxes and social security costs	22,840	26,578
Pension costs accrued	-	10,495
Pension deficit reduction plan payments (Note 20)	29,627	28,764
Deferred income (Note 13)	107,818	124,543
	-----	-----
	179,904	223,714
	=====	=====

The aggregate of financial liabilities measured at amortised cost are £11,017 (2019: £4,587).

13. Deferred income

Deferred income consists of the following balances, all of which relate specifically to periods subsequent to 31 March 2020:

	2020	2019
	£	£
Harbour	6,666	15,796
Early Years Mid and East Lothian	69,930	40,299
Shine PSP	27,077	34,532
Haven	4,145	33,916
	-----	-----
	107,818	124,543
	=====	=====

All amounts deferred at 31 March 2018 and 2019 were released in full in the following years.

14. Liabilities: amounts falling due after more than one year	2020	2019
	£	£
Pension deficit reduction plan payments (Note 20)	228,745	265,200
	=====	=====

FAMILY SERVICE UNIT SCOTLAND
(A Company Limited by Guarantee)
KNOWN AS CIRCLE

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

15. Restricted funds - 2020	Brought Forward	Incoming Resources	Resources Expended	Transfer of funds	Carried Forward
	£	£	£	£	£
West Lothian	-	154,625	(158,271)	3,646	-
Harbour	25,796	404,144	(425,980)	-	3,960
Haven	6,050	216,976	(214,671)	-	8,355
Practice Teaching	4,326	17,668	(15,691)	-	6,303
Shine PSP	-	318,751	(386,550)	67,799	-
East and Midlothian Family Support	22,579	140,645	(147,359)	-	15,865
Children with Learning Disabilities	297	-	(250)	-	47
Infrastructure	-	70,000	(64,192)	(4,667)	1,141
	59,048	1,322,809	(1,412,964)	66,778	35,671
	=====	=====	=====	=====	=====
Restricted funds - 2019	£	£	£	£	£
West Lothian	749	161,983	(169,487)	6,755	-
Harbour	84,279	401,106	(459,589)	-	25,796
Haven	17,908	205,699	(217,557)	-	6,050
Practice Teaching	7,747	21,696	(25,117)	-	4,326
Shine PSP	258	391,429	(409,744)	18,057	-
East and Midlothian Family Support	5,354	148,881	(141,656)	10,000	22,579
Children with Learning Disabilities	1,195	-	(898)	-	297
Infrastructure	3,839	117,677	(128,983)	7,467	-
	121,329	1,448,471	(1,553,031)	42,279	59,048
	=====	=====	=====	=====	=====

The use of the funds held in each of the restricted funds identified above is limited to the purposes for which the projects were established and for which funding was made available.

Details of the nature of each fund are noted below:

West Lothian

Supports families with children who are affected by parental drug and alcohol use living in West Lothian.

Harbour

Supports families with children affected by parental drug and alcohol use and young people who are using substances living in Edinburgh.

Haven

Supports children and families in the North Edinburgh area, this includes whole family support, groups for parents and crèches for families with children under five; individual and group support to children who may have experienced school based difficulties and after school activities.

Practice Teaching

Provides placements to universities for their social work students.

**FAMILY SERVICE UNIT SCOTLAND
(A Company Limited by Guarantee)
KNOWN AS CIRCLE**

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

15. Restricted funds (continued)

Shine PSP

Supports women who are mothers with children affected by parental drug and alcohol use and who are on remand or serving a sentence and will be returning to their families and communities in North and South Lanarkshire, Fife and Forth Valley and Tayside. A transfer from unrestricted reserves of £67,799 was made to cover the fund's deficit in 2019/20.

East and Midlothian Family Support

Supports families with children who are affected by parental drug and alcohol use living in East and Midlothian.

Children with Learning Disabilities

This fund comprises amounts donated to meet equipment and other needs of families with children who have learning disabilities.

Infrastructure

This fund consists of funds received specifically to develop aspects of Circle's management infrastructure such as development of the client database, ensuring all systems, policies and procedures are continually monitored and updated as necessary, researching and developing practice and increasing participation. A transfer of £4,667 was made to unrestricted reserves. The funder indicated that this amount could be used for the core costs of the organisation.

16. Unrestricted Funds	Brought Forward £	Income £	Expenditure £	Transfer £	Carried Forward £
General unrestricted funds	114,621	153,435	(11,775)	(66,778)	189,503
	=====	=====	=====	=====	=====

Unrestricted funds will be used at the direction of the Directors for the general support of all charitable activities.

17. Analysis of net assets between funds	Fixed Assets £	Net Current Assets £	Due after More than One year £	2020 Total £
Unrestricted funds	-	418,248	(228,745)	189,503
Restricted funds	13,691	21,980	-	35,671
	-----	-----	-----	-----
	13,691	440,228	(228,745)	225,174
	=====	=====	=====	=====

	Fixed Assets £	Net Current Assets £	Due after More than One year £	2019 Total £
Unrestricted funds	-	379,821	(265,200)	114,621
Restricted funds	11,382	47,666	-	59,048
	-----	-----	-----	-----
	11,382	427,487	(265,200)	173,669
	=====	=====	=====	=====

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For the year ended 31 March 2020

18. Financial commitments

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2020	2019
	£	£
Within one year	2,024	1,984
	=====	=====

19. Related party transactions

Ian Barcroft who was a Director of Family Service Unit Scotland during the year is also the Rector of St Mary's Episcopal Church. Both organisations have a partnership agreement to deliver services in Hamilton, South Lanarkshire. Ian resigned from the board during the year.

20. Pension scheme

Up until 31 March 2015, Circle participated in The CARE Scheme (the 'Scheme'), which is a funded multi-employer defined benefit scheme

The main benefits provided by the Scheme are a pension of one-eightieth of the member's career average revalued earnings for each year (and months proportionately) of pensionable service if contracted-out of the State scheme.

Contributions from 1 April 2012

For members in the one-eightieth structure of the Scheme, employers pay contributions at the rate of 10.6% of earnings and members pay contributions based on an age-related scale (equal to age divided by ten, plus 0.5).

In addition, employers may choose to pay any Future Service Contribution Rate (FSCR) combination that is shared between Members and Employers, as long as the maximum Member contribution rates are [(age/10) + 0.5]. For reference, the total FSCRs from 1 April 2012 are 15.5%.

Employers that have closed the one-eightieth structure of the Scheme to new entrants are required to pay an additional employer contribution loading of 2.0% to reflect the higher costs of a closed arrangement.

The Trustee commissions an actuarial valuation of the Scheme every three years. The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

A defined contribution (DC) section of the Scheme has been available since 1 April 2011. For members in the DC section of the Scheme, employers pay contributions at the rate of 8.5% of earnings and members pay contributions based on an age-related scale (equal to age divided by ten, minus one).

Circle ceased to offer membership of the Scheme to its employees on 31 March 2015.

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

20. Pension scheme (continued)

During the accounting period the employer paid contributions at the rate of 10.6% for members in the one-eighth structure and 8.5% for members in the defined contribution structure.

It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Circle has been notified by The Pensions Trust of the estimated employer debt on withdrawal from The CARE Scheme, based on the financial position of the Scheme as at 30 September 2015. At this date the estimated employer debt for Circle was £1,554,000.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme was classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

All employers within the CARE scheme agreed to close the scheme to the build-up of further benefits from 31 March 2016, on the understanding that no withdrawal would be triggered. From this date the scheme continues on a paid-up basis which means that the employers continue to pay the required recovery plan payments to repair the deficit.

A full actuarial valuation for the scheme was carried out at 30 September 2013. This actuarial valuation showed assets of £35.56m, liabilities of £51.94m and a deficit of £16.38m.

A full actuarial valuation for the scheme was again carried out at 30 September 2016. This valuation showed assets of £60.45m, liabilities of £85.30m and a deficit of £24.86m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

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NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

20. Pension scheme (continued)

Deficit contributions

From 1 April 2018 to 30 November 2028 a total of £1,400,000 per annum (payable monthly and increasing by 3% each year on 1 April) is payable by the participating employers (Circle's share is £27,926 pa).

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

	2020	2019
	£	£
Present value of provision	258,372	293,964
	=====	=====
Reconciliation of opening and closing provisions	2020	2019
	£	£
Provision at start of period	293,964	310,889
Unwinding of discount factor	4,392	6,000
Deficit contribution paid	(28,764)	(27,925)
Remeasurements – impact of any change in assumptions and amendments to contribution schedule	(11,220)	5,000
	-----	-----
Provision at end of period	258,372	293,964
	=====	=====
Assumptions	2020	2019
	% pa	% pa
Rate of discount	2.58	1.58
	=====	=====

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

From 1st April 2015 Circle made arrangements for staff to be enrolled in a defined contribution scheme offered by Royal London, this scheme is also used for the auto enrolment arrangements which Circle was required to offer from 1st April 2015.

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For the year ended 31 March 2020

21. Reconciliation of net movement in funds to net cash flow from operating activities

	2020	2019
	£	£
Net movement in funds	51,507	(61,085)
Add back depreciation charge	9,272	5,847
Deduct interest income shown in investing activities	(2,714)	(3,127)
Increase in debtors	(36,174)	(8,177)
(Decrease)/increase in creditors	(80,268)	(20,147)
	-----	-----
Net cash used in by operating activities	(58,377)	(86,689)
	=====	=====

22. Going concern and post balance sheet events – COVID 19

Subsequent to the year end the impact of the pandemic on the general economy and working environment has increased significantly. The potential effect on the finances and operational activities of the charity has been assessed by management and the board, and steps have been taken to mitigate these risks as set out in more detail in the Directors' Report. At this stage, while significant elements of grant funding forecast in respect of 2020-21 and 2021-22 beyond has been confirmed, uncertainty remains in terms of grant and fundraising income for 2021-22, as well as related costs. The Directors are satisfied that confirmed funding and existing reserves, as well as mitigation taken to date, provides reasonable assurance that the charity can continue to operate for at least 12 months from the approval of these financial statements.