

Company number: 898514
Charity number: 251926

The Howard League for Penal Reform

(incorporating the Howard Centre for Penology)

Report and financial statements
For the year ended 31 May 2018

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Contents

For the year ended 31 May 2018

Reference and administrative information	1
Trustees' annual report	3
Independent auditor's report	21
Statement of financial activities (incorporating an income and expenditure account)	25
Balance sheet	26
Statement of cash flows	27
Notes to the financial statements	28

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Reference and administrative information

For the year ended 31 May 2018

Company number 898514

Charity number 251926

**Registered office
and operational
address** 1 Ardleigh Road
LONDON
N1 4HS

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Eoin McLennan–Murray	Chair
Matthew Ball	Vice chair (Until April 2018)
Sally Lewis	Honorary Treasurer
Rachel Condrey	
Samantha Kennedy	
Gerry Marshall	
Elizabeth Morony	
Lucy Scott–Moncrieff	
Professor Pamela Taylor	
Danielle Vidal	

Staff	Frances Crook	chief executive
	Lorraine Atkinson	senior policy officer
	Oscar Campbell	designer & facilities officer (until August 2018)
	Anita Dockley	director of research
	Marie Franklin	caseworker
	Philip Goring	finance and administration officer
	Laura Janes	legal director
	Euginia Lolomari	director of finance and corporate services
	Sophie Lumsden	membership development manager
	Sinead MacCann	solicitor
	Andrew Neilson	director of campaigns
	Nina Navid	caseworker (until Jan 2018)
	Barbara Norris	events and website manager
	Robert Preece	press officer
	Claire Salama	solicitor
	Louise Scarce	administrator (until Aug 2018)
	Catryn Yousefi	programme manager

Consultants Claire Sands

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Reference and administrative information

For the year ended 31 May 2018

Editor in chief of the Howard Journal of Crime and Justice

Professor Ian Loader professor of criminology and professorial Fellow of All Souls College,
Oxford University

Editors

Vanessa Barker associate professor of sociology at Stockholm University
Rachel Condry associate professor of criminology and a Fellow of St Hilda's College,
Oxford University
David Green professor at John Jay College of Criminology, New York
Simon Mackenzie professor, head of school, School of Social and Cultural Studies,
University of Wellington, New Zealand

Publishing editor
Brenda McWilliams

Managing editor
Anita Dockley

The Howard League for Penal Reform benefited from the contribution of many students and office volunteers.

The charity is grateful to Clifford Chance for seconding trainee lawyers on three month placements to support our work for young people.

Bankers Nat West Bank Plc
PO Box 1357
169 Victoria Street
LONDON
SW1E 5BT

Auditor Sayer Vincent LLP
Chartered Accountants and Statutory Auditor
Invicta House
108-114 Golden Lane
LONDON
EC1Y 0TL

Investment advisors Cazenove Capital
Schroder & Co Ltd
31 Gresham Street
London
EC2V

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Trustees' annual report

For the year ended 31 May 2018

The trustees present their report and the audited financial statements for the year ended 31 May 2018.

Reference and administrative information set out on pages 1-2 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Structure, governance and management

The organisation is a charitable company limited by guarantee, incorporated on 20 February 1967 and registered as a charity on 18 May 1967.

The company was established under a memorandum of association which established the objects and powers of the charitable company and is governed under its articles of association.

The board

The Howard League for Penal Reform is governed by a board of trustees, whose principal responsibilities are the setting and monitoring of the strategic direction of the organisation and the establishment of policy. All trustees give their time voluntarily and receive no financial benefits from the charity. Any expenses reclaimed from the charity are set out in note 8 to the accounts.

Ensuring that our work delivered our aims

The trustees hold a strategy meeting each year to review the future direction of the organisation and ensure that it remains focused on the charity's purposes.

The trustees have referred to the Charity Commission's general guidance on public benefit when reviewing their aims and objectives and in planning our future activities. The trustees have not identified any detriment or harm.

During the year the board of trustees met formally four times.

The board delegated the day-to-day operation of the organisation to the chief executive, Frances Crook.

Objectives and activities

Purpose and objectives

The Howard League for Penal Reform is the oldest penal reform charity in the world. It was established in 1866 as the Howard Association and was named after John Howard, the first prison reformer. It is a registered charity, company limited by guarantee and incorporated in England and Wales and a law firm with both a public law and a prison law contract to provide legal services

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Trustees' annual report

For the year ended 31 May 2018

to young people in custody. It is governed by its constitution and memorandum and articles of association.

The main charitable objects for which the Howard League was established as described in its 1967 memorandum and articles of association were 'to promote the sciences of penology and criminology, social health, the welfare and constructive treatment of pre-delinquents and offenders, the education, further education, advancement and pursuit of knowledge relating to penology, criminology, social health and delinquency, the training of those who deal with offenders and pre-delinquents and the prevention and limitation of criminal and anti-social activities'.

Core beliefs

The Howard League for Penal Reform works for less crime, safer communities and fewer people in prison.

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Trustees' annual report

For the year ended 31 May 2018

Report of the Chair of the Board of Trustees

Eoin McLennan–Murray

I have been privileged to chair the board for the last two years at a time of turmoil in the criminal justice system, reflecting the turbulence in the country as a whole. Despite the challenges, the board and the Howard League for Penal Reform have worked steadfastly to achieve our strategic aims. This report reflects the efforts made by trustees, staff and volunteers to contribute to penal reform, the bedrock of a justice system that should enhance the very foundations of the state.

I want first of all to pay tribute to my fellow trustees. They give their time and expertise generously to the great benefit of the charity. The board met four times during the year and trustees also attended events and keep in contact with progress of the work.

We have overseen significant impact over the last year. Once again our work with police has resulted in yet another reduction in the arrests of children. Hundreds of children and young adults have been helped by our legal team. We lobbied for a reduction in the prison population and this is starting to bear fruit. Our influence in Parliament with MPs and Peers is tangible. I am pleased that we continue to have excellent relations with officials and prison staff.

The Howard League for Penal Reform is a respected authority domestically but it was heartening to see at first hand the international reach of the charity at the conference we held in Oxford on the theme of *Redesigning Justice: Promoting civil rights, trust and fairness*. Academics and practitioners came from all over the world to debate, discuss and share ideas.

New ideas and action to achieve reform are needed now as much as any time during my professional career when I was a prison governor. As I come to the end of my time as a trustee I see a glimmer of hope as the number of men and women in prison is starting to reduce.

I am standing down as chair and as a trustee at the AGM and will be handing over to a new chair to take the charity into its next phase. I leave the Howard League with stable finances, a mature and engaged board of trustees and a team of staff who work tirelessly for the cause.

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Trustees' annual report

For the year ended 31 May 2018

Report of the chief executive

Frances Crook OBE

I reported last year that we had worked with five justice secretaries in seven years; this year I have to report that the number rose to seven. The Howard League for Penal Reform has indeed worked with them all, meeting regularly and attending events when they speak. The organisation has had good access to ministers and officials throughout our history. Nevertheless, the rapid turnover has created challenges for sharing our expertise and convincing ministers of the need for reform.

Despite the inauspicious political landscape, the charity has forged ahead and I am extremely proud of my staff team who work hard, creatively and with good humour. It is thanks to their tireless efforts that we have achieved real change and secured good outcomes for the individuals we work with and influenced policy and practice change across the criminal justice system.

The Howard League has the country's only dedicated legal team working to help children and young adults in custody. The work is painstaking and sometimes thankless as we battle prisons, local authorities and the government to get good outcomes for the young people we represent and to get system change so that other young people do not suffer the abuse and neglect we see daily.

Some years ago our trustees decided we should do what we can to stem the flow of people into the criminal justice system. We have been working with the police to reduce child arrests and once again the number has been reduced, down more than two thirds in just a few years.

The charity covers a wide landscape, choosing to focus on pressure points where we can make a difference. We make a difference to the lives of individual young people in custody. We make a difference to the penal system as a whole. It is no good just catching people as they are swept along in the destructive torrential waters of prisons, we need to prevent their getting into these waters in the first place. The Howard League achieves that.

Report of the trustees

The trustees held a strategic planning meeting in September 2016 to set the vision for the coming year which is covered in this report and decided to hold to the aim of achieving less crime, safer communities, fewer people in prison. The themes remained broadly similar to previous years but were refined to fit the circumstances of the time. The Howard League for Penal Reform trustees decided:

- To stay radical
- To stay ambitious
- To continue increasing our influence

The board of trustees reiterated the importance of the independence of the Howard League for Penal Reform as the foundation of its ethical and charitable mission.

The board confirmed that the guiding principles and direction of the charity were well established and were based on

- Fostering new ideas, public discourse and rigorous research
- Campaigning for reform
- Developing the influence of strategic legal work
- Providing education to the public, civil society and government
- Ensuring that the charity is well governed

The board set out five areas of work and this report focuses on how the charity has worked to achieve these.

Stemming the Flow

Reform sentencing

The strategic aim of the charity was to have fewer people in prison.

We set three indicators of success:

- To reduce the prison population by 10%
- To make the case for radical sentencing reform
- To reduce recalls and extra days, and increase discretionary release

Following the 2016 referendum vote to leave the European Union, it was clear that there would be little opportunity for legislation on criminal justice. The June 2017 general election led to a minority government reliant on the votes of the Democratic Unionist Party which made penal reform through Parliament even less likely. The white paper promising legislation on prison safety and reform published towards the end of 2016 was abandoned and there was no legislation on

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Trustees' annual report

For the year ended 31 May 2018

criminal justice introduced in Parliament during the period under review, a disappointment as there were deep seated challenges in the penal system that needed addressing.

Elizabeth Truss was secretary of state for justice from 2016 until mid-way through 2017 when the prime minister moved her to the Treasury and appointed David Lidington who stayed for only seven months when David Gauke took over in January 2018. Seven secretaries of state in seven years created a sense of uncertainty and instability that made reform very challenging.

The Howard League has always enjoyed excellent access to ministers and senior officials to discuss and present our research and expertise. We held meetings with each of the secretaries of state and had regular meetings with ministers and officials.

Each secretary of state tried to get a handle on the prison population, its size obviously untenable and unsustainable. The number of prisoners taking their own lives by suicide, the rising tide of violence and assaults, prisons awash with drugs, all led to increased public concern.

In the absence of legislative opportunities for reform, we launched a campaign focussed on pressing for behaviour change by people whose daily decision making could ease the pressure on the prison population. We focussed on three achievable areas of reform: release, recalls and rules.

Additional days may be added to prisoners serving specified sentences for rule infractions. This system has got out of control and our research showed that the imposition of additional days has become a monster. Originally intended as a way to punish incidents of unacceptable conduct, it was being routinely used as a behaviour management technique by prisons that were out of control. We published research and held meetings in prisons and with decision makers, all to no avail as the prisons deteriorated they resorted to capricious and draconian punishments in a desperate attempt to maintain order.

We worked with the Parole Board and prisons to press for safe and prompt release of prisoners. The Howard League legal team supported children and young adults at parole board hearings and forced local authorities to provide support and accommodation for them on release.

We presented evidence on the problems created by the explosion in the number of people recalled to prison, partly as a result of the failing 'transforming rehabilitation' programme created by Chris Grayling when he was secretary of state. We wrote to Elizabeth Truss following a meeting and maintained contact with officials presenting our evidence on recalls. It was heartening that she subsequently wrote to national probation services and the private community rehabilitation companies overseeing the ostensibly less serious offenders to exhort them not to resort to recalls if not necessary. The impact of this took time to embed but the number of recalls started to reduce thus contributing to fewer people in prison by mid-2018.

One of the core functions of the charity is to be a focus for public education. The two day conference on 'Redesigning Justice: Promoting civil rights, trust and fairness' was attended by hundreds of academics and practitioners from around the world. It provided an opportunity for

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Trustees' annual report

For the year ended 31 May 2018

people to review the most recent research and practice from across the justice landscape. Building on this success, we plan to hold such conferences every two years.

Justice for children and young people

The strategic aim of the charity was to work for less crime and fewer children and young people in the penal system

We set three indicators of success:

- To reduce child arrests by 10% and end the criminalisation of children in residential care
- To improve access to justice for young people
- To improve the treatment of young people in custody

Over the past ten years the charity has been working with police to reduce child arrests and our success has been astonishing. The trustees decided to focus on child arrests as the way to prevent entry to the toxicity of the criminal justice system, prevent crime and protect victims. It was also recognised that the UK has the lowest age of criminal responsibility in Europe, set at the 10th birthday in England and Wales. By stemming the flow of children into the system, particularly for younger children, we could effectively raise the age of criminal responsibility without the need for legislation.

Our research revealed that the police conducted 2,006 arrests of children aged 10 and 11 during 2011. By 2016 we had managed to reduce that to 703. Across every police force child arrests have been reduced by over two thirds, thus stemming the flow into prosecution, punishment and, for the few, custody. The number of children in penal custody has reflected that reduction and been cut by two thirds. The Howard League is proud to have led on this radical reform by working with senior police across the country, publishing research and fostering a positive climate of public debate to encourage the police in good practice.

It is no exaggeration to say that hundreds of thousands of children have been saved from the trauma of arrest and a life blighting criminal record because of our work.

Charities generally do great work at ameliorating things once they have gone wrong, from helping people get off drugs to resettling people from prison. The Howard League has invested in achieving system change to prevent things going wrong in the first place. Thanks to one far sighted trust which funded this work for eight years, we were able to achieve change.

The statistics speak for themselves. When the Howard League started this work we revealed that there had been 245,763 child arrests. Last year we published a briefing showing there had been 87,525 child arrests, thus surpassing our target of a 10 per cent reduction every year since we launched the programme.

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Trustees' annual report

For the year ended 31 May 2018

We have been building on this success to focus on children in residential care who were being criminalised. This programme of work was initially funded for two years but has recently been supported for a further two years.

We have been busy scoping the problem, establishing relationships and conducting research. The blog was set up as a platform to disseminate learning and had 24 postings and we presented at conferences. We are pleased that our work with Ofsted led the inspectorate to require residential homes to monitor and report on police call-outs. We are linking with the Department for Education to contribute to the protocol aimed at reducing the criminalisation of children in care.

We published three research briefings, all of which are available free on the Howard League website. The first contained the stories of children who had been criminalised whilst in residential care and who had subsequently been helped by the Howard League legal team. The second reviewed the high call out rate from the homes and described the police responses, drawing on good practice across several police forces. The third looked at the market in children's homes and what a good home should look like to protect children from criminalisation.

Our links with the police and inspectorates and practitioners as well as the publicity we generated about our concerns, have led to greater awareness of poor practice that has led to children in residential homes being criminalised. We have made progress and over the coming two years we plan to embed better practice to protect and support children in care.

Once young people are embroiled in the penal system we work to try to ensure they get access to justice. Our legal advice line is available to children and young adults in prisons, secure training centres and local authority units. We took 4,806 calls last year. We took on four new cases every day. Most calls relate to poor conditions, resettlement, adjudications and transfers. Most calls are directly from young people in custody, who have no one else to turn to for expert legal advice and intervention; some calls are from parents or practitioners working with the young people.

Our legal team represents children and young adults at parole hearings helping them get safely released. We represent young people at adjudications, arguing strongly that the imposition of additional days is an inappropriate response to their behaviour, particularly when we have found the young people are incarcerated in some of the worst prisons in the country with little access to outdoors, poor food and no affection. Aylesbury prison resorts to adjudications most readily and consequently has the most additional days imposed holds teenagers and young adults, and it is no coincidence that it has one of the most restrictive and punitive regimes of any prison.

We gave written evidence to the Independent Inquiry into Child Sexual Abuse and were consequently asked to give oral evidence. We argued that evidence of abuse emerges many years after incarceration and that the only way to protect children was to have as few as possible detained and that institutions should be upholding children's rights.

We have fought to end the use of solitary confinement of children in custody. We launched a judicial review in the high court representing a child who was held in solitary confinement in

Trustees' annual report

For the year ended 31 May 2018

Feltham prison for months. We won on three of the four issues and appealed the principle of confining children like this on which the court found against us. The case is due to be heard towards the end of 2018. Following intensive work with the British Medical Association it published a strong statement calling for the ending of the use of solitary confinement in children's prisons. We did television interviews and gave oral and written evidence to the Parliamentary Joint Committee on Human Rights inquiry into solitary confinement and restraint of children in custody.

The charity celebrated fifteen years of its legal service for children and young adults. We have transformed law, policy and practice. Our legal education work empowers young people and professionals to understand the law and improve outcomes. We have enhanced fairness for young people in prison and in the community.

Transform prison

The strategic aim of the charity was to foster a good and useful life inside prison.

We set three indicators of success:

- To help to create a healthier prison culture
- To establish real work
- To reduce violence and deaths in prison

Towards the end of the year the number of men and women in prison had reduced by around 3,000 thus creating a small breathing space for the prisons where the population was reduced. This small reduction was achieved because courts sent fewer people to prison for short sentences, recalls declined marginally and people were being released more speedily on licence by governors. The reduction is fragile and because of the lack of legislation to embed it, needs constant pressure to ensure there is no backsliding.

The Howard League staff have spent a lot of time inside prisons this year, working with staff and managers and sharing good practice through these visits, media and the publication of research.

A series of blogs by the chief executive illustrated how governors were using imaginative methods for improving prison culture, from breakfast clubs for staff to barbeques for staff families. Restorative justice was being used in some prisons to reduce the resort to punishments.

Sadly, too many prisons were still imposing additional days and Howard League research published in August 2018 showed a total of 3,59,081 or 983 years or additional imprisonment were imposed in 2017. Additional days were imposed for rule infractions. Our lawyers represented one teenager who refused to leave his cell in a violence ridden prison because he was so afraid of being beaten up, he was taken to an adjudication and punished with additional days of imprisonment. Extra days are an indication of a prison out of control and contribute to a sense of injustice that fuels conflict and leads to a downward spiral.

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Trustees' annual report

For the year ended 31 May 2018

We have continued to press the value of introducing real work in prisons by talking to ministers, officials and prisons. We think that building the concept into thinking about prisons will create the possibility once prisons have settled.

The good news is that the number of people dying by suicide has reduced this year. 70 men and women took their own lives in prison in 2017 and 184 died by natural causes. Overall the number of people dying in prison went down to 295 from 354 in 2016.

The Howard League has done a lot of work over recent years to share information about good practice at reducing the incidence of suicide in prisons and so it is gratifying to see that things are improving.

Violence, assaults and self-injury continue to be a concern. Self-harm reached a record high of 42,837 incidents in the 12 months to September 2017, up 12 per cent from the previous year. Assaults have continued to increase, reaching a record high of 28,165 recorded incidents in the 12 months to September 2017.

Promoting safer communities

The strategic aim of the charity was to develop partnerships to promote safer communities

We set three indicators of success:

- To identify and promote best practice in the community
- To carry out public education on what makes communities safer
- To promote trust, fairness and civil rights

The awards ceremony last year celebrated the work of a wide range of statutory and voluntary agencies achieving success at keeping people out of trouble, out of the criminal justice system and into a better life.

At the Howard League we know change is possible. People can change, institutions can be changed, whole systems can be changed. Here are some examples of how it can be done.

Problem Gambling – Diversion Pathway for Criminal Justice System
Cheshire Constabulary and Beacon Counselling Trust
It has been identified that in excess of £8 million worth of fraud has been committed to fund problematic gambling from a number of offenders in Cheshire. There is a need for Cheshire Constabulary to address the root causes for gambling-related criminality. This is being achieved by working in partnership with the partner agencies from the private sector, which have experts in the field of treatment for persons with problematic gambling, to reduce the risk of reoffending and “break the cycle” by reducing crime and victims of crime.

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Trustees' annual report

For the year ended 31 May 2018

Enrich Programme, Alana House
Parents and Children Together
The Alana House based Enrich Programme was developed in response to partners identifying a need to work together to better support women who have reached crisis point, often experiencing domestic abuse, poor mental health, substance misuse, poverty, unemployment and isolation.

The Drug Education Programme
Avon and Somerset Constabulary/Swanswell
The Programme provides police officers with an intervention option for drug possession instead of criminal prosecution. It seeks to:
Increase access to drug treatment services
Provide officers with an effective, simple disposal that enables them to support those who can be diverted
Improve the relationship between drug support services and the police.
Police who find an individual in possession of any class of drugs, adult or juvenile regardless of their criminal history, can refer the individual into the programme. It is a one-off intervention, where individuals attend and are provided intervention and education around drugs, whilst also being assessed for further needs. This may be anything from educational material, to full support.

The Howard League has shared information about the work done by all the winners and runners-up and held open days in partnership with some of the schemes so that local agencies and decision makers learn about the success of the work.

Strengthening the charity

The strategic aim of the charity was to increase the strength and influence of the organisation.

The Research Advisory Group, comprising top academics from a range of social justice fields, provides advice and support to the charity and helps to develop our links with universities.

The early career academic network fosters our relationships with up and coming university researchers and teachers and links our work with new thinking.

We increased our membership and regular donors to almost 13,000 people and organisations. This provides the charity with a regular and secure income to ensure our financial viability and independence.

We increased our contacts who have opted-in to receive emails and bulletins about our work and we are active on social media to communication with supporters. Our media relations are excellent and we pleased that the research and campaigns are normally covered in the mainstream media

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Trustees' annual report

For the year ended 31 May 2018

sensibly and fairly. Staff undertake radio, television and press interviews, and provide background information daily to news outlets.

The trustees are grateful to the individuals and trusts who give generously to support the work of the Howard League. At a challenging time for fundraising the charity has maintained its income and generated funding for new programmes of work. The charity is still exercising the planned drawdown from the substantial legacy of Lord Parmoor but this is now coming to an end. Within the next couple of years the charity will be towards the lower end of its reserves policy, although the freehold on the building provides an investment buffer for the future.

The Howard League has always enjoyed excellent relations and access to decision makers across the criminal justice, government and social policy worlds. The chief executive and her team meet with ministers and officials to share information and ideas. The charity's links with police, prosecutors and other charities ensure we can survey the landscape and keep up to date with new ideas and practices as well as feeding in our expertise and research.

As a penal reform organisation we rely on relationships with the vast array of people who are engaged in the system. We listen to victims, prisoners, people on probation, staff and young people in conflict with the criminal law. Our legal team work closely alongside young people in custody not only to get better futures for the individuals but also to learn from them and advocate for them to get policy improvements.

The reduced number of trustees following retirements from the board last year means that the smaller group has been working closely together. The charity has always prided itself on its robust governance arrangements that ensure the organisation is well managed, its finances are scrutinised and carefully audited and its governance keeps up to date with regulatory and good practice guidance.

One of the benefits of being a relatively small organisation is that we are flexible and able to adapt quickly to changing challenges. Faced with a churn of ministers, the penal system in flux and new ideas emerging, the trustees are proud that the Howard League is a learning organisation and has been at the forefront of inspiring new thinking. Over the years the charity has led the way in revealing issues that had been hidden, ignored or unappreciated – from sex in prison to the high number of veterans in custody, the charity has been the first to raise concerns. The Howard League has been the only charity to work with police to reduce child arrests and now is working to end the criminalisation of children in residential care. This is a learning charity, a charity that is at the cutting edge of issues of public concern.

Publications 2017–2018

Justice for young people: 15 years of successful legal work, October 2017

The role of the prison officer, research briefing, published in partnership with Community union, November 2017

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Trustees' annual report

For the year ended 31 May 2018

Ending the criminalisation of children in residential care: Briefing two: best practice in policing, December 2017

Children and sentencing: a guide for adults supporting children facing sentence in the criminal courts in England and Wales, March 2018

Ending the criminalisation of children in residential care: Briefing three: Hearts and heads – good practice in children's homes, July 2018

The rising tide: additional days for rule-breaking in prison, August 2018

More than a roof overhead: what a home means to children in trouble with the law, May 2018

Submissions

Response to the Crown Prosecution Service consultation on legal guidance on secondary liability, September 2017

Response to the Sentencing Council consultation on manslaughter, October 2017

Submission to the Justice Committee inquiry into transforming rehabilitation, November 2017

Submission to the Justice Committee inquiry into prison reform, December 2017

Submission to the Department for Education consultation on corporate parenting principles, December 2017

Submission to the Department for Communities and Local Government consultation on homelessness code of conduct for local authorities, December 2017

Submission to the Department for Education consultation on changes to statutory guidance: working together to safeguard children, December 2017

Submission to the Health and Social Care Committee inquiry to scrutinise the green paper: Transforming children and young people's mental health provision, January 2018

Submission to the draft Animal Welfare (Sentencing and Recognition of Sentence) Bill, January 2018

Submission to the Joint Committee on Human Rights inquiry on human rights and attitudes to enforcement, February 2018

Submission to the Welsh Affairs Committee on prison provision in Wales, March 2018

Submission to the Health and Social Care Committee inquiry into prison healthcare, May 2018

Response to the civil society strategy engagement exercise, May 2018

Response to the Joint Committee on Human Rights consultation on solitary confinement and restraint on detained children, May 2018

Submission to the Commission on justice in Wales, June 2018

Response to HM Inspector of Prisons consultation on the expectations for children's YOIs, July 2018

Response to the Ministry of Justice's consultation on reconsideration of Parole Board decisions, July 2018

Response to the Ministry of Justice's secure schools consultation, July 2018

Response to the Sentencing Council's consultation on public order offences, August 2018

Response to Ofsted's consultation on the proposed changes to joint inspections of secure training centres, August 2018

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Trustees' annual report

For the year ended 31 May 2018

Plans for 2018 to 2019

The board of trustees met in April 2018 to agree the strategy for the coming financial year and broadly our principles and aims remain the same and the charity will focus on five areas

1 To reform sentencing

Strategic aim: To have fewer people in prison

Indicators of success:

- Reduce the prison population
- Make the case for radical sentencing reform
- Reduce recalls and extra days and increase discretionary releases

2 Justice for children and young people

Strategic aim: To work for less crime and fewer children and young people in the penal system

Indicators of success:

- Reduce child arrests and the criminalisation of children in residential care
- Improve access to justice for young people
- Improve the treatment of young people in custody

3 Transform prison

Strategic aim: To foster a good and useful life inside prison

Indicators of success:

- Help to create safer prisons
- Reduce violence and deaths in prison
- To create safer and more purposeful prisons

4 Promoting safer communities

Strategic aim: To develop partnerships to promote safer communities and reduce entry to the criminal justice system

Indicators of success:

- Identify and promote best practice in the community
- Carry out public education on what makes communities safer
- Promote trust, fairness and civil rights

Trustees' annual report

For the year ended 31 May 2018

5 Strengthening the charity

Strategic aim: To increase the strength and influence of the organisation

Indicators of success

- Increase Membership/committed givers
- Grow our contacts
- Maintain fundraising income
- Develop influence with opinion leaders, practitioners and supporters
- Be a hub for participation
- Ensure sound governance
- Be a learning organisation

Governance

Trustees' recruitment, induction and training

Recruitment of new trustees is through nomination and open advertisement. Candidates are interviewed by a panel of trustees, including the chair. New trustees are elected to the board at the annual general meeting. Trustees are elected to serve for a period of three years after which they must be re-elected at the next annual general meeting. The board seeks to ensure that there is appropriate balance of experience and representation relevant to the operations of the Howard League for Penal Reform.

All new trustees take part in an induction programme which is designed to ensure that they fully understand their roles and responsibilities, as well as the objects, activities and ethos of the charity.

Risk management

The board of trustees has ultimate responsibility for the management of risk, with day to day management of risk delegated to the executive management team. During the year the board reviewed the risk register.

Risk management is integrated with planning and budgeting and the organisation is committed to developing understanding of a risk-aware approach to working. The executive management team keeps major risks under regular review and reports any significant change in status of major risks and new risks.

Trustees' annual report

For the year ended 31 May 2018

The key risks identified during the year and kept under review:

- Uncertainty over funding – mitigated by close monitoring of budgets on a monthly basis.
- Public perception and reputation which is kept under weekly review by monitoring the public relations strategy.

Staff remuneration statement

The Howard League for Penal Reform is committed to ensuring that we pay our staff fairly and in a way which ensures we attract and retain the right skills to have the greatest impact in delivering our charitable objectives.

The board of trustees sets the pays scales for staff. The CEO is in attendance for the meeting (leaving for the discussion regarding the CEO's remuneration).

In determining the Howard League for Penal Reform's remuneration policy the board of trustees take into account all factors which are deemed necessary. The objective of the policy is to ensure that the chief executive and senior staff team are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the charity

Public benefit statement

The trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit.

The trustees are satisfied that the aims and objectives of the charity meet the public benefit requirement; and that the charity's activities are in support of those aims.

Financial review

The Howard League for Penal Reform has accomplished a number of our set objectives this year and that is in spite of the challenging fundraising landscape faced by the charity sector at large. The Howard League has continued to generate income although we ended the year with a slightly lower than expected income of £0.96m, a reduction from previous year of £1.03m.

We maintained a positive financial position and excellent staff morale in sustaining the level of activities during the year.

The charity had an annual expenditure of £1.33m and total funds of £2.45m which includes the capital investment in the freehold building which the charity owns outright.

We have drawn down from our reserves as planned so that we ended the year with a deficit, before investment movements of £0.37m. We have been drawing on the legacy we received some nine years ago in a planned way to invest in achieving our charitable objectives. The charity continues to develop new streams of income to create a platform of sustainable funding.

Funding from the strategic reserve supports our policy, research and communications work and the legal work for young people in custody.

Trustees' annual report

For the year ended 31 May 2018

Reserves

Restricted funds received for specific projects or purposes that are not available for general use stand at £0.35m.

The board of trustees reviews the reserves policy annually and it aims to ensure that adequate funds are held to run the charity for a period of at least 12 months. At the end of the year, our free and unrestricted reserves would cover just over one year at current expenditure levels.

Unrestricted funds not in fixed assets amounted to £1.22m at the year end.

Investments

The trustees have the power to invest in such assets as they see fit. Investment decisions have been taken with a view to maximising the return at a low level of risk, maintaining reasonable access to ensure the availability of funds for the purposes they are intended, and avoiding investments that are not compatible with the aims of the Howard League or which are detrimental to its wellbeing.

As at 31 May 2018, the charity's holding in Cazenove Charity Multi Asset Fund was valued at £0.85m. In addition, some shares listed on the London Stock Exchange were held.

Fundraising disclosures:

The Howard League carries out all its fundraising in house and does not contract with consultants or agencies. The charity benefits from contributions from its 13,000 members and supporters, donations from grant making trusts, gifts in Wills, events and legal aid for our representation of young people in custody.

For 12 months to 31 May 2018 we received no complaints in relation to our fundraising activities. The board of trustees oversees policies that guide best practice on data protection and managing communications with vulnerable members of the public.

Statement of responsibilities of the trustees

The trustees (who are also directors of charitable company for the purposes of company law) are responsible for preparing the report of the trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Trustees' annual report

For the year ended 31 May 2018

- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees 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. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at year-end was 9 (2017:15). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditor

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed their willingness to continue in that capacity.

The report of the trustees has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the trustees on 16 October 2018 and signed on their behalf by

Eoin McLennan-Murray, Chair

Independent auditor's report

To the members of

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Opinion

We have audited the financial statements of The Howard League for Penal Reform (incorporating the Howard Centre for Penology) (the 'charitable company') for the year ended 31 May 2018 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 May 2018 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
- Have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

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

Conclusions relating to going concern

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

- The trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

Independent auditor's report

To the members of

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Other information

The other information comprises the information included in the trustees' annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Independent auditor's report

To the members of

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions

Independent auditor's report

To the members of

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Use of our report

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

Helen Elliott (Senior statutory auditor)

16 October 2018

for and on behalf of Sayer Vincent LLP, Statutory Auditor
Invicta House, 108–114 Golden Lane, LONDON, EC1Y 0TL

Howard League for Penal Reform (Incorporating the Howard Centre for Penology)

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

For the year ended 31 May 2018

	Note	Unrestricted £	Restricted £	2018 Total £	Restated Unrestricted £	Restricted £	Restated 2017 Total £
Income from:							
Donations and legacies	2	247,978	-	247,978	249,121	-	249,121
Charitable activities							
Campaigns, policy & research	3	-	116,850	116,850	-	154,100	154,100
Events, conferences & publications	3	69,489	-	69,489	16,141	-	16,141
Legal services for young people	3	96,842	155,842	252,684	113,402	204,374	317,776
Membership income	3	171,923	-	171,923	197,199	-	197,199
Other trading activities	4	58,956	-	58,956	47,920	-	47,920
Investments	5	39,147	-	39,147	50,567	-	50,567
Total income		684,335	272,692	957,027	674,350	358,474	1,032,824
Expenditure on:							
Raising funds	6	77,832	-	77,832	100,800	-	100,800
Charitable activities							
Campaigns, policy & research	6	455,649	121,291	576,940	428,611	136,712	565,323
Events, conferences & publications	6	118,750	-	118,750	134,508	-	134,508
Legal services for young people	6	199,598	200,612	400,210	242,763	189,185	431,948
Membership	6	152,310	-	152,310	148,237	-	148,237
Total expenditure		1,004,139	321,903	1,326,042	1,054,919	325,897	1,380,816
Net (expenditure)/income before net gains / (losses) on investments		(319,803)	(49,211)	(369,014)	(380,569)	32,577	(347,992)
Net gains / (losses) on investments		7,657	-	7,657	161,448	-	161,448
Net movement in funds	7	(312,146)	(49,211)	(361,357)	(219,121)	32,577	(186,544)
Reconciliation of funds:							
Total funds brought forward		2,412,290	397,794	2,810,084	2,631,411	365,217	2,996,628
Total funds carried forward		2,100,144	348,583	2,448,727	2,412,290	397,794	2,810,084

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 17 to the financial statements.

Howard League for Penal Reform (Incorporating the Howard Centre for Penology)

Balance sheet

Company no. 00898514

As at 31 May 2018

	Note	£	2018 £	Restated £	Restated 2017 £
Fixed assets:					
Tangible assets	12		1,216,423		1,213,945
Investments	13		900,644		1,159,419
			<u>2,117,067</u>		<u>2,373,364</u>
Current assets:					
Debtors	14	78,142		133,479	
Cash at bank and in hand		309,239		373,014	
			<u>387,381</u>	<u>506,493</u>	
Liabilities:					
Creditors: amounts falling due within one year	15	(55,721)		(69,773)	
Net current assets			<u>331,660</u>		<u>436,720</u>
Total net assets			<u><u>2,448,727</u></u>		<u><u>2,810,084</u></u>
The funds of the charity:					
Restricted income funds	17		348,583		397,794
Unrestricted income funds:					
Strategic fund		900,644		1,159,419	
Fair value reserve –property		550,000		550,000	
General funds		321,313		370,662	
Other designated funds		328,187		332,209	
			<u>2,100,144</u>	<u>2,412,290</u>	
Total unrestricted funds			<u>2,100,144</u>		<u>2,412,290</u>
Total charity funds			<u><u>2,448,727</u></u>		<u><u>2,810,084</u></u>

Approved by the trustees on 16 October 2018 and signed on their behalf by

Eoin McLennan– Murray
Chair

Howard League for Penal Reform (Incorporating the Howard Centre for Penology)

Statement of cash flows

For the year ended 31 May 2018

	Note	2018 £	2018 £	Restated 2017 £	Restated 2017 £
Cash flows from operating activities	18				
Net cash used in operating activities			(369,354)		(356,976)
Cash flows from investing activities:					
Dividends and interest from investments		39,147		50,567	
Proceeds from sale of investments		303,080		300,307	
Purchase of investments		(36,648)		(47,932)	
Net cash provided by investing activities			<u>305,579</u>		<u>302,942</u>
Change in cash and cash equivalents in the year			(63,775)		(54,034)
Cash and cash equivalents at the beginning of the year			<u>373,014</u>		<u>427,048</u>
Cash and cash equivalents at the end of the year			<u><u>309,239</u></u>		<u><u>373,014</u></u>

1 Accounting policies

a) Statutory information

Howard League for Penal Reform (incorporating the Howard Centre for Penology) is a charitable company limited by guarantee and is incorporated in the United Kingdom. The registered office address is 1 Ardleigh Road, London, N1 4HS.

b) Basis of preparation

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) (September 2015) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

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

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

g) Investment income and interest receivable

Investment income and interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the income due from the bank or investment manager.

Notes to the financial statements

For the year ended 31 May 2018

1 Accounting policies (continued)

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

i) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of furthering the purposes of the charity and their associated support costs

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

j) Allocation of support costs

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

● Campaigns, policy & research	20%
● Events, conferences & publications	20%
● Legal services for young people	20%
● Membership income	20%
● Support costs	10%
● Governance costs	10%

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity

● Campaigns, policy & research	25%
● Events, conferences & publications	20%
● Legal services for young people	25%
● Membership income	20%
● Raising funds	10%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

k) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

Notes to the financial statements

For the year ended 31 May 2018

1 Accounting policies (continued)

l) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

● Office equipment	10 per cent per annum
● Library books	15 per cent per annum
● Computers	50 per cent per annum

The trustees have adopted a policy of reporting freehold land and buildings at market value. The last full valuation was carried out on 4 May 2012. Interim valuations will be carried out at other times if it is likely there has been a material change in value.

The trustees are of the opinion that any potential depreciation charge would be immaterial to the accounts. The trustees believe the estimated life of the property to be very long and the estimated residual value of the property to be close to the carrying amount. As such, the property is not depreciated. Any gain or loss arising on revaluation is taken to the fair value reserve.

An annual impairment review on the property and other fixed assets is undertaken to determine if circumstances indicate that the recoverable value of assets is materially lower than their value in the accounts. Any impairments identified are written off as extra depreciation through the statement of financial activities.

m) Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities and any excess of fair value over the historic cost of the investments will be shown as a fair value reserve in the balance sheet. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

n) Debtors

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

o) 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. Cash balances exclude any funds held on behalf of service users.

p) Creditors and provisions

Creditors and provisions are recognised where the charity 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 and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

q) 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.

Notes to the financial statements

For the year ended 31 May 2018

1 Accounting policies (continued)

r) Pensions

All staff are auto enrolled in a work place defined contribution pension scheme contributing 10% of gross salary.

2 Income from donations and legacies

	Unrestricted £	Restricted £	2018 Total £	2017 Total £
Donations	243,378	–	243,378	230,921
Legacies	4,600	–	4,600	18,200
	<u>247,978</u>	<u>–</u>	<u>247,978</u>	<u>249,121</u>

3 Income from charitable activities

	Unrestricted £	Restricted £	2018 Total £	Restated 2017 Total £
Monument Trust	–	40,000	40,000	60,000
Esmée Fairbairn	–	59,350	59,350	56,100
Bernard Sunley Foundation	–	–	–	20,000
Campaigns, research & policy	–	17,500	17,500	18,000
	<u>–</u>	<u>116,850</u>	<u>116,850</u>	<u>154,100</u>
Sub-total for campaigns, research & policy	–	116,850	116,850	154,100
Income from sales of publications	386	–	386	248
Income from conference fees	69,103	–	69,103	15,893
	<u>69,489</u>	<u>–</u>	<u>69,489</u>	<u>16,141</u>
Sub-total for Events, conferences & publications	69,489	–	69,489	16,141
Participation project, Big Lottery	–	112,500	112,500	150,000
DCI- Children's rights behind bars	–	–	–	21,356
Barrow Cadbury	–	30,000	30,000	10,500
Legal services for young people	96,842	13,342	110,184	135,920
	<u>96,842</u>	<u>155,842</u>	<u>252,684</u>	<u>317,776</u>
Sub-total for Legal services for young people	96,842	155,842	252,684	317,776
Membership subscriptions	122,340	–	122,340	140,919
Income tax recoverable on subscriptions /donations	49,583	–	49,583	56,280
	<u>171,923</u>	<u>–</u>	<u>171,923</u>	<u>197,199</u>
Sub-total for Membership income	171,923	–	171,923	197,199
Total income from charitable activities	<u>338,254</u>	<u>272,692</u>	<u>610,946</u>	<u>685,216</u>

Howard League for Penal Reform (Incorporating the Howard Centre for Penology)

Notes to the financial statements

For the year ended 31 May 2018

4 Income from other trading activities

	Unrestricted £	Restricted £	2018 Total £	2017 Total £
Rental & other income	42,507	–	42,507	31,450
Royalties for publications	16,449	–	16,449	16,470
	<u>58,956</u>	<u>–</u>	<u>58,956</u>	<u>47,920</u>

5 Income from investments

	Unrestricted £	Restricted £	2018 Total £	2017 Total £
Income from stocks and shares	38,388	–	38,388	49,598
Interest receivable	759	–	759	969
	<u>39,147</u>	<u>–</u>	<u>39,147</u>	<u>50,567</u>

Howard League for Penal Reform (Incorporating the Howard Centre for Penology)

Notes to the financial statements

For the year ended 31 May 2018

6 Analysis of expenditure

	Cost of raising funds £	Campaigns, research & policy £	Events, conferences & publications £	Legal service for young people £	Membership £	Governance costs £	Support costs £	2018 Total £	2017 Total £
Staff costs (Note 8)	46,100	365,722	61,705	257,503	59,995	69,038	115,034	975,097	1,017,728
Other staff costs	-	2,046	-	1,488	-	-	-	3,534	5,823
Travel & Subsistence	-	11,576	-	6,856	-	4,370	109	22,911	17,138
Publication costs	-	18,742	-	1,437	35,270	2,250	32	57,731	57,667
Publicity & dissemination	729	56,966	-	1,925	-	787	7,010	67,417	40,729
Academic consultants	-	-	-	-	-	-	-	-	4,500
Research Honorarium	-	-	-	-	-	-	-	-	6,500
Professional/Consultancy fees	-	33,196	-	33,425	-	442	-	67,063	49,059
Investment managers fees	1,991	-	-	-	-	-	-	1,991	3,555
Office and other expenses	489	1,804	-	3,281	-	-	23,356	28,930	40,280
Premises expenses	-	-	-	6,224	-	-	23,580	29,804	45,834
Volunteer expenses	-	1,206	-	71	-	-	-	1,277	1,545
Miscellaneous expenses	-	14,374	-	2,650	-	-	(4,967)	12,057	9,500
Irrecoverable VAT	-	-	-	-	-	-	4,214	4,214	5,052
Equipment maintenance	-	-	-	4,018	-	-	14,230	18,248	20,973
Bank Charges	-	-	-	-	-	-	8,721	8,721	8,668
Legal fees	-	-	-	-	-	-	3,550	3,550	250
Counsels fees	-	-	-	10,025	-	-	-	10,025	16,447
Audit & accountancy	-	-	-	-	-	9,450	-	9,450	9,200
Bad debt write off	-	-	-	-	-	-	-	-	16,346
Depreciation	-	-	-	-	-	-	4,022	4,022	4,022
	49,309	505,632	61,705	328,903	95,265	86,337	198,891	1,326,042	1,380,816
Support costs	19,889	49,723	39,778	49,723	39,778	-	(198,891)	-	-
Governance costs	8,634	21,585	17,267	21,584	17,267	(86,337)	-	-	-
Total expenditure 2018	77,832	576,940	118,750	400,210	152,310	-	-	1,326,042	
Total expenditure 2017	100,800	565,323	134,508	431,948	148,237	-	-		1,380,816

Notes to the financial statements

For the year ended 31 May 2018

7 Net expenditure for the year

This is stated after charging:

	2018 £	2017 £
Depreciation	4,022	4,022
Loss on disposal of fixed assets	-	133
Operating lease rentals:		
Equipment	15,100	22,010
Auditor's remuneration (excluding VAT):		
Audit	9,450	9,200
	<u>9,450</u>	<u>9,200</u>

8 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2018 £	2017 £
Salaries and wages	792,562	831,643
Social security costs	83,479	86,793
Employer's contribution to defined contribution pension schemes	99,056	99,292
	<u>975,097</u>	<u>1,017,728</u>

The following number of employees received employee benefits (excluding employer pension costs) during the year between:

	2018 No.	2017 No.
£60,000–£70,000	-	1
£70,001 – £80,000	2	1
£80,001 – £90,000	-	-
£90,001 – £100,000	1	1
	<u>1</u>	<u>1</u>

The total employee benefits including pension contributions and employers national insurance of the key management personnel were £440,182 (2017: £417,512)

Contributions made in the year to workplace pension scheme totalled £54,214 (2017: £48,838) for key management employees.

In addition to the above staff costs, the charity incurred £10,000 of termination costs in the year (2017: NIL) relating to the termination of one member of staff.

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2017: £nil). No charity trustee received payment for professional or other services supplied to the charity (2017: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £4,370 (2017: £2,967) incurred by 5 (2017: 7) members relating to attendance at meetings of the trustees.

Notes to the financial statements

For the year ended 31 May 2018

9 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2018 No.	2017 No.
Raising funds	1.0	1.0
Campaigns, policy & research	6.0	7.0
Events conferences & publications	1.0	1.0
Legal services for young people	6.0	7.0
Membership	2.0	1.0
Support	1.0	2.0
Governance	1.0	1.0
	18.0	20.0

10 Related party transactions

Aggregate donations from related parties were £NIL (2017: £0).

There are no other related party transactions to disclose for 2018 (2017: none).

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

11 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

12 Tangible fixed assets

	Freehold property £	Computers £	Office Equipment £	Library books £	Total £
Cost or valuation					
At the start of the year as restated	1,200,000	14,539	54,383	2,018	1,270,940
At the end of the year	1,200,000	14,539	54,383	2,018	1,270,940
Depreciation					
At the start of the year as restated	–	14,539	40,439	2,017	56,995
Charge for the year	–	–	4,022	–	4,022
Adjustment to correct NBV	–	–	(6,500)	–	(6,500)
At the end of the year	–	14,539	37,961	2,017	54,517
Net book value					
At the end of the year	1,200,000	–	16,422	1	1,216,423
At the start of the year	1,200,000	–	13,944	1	1,213,945

The freehold property at 1 Ardleigh Road, London, N1 4HS was valued on 4 May 2012 by Copping Joyce Chartered Surveyors LLP (independent valuers). The historical cost of the freehold is £650,000.

One floor of the property is currently being let out on commercial terms, and so qualifies as investment property. The trustees consider that as the property is included at its fair value, it can be shown within tangible fixed assets.

Notes to the financial statements

For the year ended 31 May 2018

13 Listed investments

	2018 £	2017 £
Fair value at the start of the year	1,159,419	1,250,346
Additions at cost	36,648	47,932
Disposal proceeds	(303,080)	(300,307)
Net gain / (loss) on investments	7,657	161,448
	<u>900,644</u>	<u>1,159,419</u>
Fair value at the end of the year	<u>900,644</u>	<u>1,159,419</u>

Investments comprise:

	2018 £	2017 £
UK Common investment funds	845,341	1,106,520
Shares listed on the London Stock Exchange	55,303	52,899
	<u>900,644</u>	<u>1,159,419</u>

14 Debtors

	2018 £	Restated 2017 £
Other debtors	14,198	17,888
Accrued income	63,944	115,591
	<u>78,142</u>	<u>133,479</u>

15 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	20,848	22,436
Taxation and social security	24,306	31,824
Accruals	10,567	15,513
	<u>55,721</u>	<u>69,773</u>

Notes to the financial statements

For the year ended 31 May 2018

16a Analysis of net assets between funds (current year)

	General £	Designated £	Restricted £	Total funds £
Tangible fixed assets	-	878,187	324,611	1,202,798
Investments	-	900,644	-	900,644
Net current assets	321,313	-	23,972	345,285
Net assets at 31 May 2018	321,313	1,778,831	348,583	2,448,727

16b Analysis of net assets between funds (prior year restated)

	General £	Designated £	Restricted £	Total funds £
Tangible fixed assets	-	882,209	324,611	1,206,820
Investments	-	1,159,419	-	1,159,419
Net current assets	370,662	-	73,183	443,845
Net assets at 31 May 2017	370,662	2,041,628	397,794	2,810,084

17a Movements in funds (current year)

	At 1 June 2017 £	Income and gains £	Expenditure and losses £	Transfers £	At 31 May 2018 £
Restricted funds:					
Legal work (Adviceline)	-	13,342	(13,342)	-	-
Programme on reducing child arrests	8,582	40,000	(37,563)	-	11,019
The John Sunley Prize	4,000	-	(4,000)	-	-
Participation project (Big Lottery)	35,729	112,500	(148,229)	-	-
Sentencing- young adults	-	30,000	(26,760)	-	3,240
DCI- reintegration	12,281	-	(12,281)	-	-
Real Work	-	10,000	(10,000)	-	-
Criminal Care	12,591	66,850	(69,728)	-	9,713
Property	324,611	-	-	-	324,611
Total restricted funds	397,794	272,692	(321,903)	-	348,583
Unrestricted funds:					
Designated funds:					
Strategic fund	1,159,419	5,877	-	(264,652)	900,644
Property and equipment	332,209	-	-	(4,022)	328,187
Property fair value reserve	550,000	-	-	-	550,000
Total designated funds	2,041,628	5,877	-	(268,674)	1,778,831
General funds	370,662	686,115	(1,004,139)	268,674	321,313
Total unrestricted funds	2,412,290	691,992	(1,004,139)	-	2,100,144
Total funds	2,810,084	964,684	(1,326,042)	-	2,448,727

Notes to the financial statements

For the year ended 31 May 2018

17b Movements in funds (prior year restated)

	At 1 June 2016 £	Income and gains £	Expenditure and losses £	Transfers £	At 31 May 2017 £
Restricted funds:					
Legal work (Adviceline)	-	22,518	(22,518)	-	-
Programme on reducing child arrests	-	60,000	(51,418)	-	8,582
The John Sunley Prize	3,700	20,000	(19,700)	-	4,000
Preventing Suicides in Custody	4,085	-	(4,085)	-	-
Participation project (Big Lottery)	32,821	150,000	(147,092)	-	35,729
Sentencing- young adults	-	10,500	(10,500)	-	-
DCI- reintegration	-	21,356	(9,075)	-	12,281
Real Work	-	10,000	(10,000)	-	-
Role of prison officer- Community Union	-	8,000	(8,000)	-	-
Criminal Care	-	56,100	(43,509)	-	12,591
Property	324,611	-	-	-	324,611
Total restricted funds	365,217	358,474	(325,897)	-	397,794
Unrestricted funds:					
Designated funds:					
Strategic fund	1,251,207	161,448	-	(253,236)	1,159,419
Property and equipment	336,364	-	-	(4,155)	332,209
Property fair value reserve	550,000	-	-	-	550,000
Total designated funds	2,137,571	161,448	-	(257,391)	2,041,628
General funds	493,840	674,350	(1,054,919)	257,391	370,662
Total unrestricted funds	2,631,411	835,798	(1,054,919)	-	2,412,290
Total funds	2,996,628	1,194,272	(1,380,816)	-	2,810,084

Purposes of restricted funds**Legal work (Adviceline)**

Specialist adviceline for young people in custody.

Programme on reducing child arrests

Programme for reducing child arrests.

The John Sunley prize

To administer and award for best masters dissertation in penal reform. This programme was completed in November 2017.

Participation project

Big Lottery funded for 3 years started April 2015 continuation of the participation work with young people in custody.

Young adult and sentencing

Drawing up a sentencing framework from a participation perspective using the sentencing guideline.

17 Movements in funds (continued)

DCI- reintegration

Working with DCI Belgium on the project 'Children's rights behind bars – a participatory path towards reintegration.'

Real Work

A project to review the use of Real Work in prisons.

Criminal Care

Research on young people from care homes.

Property

The value of the original restricted donation towards the purchase of the office.

Purposes of designated funds

Strategic fund

Lord Parmoor's charitable trust donated £6m which was designated by the trustees as a part of its strategic reserve to strengthen the Howard League position through a period of recession and uncertainty, and to fund priorities over the next decade. Decisions to use this fund are agreed by the board on the basis of strategic principles set down by the trustees.

Property and equipment

The value of the original unrestricted funds used towards the purchase of the office and the net book value of the other fixed assets.

Property fair value reserve

Demonstrates the gain on the property revaluation compared to its historic cost.

Transfers between funds

A transfer was made from the strategic fund to general reserves to cover the planned deficit incurred on unrestricted funds and from property and equipment to recognise depreciation

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

	2018 £	Restated 2017 £
Net expenditure for the reporting period (as per the statement of financial activities)	(361,357)	(186,544)
Depreciation charges	4,022	4,022
(Gains) / Losses on investments	(7,657)	(161,448)
Dividends and interest from investments	(39,147)	(50,567)
Loss on the disposal of fixed assets	–	133
Adjustment to correct net book value of assets	(6,500)	–
Decrease in debtors	55,337	17,351
(Decrease) / increase in creditors	(14,052)	19,216
Decrease in cash held by investment broker pending reinvestment	–	861
Net cash used in operating activities	(369,354)	(356,976)

Notes to the financial statements

For the year ended 31 May 2018

19 Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Equipment	
	2018	2017
	£	£
Less than one year	10,000	10,000
One to five years	20,600	30,600
	<u>30,600</u>	<u>40,600</u>

20 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

Howard League for Penal Reform (Incorporating the Howard Centre for Penology)

Notes to the financial statements

For the year ended 31 May 2018

21 Impact of prior year adjustments

In previous years, the Howard League for Penal Reform recognised income and work in progress for counsel fees when incurred but did not recognise the expenditure until invoiced.

As this treatment was not consistent with the accruals principle, a prior period adjustment has been made to correct for this. In addition an adjustment has been made to correct depreciation charged in a prior period.

Reserves position	Unrestricted £	Restricted £	Total £
Total funds at 1 June 2016 as previously reported	2,657,734	365,217	3,022,951
Adjustment to WIP	(33,448)	–	(33,448)
Adjustment to accumulated depreciation	7,125	–	7,125
Total funds at 1 June 2016 as restated	2,631,411	365,217	2,996,628
Total funds at 31 May 2017 as previously stated	2,476,175	397,794	2,873,969
Adjustment to WIP – 2015/16	(33,448)	–	(33,448)
Adjustment to accumulated depreciation 2015/16	7,125	–	7,125
Adjustment to WIP – 2016/17	(37,562)	–	(37,562)
Total funds at 31 May 2017 as restated	2,412,290	397,794	2,810,084
Impact on income and expenditure for year ended 31 May 2017	Unrestricted £	Restricted £	Total £
Net (expenditure) / income as previously reported	(343,007)	32,577	(310,430)
Adjustment to WIP 2016/17	(37,562)	–	(37,562)
Net income as restated	(380,569)	32,577	(347,992)