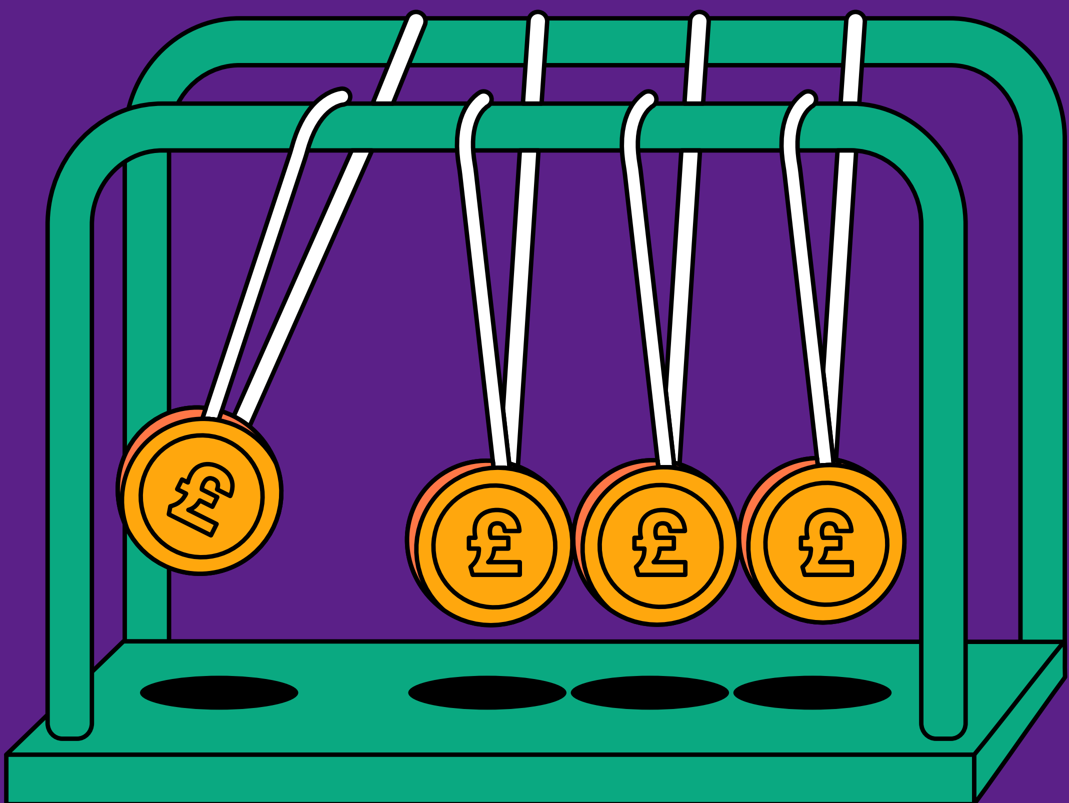
Annual Report and Accounts 2023



StepChange Debt Charity

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Chair's statement

It is perhaps fitting that as Vikki introduces her first Annual Report as CEO, I bow out on my final one as Chair of StepChange. This charity is an impressive organisation that I have been delighted to be involved with for the past five years. My successor, Lesley Titcomb, inherits a first-class set of colleagues in the Board of Trustees and the Executive team and will, with their help and support, take the the organisation from strength to strength.

With a continuity and growth agenda, against a background of enormous change in the scale and types of debt being dealt with, StepChange has not only weathered the various storms of the past few years, but has consistently overcome challenges and prevailing conditions. As you will read we have continued to provide our core debt advice service to over 180,000 people in 2023 and we had more than 167,000 clients on one or other of our repayment plans at the year end. At the same time we have continued to invest in new technology and ways of working, in pursuit of a significant increase in efficiency, more satisfying working conditions for colleagues and a thoughtful, client-centred approach to the increasing dominance of online service delivery.

Work in progress is substantial and substantive. Bringing our back office systems up to a fit-for-the-future standard to match our client advice interactions is now under way. Working ever more closely with creditors over the past year has revealed numerous opportunities to improve client outcomes, as well as helping to achieve the income we need to keep delivering our services. I am enormously grateful to them for their increased financial support during 2023 and their commitments for 2024.

The loss of the funding from the Money and Pensions Service was an unwelcome surprise when it happened at the back end of 2022 but it has helped us to focus on what we are really good at and to do it even better. We will continue to work alongside them whilst we seek to influence their future direction of travel.

More challenging is adapting to a world in which an increasing proportion of our clients can afford to repay less or none of their existing debt, as they simply don't have enough income even to cover their basic essential costs. If I may claim the indulgence of leaving policymakers with one challenge that they, rather than the private or charity sectors, are best placed to solve, it is this negative budget conundrum. The problem has worsened considerably since I joined the StepChange Board. Whether through the benefit system, or market interventions to reduce costs, or other innovative policy, the gap between income and essential expenditure is the biggest problem affecting debt advice services that needs addressing – not just for StepChange, but for the entire sector and, more importantly, for people experiencing problem debt. On that note, I wish StepChange continuing success at making its own weather, something that it has shown itself very capable of throughout these past few years. I do hope that all those who work with the charity recognise their own crucial roles in enabling the services it provides, and I am very grateful to all who have offered me their time, expertise and support.

John Griffith-Jones
Chair

CEO statement

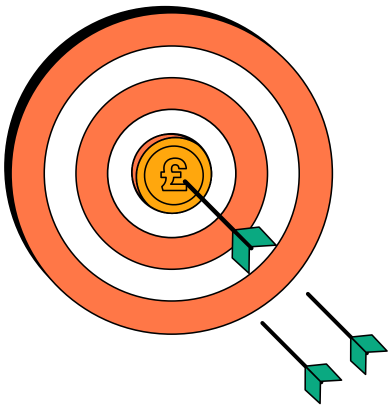
I feel privileged and proud to present my first Annual Report as CEO of StepChange, outlining our activities and achievements in 2023.

I am constantly overwhelmed by the commitment of all my colleagues in serving our clients and working tirelessly to improve outcomes for them. This is especially true for those facing the toughest of times and who are experiencing a genuine cost of living crisis and living daily with the misery of unmanageable debt.

Last year marked the charity's 30th year of supporting clients. I have been here for 18 of those years, and one thing that has remained consistent throughout that period is the dedication and commitment of our people. My colleagues at StepChange are truly exceptional, so I'm particularly pleased that despite the obvious emotional toll that working in a debt advice charity brings, 2023 saw a significant leap in colleague engagement and positivity.

We all owe a debt of gratitude to my predecessor Phil Andrew, whose tenure as CEO spanned the first four months of this reporting period. I am also enormously grateful to our trustees, and to our outgoing Chair, John Griffith-Jones, who navigated StepChange around not just one, but several major obstacles – the pandemic, the cost of living crisis, and the significant changes to debt advice funding – and has helped us become a more resilient, competent, and efficient charity than when he joined us in 2019.

I hope as you read this report, you will take a moment to put yourselves in the shoes of a new StepChange client. Consider what it feels like, when you are suffering financial difficulty and often feeling overwhelmed and anxious about where to start. Reflect on quite how much of a psychological hurdle you have had to overcome just to make the first effort to start searching for debt advice online or call for help. By speaking with clients and call listening regularly, my priority is to understand exactly what our clients are experiencing and ensure their needs are at the heart of everything our organisation does.



So much of what we have done over the past year – and will continue to do in 2024 – is about trying to make these steps easier. We helped over 183,000 new clients through debt advice last year, but we know we can help many more. We're trying to break down the barriers that hold people back, so that people who need help can get it in a way that is reassuring and effective and they continue to feel supported for as long as it takes, making it more likely that they will build their financial resilience and progress to becoming debt-free.

We have, for example, overhauled all our client communications to make them easier to understand, and to give people the clearest and most reassuring calls and nudges to action to help them. We've embraced and harnessed the FCA's new Consumer Duty requirements to help us improve and refine our advice policy, and we're in the throes of making significant investments in our back office systems and processes to ensure that the same high quality and efficiency that we bring to frontline advice is fully embedded at every ongoing stage of the client journey with us – whatever changes of circumstances may bring.

We've also worked in collaboration with our partners over the past year to enrich our understanding of their needs, the ways that they would like to refer their customers to us and to minimise any unnecessary friction in the customer journey.

This has helped us cement even stronger partnerships, and we are deeply grateful for the ongoing commitment to working with us in strategic partnerships and for the financial commitments that many of our partners have put in place with us, enabling us not only to deliver business as usual services against a challenging economic backdrop, but also to invest in further improvements for the future.

Two thirds of our clients are aged under 40 and so it's no surprise that more than 9 in 10 now go online for part or all of their debt advice and solution setup. With 941 clients spending part of their Christmas day going through our online debt advice journey, our ability to support customers when and how they need has never been more important. I'm proud that our groundbreaking end-to-end digital service reflects the expectations of our clients and partners in today's world and makes us unique among debt advice charities.

I am also delighted that our work over the past year has been recognised with numerous award wins among consumer audiences and in the credit sector, including our partnerships with ClearScore and NatWest.

While our vision of a society free from problem debt is still some way off, we're chipping away at it. Our benefits checker alone identified over £12.7 million a month in additional benefits income for our clients last year as a result of identifying unclaimed entitlements. We used our client data and experiences to underpin 20 reports as part of our work to inform regulators and policymakers. The 8,000 items of media coverage we achieved will have reached many people who needed to know how to get help, and our insights are regularly cited in Parliament and have helped to underpin a number of positive interventions in recent years.

2024 already looks like a tough year for many, but with a positive funding and operating base supported by industry partners, a programme of ongoing service improvement and highly motivated colleagues, StepChange has a healthy springboard from which to evolve its future strategy to help more people. I am deeply grateful to everyone who in 2023 helped to put us in this position for the future.

Vikki Brownridge
Chief Executive Officer

Our impact

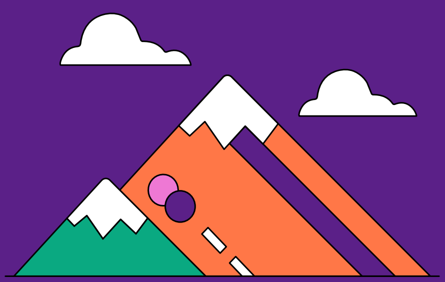
6.5 million
visits to our website*

+6.7%
183,403
clients advised

-5.3%
42,503
clients supported onto debt solutions

-31.5%
17,456
clients became problem free with our support***

-5.3%
£351 million
debt repaid by our clients



277,621
clients guided*

179,139
visits to our Homeowner Hub*

22,977
clients who completed our Money Health Check*

2.8%
reduction in cost to serve clients (vs 2022)

+1.7%
179,756
clients on a managed plan**

*This is a new metric for 2023, therefore comparisons between 2022 and 2023 are not yet available.

**as of 31 Dec 2023

*** Following the cessation of the MAPs grant the charity discontinued the provision of DROs in Q1 2023.

Our strategic objectives

In 2023 we made further progress against the objectives set out in our strategy, Stepping Up In A Changing World.

Throughout the year:

Objective 1: Our clients and their needs at the heart of everything we do

- In 2023 demand for our services increased significantly for the second successive year, as we provided full debt advice to over 183,000 clients.
- We refreshed our Vulnerability Strategy, launching an Inclusive Design Framework to bring together all our client needs, and set out standards that should be met to ensure that our services are inclusive and accessible for all new and existing clients.

Objective 2: Empowering our people and developing their skills

- We successfully launched our new leadership behaviours and rolled out our internal leadership programme to over 260 line managers.
- Our 2023 colleague survey had an engagement rate of 84%, up from 80% in the 2022 survey.
- Progress has been made in each of our four focus areas of our Equality, Diversity and Inclusion strategy: recruitment, retention and engagement, development, and leadership.

Objective 3: Adapting to a new funding world

- Our 2023 donation objectives were achieved and we have put strong foundations in place for the future, having already secured over £8.3m from our key partners for 2024.
- In 2023 we secured funding from thirty-six new partners, across a range of new sectors – representing a three- fold-increase in new partnerships compared to 2022.

Objective 4: Working with our partners

- In 2023 we strengthened and expanded our relationships with our partners, delivering over 100 new partnerships across the FinTech, Car Finance and Buy Now Pay Later sectors, while working constructively to develop and improve our services to existing partners.
- We engaged constructively with a range of sectors, including Utilities, where we again partnered with Ovo on the Ofgem Warm Home Discount scheme, and secured a 114% increase in funding from the sector compared to 2022.
- In October 2022 we launched a new support pilot service for NatWest's self-employed and small business customers. In the first nine months we supported hundreds of NatWest's customers and received excellent feedback.

Objective 5: Campaigning to stop people falling into problem debt

- We have consistently led calls for targeted support from government and for benefits to be uprated in line with inflation to support those affected by the cost of living crisis.
- We launched more than 20 major reports, consultation responses and submissions.

For a full account of our achievements in 2023 read our full Impact Report

Financial review

For the year to 31 December 2023, our group accounts show a net deficit of £4.7m for the year and free reserves of £13.6m at year-end.

Income

In 2023 our total income was reduced to £54.7m compared with £62.0m in 2022. This was due to a decrease in restricted funding of £11.2m primarily due to the cessation of the grants from the Money and Pensions Service ("MaPS") in January 2023. This is partially offset by an increase in donations of £3.9m.

Our unrestricted income includes donations, Fair Share Contributions ("FSC") and income within our operating subsidiaries. FSC remains the group's largest source of income although this decreased again in 2023, falling by £2.5m compared to 2022. This is primarily due to the increased cost of living impacting our clients' ability to maintain payments on repayment solutions (see also "Principal Risks and Uncertainties").

These reductions in income were offset by increased donations received from both FSC funders and from other organisations who refer clients to the charity for debt advice. These donations are mainly unrestricted. As reported last year, some of the donations made to help fund 2023 activities were received in late 2022. These donations thereby increased our free reserves at the end of 2022 with the application of those funds to our core activities in 2023 contributing to the deficit in the year.

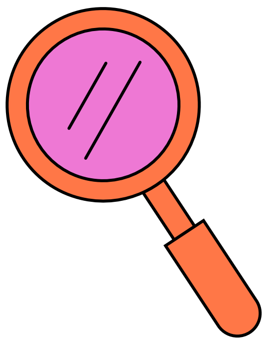
The continued support of our funding partners is extremely welcome especially as many of them have indicated ongoing donations funding for 2024 and 2025.

Operating expenditure

Total operating expenditure for the group was £59.5m (2022: £59.9m) showing a small decrease despite the increases caused by inflation. Expenditure in the current year includes £1.3m of expenditure relating to the start of our back office optimisation programme ("BOO").

People costs remain the group's largest area of expenditure, being approximately 70% of total operating costs. We continue to drive to ensure that we are as efficient as we can be but without detriment to our ability to deliver for our clients and provide the appropriate quality of service. In 2023 we allowed our colleague base to contract by 7% but still helped slightly more people than we did in 2022.

Continuing to deliver appropriate cost efficiencies will remain a focus in 2024 and 2025, in debt advice but in particular in debt management operations via the BOO programme. This will increase our financial resilience as well as provide better experiences for our clients, their creditors and our colleagues.



Net operating result

The operating deficit of £4.7m (2022: £2.1m surplus) is comprised of a restricted deficit of £3.8m (2022: £1.8m surplus) and an unrestricted deficit of £0.9m (2022: £0.3m surplus). The restricted deficit is primarily the utilisation in 2023 of funding received in the prior year relating to our pilot programme to provide debt advice to self-employed individuals.

The unrestricted deficit is stated after an amortisation charge of £1.5m (2022: £2.1m) which relates to the Pulse debt advice development costs that were capitalised as an intangible asset. The charge for the year was lower than in the previous year as the asset was fully amortised by September 2023. The remaining deficit reflects timing of donations and the start of our expenditure on the BOO programme.

Capital expenditure

Total additions to tangible fixed assets were £0.1m this year (2022: £0.2m) with additions being primarily small amounts of IT and office equipment.

Subsidiaries

The charity has two subsidiaries, one for the provision of insolvency solutions, and one for equity release and mortgage solutions. Any net proceeds generated by these subsidiaries are distributed via Gift Aid back to the charity. Both operations have been developed to help people become free of problem debt. Within the charity's Statement of Financial Activities, the proceeds from the subsidiaries are not classified as charitable activities but included within donations received.

Cashflow, investments and liquidity

Our investment policy agreed by the Trustees remains to invest in fixed-term bank deposits only. Within the year, there was a net decrease in cash and cash equivalents of £2.1m (2021: £4.5m increase). This decrease is due to utilisation in 2023 of both restricted and unrestricted donations received in 2022.

At 31 December 2023 total cash and cash equivalents were £9.5m (2022: £11.6m) with no funds held on deposit for a period of greater than three months (2021: £NIL).

The group has a liquidity backstop cash requirement agreed with the FCA being a minimum cash balance of £5.25m. Such cash reserves would allow the group to effect an orderly winddown without detriment to clients should the situation ever arise.

Reserves policy and management

Reserves are maintained at a level to manage the short-term financial risk, the potential costs of unplanned closure and ensure the long-term viability of the charity given the risks detailed in the "Principal risks and uncertainties" section of this report.

Our reserves policy is reviewed by the Board of Trustees at least annually. In assessing the policy the Board considers the scale of the charity's ongoing cost base, the risk environment, security of funding as well as the investment needs of the group.

In line with best practice, our policy includes a lower and upper limit on our free reserves. This ensures that whilst, on one hand, we are ensuring the group's ongoing financial viability, the group is also applying as much funding to its charitable objectives as it reasonably can.

In December 2023 the Board approved our reserves policy unchanged, being that the group's free reserves (i.e. reserves after removing net tangible and intangible fixed assets and restricted funds) will not be allowed to fall below £10m nor to exceed £18m. This range ensures that reserves should be, at minimum, adequate to ensure an orderly winddown of the charity should that route be chosen or required. Above that minimum, slightly higher reserves help create an operating and planning buffer against that minimum level. The Board may also choose to utilise the higher end of the range should funding risk increase or resource be required for significant future investment.

At 31 December 2023 the group's free reserves stood at £13.6m being unrestricted funds of £13.9m less fixed assets of £1.4m plus unamortised landlord fit-out contribution of £1.1m. This is a decrease of £2.0m since the start of the year as we commenced our investment in the new back office debt management systems.

The total balance sheet reserves at 31 December 2023 were £14.8m (2022: £19.5m), of which £0.9m (2022: £1.8m) are restricted in nature.

Investment policy

The group's investment policy is reviewed annually by the Audit and Risk Committee. In 2023, the policy has been maintained to continue to invest the surplus liquid funds in fixed-term deposits with maturities of no more than 12 months. This allows the Board the appropriate flexibility and liquidity as we utilise reserves for the BOO programme. However as interest rates have risen we have been able to utilise shorter-term deposits to generate some return on our balances at minimal risk. Interest yield on overall balances in 2023 was 2.03% (2022: 0.25%).

Basis of preparation of the Accounts

In line with the Charities Accounts (Scotland) Regulations 2006 (as amended), the charity has prepared a charity-only Statement of Financial Affairs on page 46, with additional charity-only disclosures made in the notes to the financial statements. The financial statements have been prepared on the going concern basis. The charity has strong financial resources invested with minimal risk and no borrowings.

Principal risks and uncertainties

Our approach to risk management

The Board of Trustees is responsible for approving the charity's approach to risk management and for setting the type and amount of risk that the charity is willing to accept in pursuit of its objectives.

The Board reviews its risk appetite at least annually to ensure the charity is continuously managing its risks and exposures effectively, considering changes that may impact the type and amount of risk it is willing to take.

Through the charity's delegated authority framework, the Audit, Risk and Compliance Committee (ARCC) is accountable for ensuring maintenance of a sound system of internal control and risk management.

ARCC, in turn, delegates the day-to-day operation of internal controls and risk management to the Executive team. The Chief Risk Officer has responsibility for the design, implementation and effective operation of the Risk Management Framework.

The charity aims to operate effective processes which enable colleagues to identify, assess, manage, monitor and report on the risks to which StepChange is exposed.

Decisions are based on managed risk-taking in alignment with our risk appetite and in pursuit of our strategic plan. In doing so, we seek to protect the interests of our clients, in line with our obligations under the FCA Consumer Duty, while ensuring the longevity of the charity.

Three lines of defence

The charity operates a 'Three lines of defence' model. Our application of this model is tailored to the size, complexity and activities of the charity.

The first line owns and operates most controls to mitigate risk and maintain our ongoing compliance.

The second line is responsible for the design, implementation and effective operation of the Risk Management Framework, as well as providing assurance, advice, oversight and challenge to the first line.

The third line is Internal Audit which provides independent assurance over first and second line activity. It reports to the Audit, Risk and Compliance Committee to provide an impartial view of the charity's risk and control environment.

Risk management framework

Risk management takes place in the context of our culture and this will always influence how colleagues manage risk. Our risk management framework is designed to positively influence behaviours in pursuit of our target culture.

The charity has a risk management framework which is designed to create a consistent and effective approach to the management of risks.

Direction	Governance	Managing	Monitoring
Risk and Compliance Strategy The risk and compliance team use their expertise to enable the charity to safely achieve the StepChange strategy and deliver good outcomes for our clients.	Governance Committees Committees and Forums allow us to maintain oversight of all key risk exposures.	Risk Registers /risk and control self-assessment (RCSA) Risk Registers and RCSA processes support the identification, assessment, mitigation and ongoing monitoring of risks and controls.	1st line assurance 1st line functions undertaking assurance activities such as quality monitoring.
Risk appetite Using board approved statements and thresholds, risk appetite creates a common understanding of the acceptable boundaries for risk-taking.	Risk decisions Assessing risks and opportunities to determine the best course of action, ensuring decisions are aligned to risk appetite. Where decisions may be outside of appetite, choosing to consciously tolerate risks for a fixed period.	Risk event / incident management Risk events (risks that have materialised) are consistently managed, reported and remediated by the business with support and oversight from Risk and Compliance.	2nd line assurance Risk and compliance functions undertaking assurance activities such as compliance monitoring, control assurance, and risk reviews.
Risk policies and standards Rules, guiding principles and processes that provide direction on core activities across StepChange.	Risk reporting and thresholds Reporting key risk exposures to relevant individuals and committees to enable risk-based decision making. Agreed thresholds and tolerances prompt action or escalation where thresholds are exceeded.	Scenario analysis and stress testing The assessment of extreme but plausible future scenarios to understand our level of resilience.	3rd line assurance Independent assurance provided in the form of internal audit reviews.

Key risk themes

The risk landscape that the charity operates within continues to evolve. Key risk themes that we were exposed to during 2023 were:

Cessation of grant funding in England and Wales

For a several years the charity received grant funding from the Money and Pensions Service ("MaPS") to help fund debt advice activities, as well as for the provision of Debt Relief Orders ("DROs"). A procurement process was undertaken by MaPS for service contracts which would replace grant funding. The charity was not awarded a contract for either debt advice or for DRO's and the previous grants for these services ceased on 31 January 2023.

In response to this we rationalised our services, undertaking a reduction in our overall operating costs. We have worked with several partners who have made commitments to provide direct funding into 2024 and 2025 which will maintain our capacity to help clients.

We are working with key partners across the sector to understand the longer term funding needs to provide effective debt advice in the UK.

Impact of increased cost of living

We continue to see the impact of what has become known as the 'cost of living crisis' as inflation and interest rates increased in the UK. The charity, like other organisations, has faced increases in its operating costs. However, household budgets with those in, or nearly in, financial difficulty have been most severely impacted.

This leads to more people needing debt advice, more of those people not being able to take up a repayment solution and reductions in the amounts clients can afford to pay on their repayment solutions.

The charity's largest source of income is the Fair Share Contribution ("FSC") whereby our clients' creditors donate back to the charity a percentage of the clients' debt payments. This income is directly affected by the number of clients who are able to make debt repayments and the reducing amounts that clients can afford to pay.

Whilst our clients have shown resilience in maintaining their repayment plans, we have seen FSC income fall and we have therefore needed to adjust our financial plans accordingly.

Replacing legacy systems

The charity, like many organisations which has existed for over 30 years, has accumulated a number of outdated systems. This has also produced a significant amount of complexity in our back-office systems and a number of manual processes.

Back office optimisation is a programme of work that the charity is undertaking to replace the outdated systems that we currently use to help clients during their journey to becoming debt free. We are investing significantly in order to become more efficient by replacing legacy systems with new technology and tools, meaning we can work far more seamlessly and efficiently. This will help the charity, our clients and our partners to provide a firm foundation from which to undertake further digital transformation in the future.

During this major programme of work the charity is exposed to heightened change risk. In response we have strengthened the governance, reporting and control provided by the charity's Project Management Office.

Principal risks and uncertainties

A description of our principal risks that the charity is exposed to, and how we mitigate them, is included in the table below:

Risk Category	Principal Mitigation
Strategic: Risk arising from strategic plans and decisions, our reputation, and external factors threatening our strategic objectives or financial sustainability.	Regular strategic planning, horizon scanning, monitoring of the external environment, stress testing, and reporting.
Product and Marketing: Risk arising from product design, development, targeting, suitability, promotions and communications.	Extensive monitoring of product performance, client outcomes, client satisfaction and engagement.
Quality and Service: Risk arising from the provision of products and services to clients, and failures to adhere to defined quality standards.	Detailed reviews of client outcomes across all channels, products and services, undertaken by the Quality Monitoring Team.
Change: Risk arising from the prioritisation and execution of change projects (time / cost / quality), realisation of benefits, and capacity to deliver / absorb change.	Project Management Office overseeing performance of the change portfolio, ensuring robust project governance and reporting.
Technology: Risk arising from the failure or suboptimal performance of technology and the ability to recovery systems and data.	Continuous monitoring of core system availability and have procedures to respond to unplanned service interruptions and restore services.
Information Security: Risk arising from internal or external threats and vulnerabilities which may affect the confidentiality, integrity or availability of information.	In-house security capabilities augmented with an outsourced security advisor and 24/7 security operations.
Business Continuity: Risk arising from events which may disrupt normal operations and activities or reduce the ability to resume normal operations following a disruption.	Business impact assessments and business continuity plans to respond to and recover from disruptive events.
Procurement and Supplier Management: Risk arising from the selection and management of third-party suppliers, their delivery, conduct, or business failure.	Thorough due diligence and monitoring of our suppliers to mitigate third party risks.

Risk Category	Principal Mitigation
People and Culture (incl. Health and Safety): Risk arising from our ability to attract, retain, and develop sufficient people with necessary skills; the consequences of the behaviour of our people; and threats to the safety and wellbeing of our colleagues.	Comprehensive support for the wellbeing of our colleagues, perform regular engagement surveys and monitoring sickness and attrition.
Legal and Governance: Risk arising from the design and operation of our governance framework, management of IP and legal agreements, and interpretation / adherence to relevant legal and corporate/ charity governance requirements.	Robust governance and risk management frameworks and policies to ensure consistent and effective management of our risks.
Regulatory (including Data Protection): Risk arising from our relationship with our regulators and our interpretation / adherence to relevant regulations, including our obligations towards consumer outcomes and data protection.	Annual programme of compliance monitoring reviews to assess our ongoing compliance and fulfilment of our regulatory obligations.
Financial Management and Reporting (Including Financial Crime): Risk arising from the management of our financial resources, financial reporting, client asset management, and prevention of financial crime.	Extensive controls, procedures and policies to responsibly manage our financial resources.
Funding and Growth: Risk arising from the management of our relationships with partners, securing adequate funding, and our competitiveness in the sector.	Clear funding targets, regular planning and reporting to ensure necessary funding targets are met.
Media and Campaigning: Risk arising from our external media presence, internal and external communications, policy positions, influencing and campaigning.	Key campaigning priorities to positively influence policy makers for the benefit of our clients.

Our priorities for 2024

2024 will be an important year for StepChange. We know it's been a tough time for households across the UK and, for many, 2024 will be no different.

That's why we're ready to help nearly 200,000 people with full debt advice this year alone, with many more coming to us for broader help and guidance. We know that to keep up with clients' evolving needs and demands that this year we will need to go further and faster with our investment in new technology and ways of working.

Clients want, need and expect debt advice and support that fits around their lives, works for them and is available 24/7. At StepChange, we can provide that. StepChange will also spend 2024 developing a new organisational wide strategy to take us from 2025 through to 2030.

The backdrop to this will be political change, ongoing economic headwinds and change in technology expected to be more rapid and radical than we have ever seen before. And all of this comes during a time when the debt advice sector becomes more competitive and, in many ways, more fragmented. It's therefore no exaggeration that this will be a seismic year for the charity. However with a highly motivated and committed colleague base, we're up for the challenge.

Supporting clients

Whilst politicians, and by extension, the media may argue that the cost of living crisis is easing, we know that for our clients – and millions across the country – financial pressures remain as acute and challenging as they have ever been.

Rising rents or mortgage rates, energy bills that remain at historic highs, food shops that take up an ever-larger share of a household budget. All of these factors mean our service and wider support remain more important than ever.

This year we stand ready to take nearly 200,000 people through full debt advice and offer broad support to 600,000 people. We'll strive for ever higher standards of those services, rigorously track client outcomes and seek to signpost to the widest range of support possible.

We continue to see the impact of what has become known as the cost of living crisis, as inflation and interest rates increased in the UK. The charity, like other organisations, has faced increases in its operating costs. However, the household budgets of those in, or nearly in, financial difficulty have been most severely impacted.

This leads to more people needing debt advice, more of those people not being able to take up a repayment solution and reductions in the amounts clients can afford to pay on their repayment solutions. We may continue to see this moving forward.

The charity's largest source of income is the Fair Share Contribution ("FSC") whereby our clients' creditors donate back to the charity a percentage of the clients' debt payments. This income is directly affected by the number of clients who are able to make debt repayments and the reducing amounts that clients can afford to pay.

Whilst our clients have shown resilience in maintaining their repayment plans, we have seen FSC income fall and we have therefore needed to adjust our financial plans accordingly, whilst increasing our efforts to encourage FSC non-payers to contribute alongside their industry peers.

Our colleagues

Our colleagues provide that special spark that sets us apart from other organisations. In 2023 we were proud to attain colleague engagement in the top 25% of all organisations surveyed. During 2024, we will continue to empower our colleagues and maximise their engagement and growth by implementing our new learning and development strategy.

We will also focus on enterprise leadership, embedding desired behaviours and continuing to work towards our Equality, Diversity, and Inclusion ambitions. In 2024, we will launch colleague network groups, implement our internal communication and listening strategies and ensure colleague voice is heard throughout the organisation.

Back office optimisation

We know that some of our legacy systems, particularly those that are fundamental to what we call our 'back office' functions like payment processing, client review or sending out correspondence – are outdated, not efficient enough and can cause needless friction in the user journey for both clients and our creditor partners.

This year we're continuing our ambitious project to retire legacy systems and replace key back office systems.

The programme of work is wide ranging and expected to deliver significant cost savings and efficiencies, as well as a reduction of technical issues; fewer systems, and more efficient processes - making life easier for colleagues, clients and creditors; and richer client data with better reporting and more agility.

Contact centre re-platform

This year we'll also deliver a whole scale re-platforming of our contact centre telephony service. The programme will replace our existing telephony, workforce management and call recording platforms with market-leading solutions, but which also deliver a range of transformational features for our operational colleagues, while simultaneously widening our assurance reach and insight.

Partner Promises

Working with our partners is fundamental to our strategy. Our ambition is to be recognised as the leading debt advice provider in the sector, and to become the strategic partner of choice for all our partners.

In 2023 we launched our new Partner Promises, a set of commitments that set out how we will work with and deliver for our partners. In tandem, we also established a new annual partner feedback survey so that we can hear directly from our partners. This will allow us to understand how well we're delivering on our Partner Promises, and where we need to focus our efforts to continue improving our service to partners and their customers.

We'll also continue to engage with organisations who don't yet financially contribute to the provision of debt advice to seek ways that they can support our vital services.

Client Focus Group

In February 2024 Trustees Sue Acton and Liz Harding attended the first in-person client focus group at our Leeds' office. Part of the Voice of the Client insight programme, the group was conducted with new DMP clients and explored early experiences of StepChange and our services. Further sessions involving the Trustees are planned in 2024 to deliver regular insight into the Voice of the Client programme and to help inform continuous improvement.

General election

After years of challenge across the political landscape, the country faces a choice at the next election. Regardless of which party wins, we're likely to see significant change in Westminster. A substantial number of MPs have announced they're standing down so we'll be engaging and getting to know a lot of new faces in parliament.

Putting the needs of our clients – and those at risk of problem debt – on the political agenda is an important part of StepChange's work. Over the years we've been at the forefront of influencing on issues like payday lenders, the introduction of a breathing space scheme and calling for bailiff regulation.

This year we'll be asking parties fighting the election to commit to:

- A debt advice sector that works for clients
- A fair deal for private renters
- A national financial inclusion strategy
- Introducing a national no interest loan scheme
- Introducing a statutory bailiff regulator

New organisational strategy

Our current organisational strategy – Stepping Up In A Changing World – runs until the end of 2024. That means we need to develop a new strategy that takes the charity through from 2025 until 2030. The key trends and factors any new strategy will need to address include: sector funding challenges, the changing needs of clients and the competitive environment across all nations of the UK.

We'll be engaging extensively with key stakeholders and colleagues as we set out our new strategic direction in 2025 through a comprehensive theory of change, strategy and delivery metrics.

Future sector funding model

This year we'll seek to continue leading the discussion to develop the debt advice sector and associated funding model that delivers effective and efficient services and excellent client outcomes, whilst fostering a culture of collaboration and recognition of organisations specific expertise and focus. We'll work closely with organisations like the Money and Pensions Service as they consult on future debt advice sector funding models.

Structure, governance and management

Structure and management

Foundation for Credit Counselling ("the charity"), which trades under the name StepChange Debt Charity, is a company limited by guarantee and is registered as a charity (no. 1016630 in England and Wales, and SC046263 in Scotland).

The charity is authorised and regulated by the Financial Conduct Authority (FCA no 729047) to provide debt adjusting and debt counselling services. It is permitted to hold client money as a not-for-profit firm and holds limited permission under the FCA Handbook within its flexible firm portfolio.

Consumer Credit Counselling Service (Equity Release) Ltd is separately authorised and regulated by the Financial Conduct Authority (FCA no 517674) to advise and arrange home reversion plans and mortgage contracts.

Both the charity and Consumer Credit Counselling Service (Equity Release) Ltd fall under the FCA's Senior Managers and Certification Regime for solo-regulated consumer credit firms, as 'limited' and 'core' firms respectively. Appropriate arrangements are in place to ensure both entities comply with the requirements of the regime.

Consumer Credit Counselling Service (Voluntary Arrangements) Ltd employ Insolvency Practitioners that are licensed and authorised by the Insolvency Practitioners Association (IPA).

Board of Trustees

The charity is governed by a Board of Trustees (the Board) and currently consists of 12 Trustees. In 2023 three new Trustees were appointed and in 2024 one new Trustee was appointed.

For the purposes of company law, all Trustees are treated as Directors of the charity. Trustees have a duty to act in the best interest of the charity, and must not place themselves in a position where they have, or may have, direct or indirect interests that conflict with their duties as a Trustee. As such, the charity has a Trustee Conflict of Interest Policy in place, which sets out guidelines and procedures for identifying, monitoring and managing actual and potential conflicts of interest. A register of Trustees' external interests is maintained, and reviewed annually by the Board, with interim updates presented at Board meetings whenever amendments or additions are made. There is a standing agenda item at each Trustee meeting requiring those present to declare any conflicts of interests relating to matters to be discussed at the meeting. Trustees and members of the Executive team sign an annual declaration to review the accuracy of their register of interests.

The Board has a Schedule of Matters Reserved and is responsible for setting the group's strategic direction, overseeing governance and risk, setting budgets and ensuring that the charity achieves its objectives and complies with its legal and regulatory obligations. Some specific duties of the Board are delegated to the Audit, Risk and Compliance Committee, and the Nomination and Remuneration Committee, with the day to day running of the charity managed by the Executive team.

The Board held five full meetings during 2023, as well as strategic planning days and additional shorter meetings held on specific subject areas as required.

On behalf of the Board, the Nomination and Remuneration Committee oversees arrangements for a Board Effectiveness review process, to periodically review the collective performance of the Board and its Committees. In 2023, we continued to review our performance and build upon the helpful recommendations of the 2022 externally-facilitated evaluation exercise, to further strengthen our governance practice and Board effectiveness. In addition, the Chair has annual discussions with individual Trustees to review their performance and contribution to the Board; the performance of the Chair is reviewed annually by the Senior Independent Director.

Trustee induction

The induction of new Trustees is facilitated by the Company Secretariat function. Trustees receive a comprehensive induction pack providing reference information covering the background of the charity, its structure and status, its method of operation, its finances and the environment in which it operates. Trustees have access to the charity's Board Portal which contains past Board and committee meeting packs, policies, and strategy documents. Governance information is provided via the Charity Governance Code and key Charity Commission guidance including "The Essential Trustee", and the NCVO's online training session on Trustee roles and responsibilities. The Trustee induction programme also involves meetings with managers across the different functions of the charity, as well as client call listening and other observation sessions with front line operations colleagues. Additional tailored induction sessions are arranged for individual Trustees as required. In 2023, we introduced a Trustee mentoring system for those joining the Board in their first Trustee role.

Trustee term of duty

New Trustees are initially elected for a term of three years, which may be extended for a further three years upon approval by the Board. A Trustee may in exceptional circumstances be appointed for a third three-year term where the Board determines that it is in the best interest of the charity, and in line with agreed criteria for such an extended term.

Trustees, with the exception of the Chair of the Board, receive no remuneration for their services, but are entitled to receive reasonable expenses when costs are incurred as a result of carrying out their normal duties and responsibilities. In 2023, we reviewed and broadened our Trustee expenses policy to align with Charity Commission guidance in order to ensure no Trustee is 'out of pocket' as a result of carrying out their normal duties and responsibilities and, more generally, to ensure that being a Trustee is open to all. Third-party indemnity provision is in place for the benefit of all Trustees.

Committee structure

The Board has two specialist committees to assist it with its work – Audit, Risk and Compliance, and Nomination and Remuneration – which have specific responsibilities as outlined below.

Trustees may be invited to serve on one or more Board committees. Executive team members attend Board and committee meetings by invitation. Committee membership details are shown in the table on page 29. The Chair of each committee reports back to the Board at its next formal meeting and minutes of committee meetings are circulated to all Trustees.

Audit, Risk and Compliance Committee

The Audit, Risk & Compliance Committee's purpose is to provide assurance to the Board that the group as a whole has an effective system of internal controls, risk management, and financial reporting, including oversight of internal and external audit processes. The areas covered within the Committee's terms of reference include: financial reporting; internal controls and risk management systems; financial crime, whistle blowing and anti-bribery; internal audit; and external audit. The Committee met four times in 2023.

Nomination and Remuneration Committee

The Nomination & Remuneration Committee's purpose is to provide oversight of trustee and executive appointments, remuneration, and organisational culture arrangements. The areas covered within the Committee's terms of reference include: Board and Committee composition; selection processes for Trustees and the executive; succession planning; Board, trustee and executive performance; the overall rewards and recognition framework; equality, diversity and inclusion; organisational culture; contractual arrangements for the executive team; and the review of remuneration trends and market analyses. The Committee met three times in 2023, in addition to meetings relating to the recruitment of new Trustees.

Executive

The Executive team manages the charity's daily activities. Responsibilities are governed through formally minuted monthly meetings of the Executive Board and the Strategic Investment Board, and quarterly meetings of the Executive Risk & Conduct Committee.

The Executive Board provides focus on strategy and planning, day-to day oversight and management of the operations of the charity, including financial and colleague performance management, service delivery and operational volumes. It develops business plans, policies, procedures and budgets for presentation to the Board of Trustees and has responsibility for implementation when Trustee Board approval is received and ensuring the effective delivery of the Charity's purpose, strategy and objectives.

The Strategic Investment Board is responsible for establishing, maintaining and reviewing the charity's Strategic Change Roadmap and ensuring continued alignment with the StepChange vision. This includes considering and approving new projects / programme requests; directing the progress of the overall Change Portfolio against agreed cost, time and risk parameters; and leading and supporting the development of the Change Management Framework.

The Executive Risk and Conduct Committee provides oversight of the risk, compliance, audit and control framework for the Charity, and informs the Executive of material risks, breaches or operational failures to enable timely escalation to the Board and the Audit, Risk and Compliance Committee. The areas covered within its terms of reference include risk management; compliance; information security and data protection; client money; financial crime; health and safety; and internal audit.

Trustees' client focus group

In 2023 the Board welcomed plans to establish a Client Focus Group to be attended by a small group of Trustees and the charity's clients; the objectives of the group are to give opportunity for clients to speak directly with Trustees to share their experiences, to provide valuable insight to the Board and the charity to help shape future propositions and client experiences, and to keep Trustees up to date with issues affecting clients and the impact on their lives.

The group will meet every six months and held its first meeting in early 2024; outputs and recommendations from each session will be shared with the full Board and internally with the Client Steering Group who will look to ensure any improvements are fed into the programme of Continuous Improvement.

Charity Governance Code

The charity's governance framework aims to be in alignment with the principles of the 'Charity Governance Code for Larger Charities'. The Code's seven principles cover organisational purpose; leadership; integrity; decision making, risk and control; board effectiveness; equality, diversity and inclusion; and openness and transparency. The charity is committed to maintaining the highest standards of governance and uses the Code as a practical point of reference to drive a process of continual improvement built upon the Code's principles, key outcomes, and recommended practice.

The Board effectiveness review undertaken by an external third-party in 2022 included a positive assessment of the charity's performance against the Code principles, with an action plan in place to address the recommendations of the review to further strengthen governance systems and Board practices, which we continued to implement and develop.

Equality, diversity and inclusion

The Board of Trustees recognises that becoming a diverse and inclusive organisation will enable the charity to attract, retain and develop the best talent, better support innovation, enhance our brand and reputation, and meet an increasing regulatory focus, as well as being critically important for both our clients and our colleagues as well as wider stakeholder relationships.

The Board welcomed the publication in 2022 of the Stepping Up to Equality, Diversity and Inclusion (EDI) Strategy, the charity's first ever formal EDI strategy, which lays foundations for future development and underpins the overarching organisational strategy. Our focus for 2023 was to execute the commitments made within the strategy following the agreed roadmap for implementation. The initial first step was to increase EDI awareness, as well as empower and enable our colleagues to embed EDI within their roles. This took the form of an in-depth EDI Behaviours Programme, which will be rolled out to all directorates in 2024, following a successful pilot. This programme ensures that colleagues are informed, but are also equipped with the knowledge, and autonomy required, to embed EDI within policies and organisation-wide business and practices.

Colleague engagement has also improved, with the Chief People Officer and Chief Digital Officer travelling to regional offices to host listening sessions. These listening sessions were attended by a good representation of colleagues who were invited to share their experience and recommendations for improving inclusion. We are pleased to note that our actions are creating results, with our score for inclusion increased by another eight percentage points in the Engagement Survey for 2023.

We have also conducted a successful internal Diversity Data Campaign throughout 2023, increasing the disclosure rate by 47% from 2021. This data will help us to take a more targeted approach to address areas of underrepresentation, but also highlight and celebrate our achievements.

We are making a concerted effort to address areas of underrepresentation within the organisation through our recruitment processes. Our recruitment data has shown that we are attracting a diverse pool of candidates; however, we will be looking at ways that we can continue to improve our recruitment practices. We have successfully recruited two new Executive roles, a new Chief Digital Officer, and a new Chief

Risk Officer, maintaining a good gender representation at Executive Board level with 57% female and 43% male representation.

Within its own practice, the Board recognises the value of a diverse group of Trustees, with a broad range of experience, skills, background, and perspectives, in its aim to improve its own effectiveness and ensure balanced decision-making. The Nomination and Remuneration Committee regularly carries out an audit of skills, experience, and diversity of Trustees to identify gaps, and to inform trustee recruitment and training. When recruiting new Trustees, the Committee considers how best to attract a diverse pool of candidates, and where and how trustee vacancies are publicised. In 2023, a trustee recruitment exercise included a focus on appointing Trustees who could bring greater diversity of backgrounds, perspectives, and experience. As a result, we were pleased to be able to attract – and recruit - candidates with lived experience in relation to problem debt who in addition to a wide range of other invaluable skills and attributes, bring vital additional insight to the Board as a result of their own background and experiences. These improved practices have increased representation on the Board, which is now evenly split for both male and female genders.

The Nomination and Remuneration Committee on behalf of the Board continues to lead on monitoring the implementation of the EDI strategy, and with the Committee Chair, Helen Dean, taking on the role of Trustee EDI Champion.

Remuneration of senior employees

The charity has a Pay Policy which applies to all employees, and is regularly reviewed by the Nomination and Remuneration Committee and approved by the Board. A Total Reward Strategy is also in place, the overriding principle of which is for the charity's total reward offering to be competitive, fair and sustainable. The principles guiding the charity's pay management approach include basic pay reflecting a colleague's skills, competence and capability to perform their role, and with all roles aligned to a pay range built around market median pay levels. The Pay Policy reflects the current approach to pay and rewards introduced by the strategy, and clarifies how pay will be benchmarked and managed, and includes annual pay review, development reviews and the use of in-role development frameworks to reflect the development of skills and knowledge.

The Nomination and Remuneration Committee determines the remuneration of the Chief Executive and the Executive team, in line with the Pay Policy. Executive appointments are subject to fair and open competition, with salary levels determined by benchmarking and set at advertising stage. The remuneration of the Chief Executive and the range of salaries for other members of the Executive team are published in the financial section of the annual report.

Trustees' report

Board of Trustees at 23 April 2023*		Delegated Board Committees**		Operating Subsidiaries Boards
Trustees	**Year of appointment**	**Audit, Risk and Compliance**	**Nomination and Remuneration**	
John Griffith-Jones (Chair of the Board)*	2019		Member	
Sue Acton	2023			
Mike Ashley	2023	Member		
Nick Caplan	2019	Member		
Helen Dean CBE	2019		Chair	
Tim Frost	2017			
Liz Harding	2023			
Yvonne MacDermid OBE	2021			Director
Janet Pope**	2024	Member		
Chris Stern (Senior Independent Director)	2016	Member	Member	
Lesley Titcomb CBE*	2019	Chair		
Chris Wood	2021		Member	

* John Griffith-Jones is due to stand down as trustee and Chair of the Board with effect from 30 April 2024. Following an open and externally-facilitated recruitment process, Lesley Titcomb is to be appointed as Chair of the Board with effect from 1 May 2024, at which point she will stand down as Chair of the Audit, Risk and Compliance Committee.

** Janet Pope was appointed in January 2024.

Trustees

John Griffith-Jones

John was appointed Chair of StepChange Debt Charity in 2019. He is also a member of the Nomination and Remuneration Committee. He served as the inaugural Chair of the Financial Conduct Authority from 2013 to 2018, during which time the FCA took on responsibility for regulating consumer credit.

Previously, John had a career at KPMG, culminating in him becoming their UK Chairman and Senior Partner, and also Chairman of their European, Middle East and Africa region.

John is currently a Governor of Brentwood School, and is a trustee of the Rifles Volunteer Trust. He is also a Deputy Lieutenant in Essex. John was formerly Vice Chairman of the National Numeracy Trust.

John studied Economics at Trinity Hall, Cambridge. He is a chartered accountant and he was an officer in the Territorial Army for 14 years.

Sue Acton

Sue joined the Board in 2023. She is a freelance consultant, drawing on the rich experience of an unusual career path. Her focus is customer vulnerability and financial services, as well as gambling related harm.

After graduating from Oxford with a degree in Experimental Psychology, Sue joined Barclays. She held senior roles in operations, marketing, and diversity and inclusion before leaving over ten years later. A period of entrepreneurial and third sector activity followed. Then, after overcoming some personal challenges, Sue returned to banking as part of the vulnerable customer team at Monzo.

Recent experience of working directly with people in difficult situations, combined with her own lived experience of financial difficulty, means Sue brings a unique perspective to her work.

Sue lives in Warwickshire. She is part-way through an MSc in Psychology and would like to study for a PhD, ideally whilst exploring the UK and beyond in a campervan.

Mike Ashley

Mike joined the Board in 2023. He is a member of the Audit, Risk and Compliance Committee. Until early 2023, he was a Non-executive Director and Chair of the Audit Committee of Barclays Plc, a role he had taken on following retirement from KPMG in September 2013.

At KPMG he had spent most of his career as an audit partner focused primarily on the banking sector, but latterly was also responsible for KPMG's own risk management and was the firm's designated Ethics Partner.

He is currently also a member of the Cabinet Office Board and Chair of its Audit and Risk Committee and is a trustee at the Charities Aid Foundation and at The Scout Association.

Nick Caplan

Nick joined the Board in 2019. He is a member of the Audit, Risk and Compliance Committee. Nick brings technology, strategy and operational experience from a broad range of sectors. Most recently he co-founded Ordo which provides an open banking payments platform to help people gain better control of their payments.

Nick is a Director of Vitality Life and Health, Chair of AND Digital, and Ordo. Significant prior roles included Chair of Faster Payments, a key part of the UK's payments infrastructure; Chair of MyCSP a public sector pensions administrator and an executive director of Logica, a major IT services company.

Helen Dean CBE

Helen joined the StepChange Board in 2019 and is Chair of the Nomination and Remuneration Committee, and the Board Champion for Equality, Diversity and Inclusion.

Helen is one of the architects of auto enrolment, having started her career at the Department for Work and Pensions where she developed the policy and legislation for the pension reforms that led to auto enrolment and the establishment of Nest. She was CEO of Nest from 2015 to April 2024. From May 2024 she will take up a new position as Chair of the Standard Life Master Trust.

Helen cares deeply about delivering great outcomes for savers through sustainable and responsible investment, connecting with the new cohort of savers generated by auto enrolment, and promoting diversity across our industry.Throughout her career Helen has maintained a passionate interest in addressing financial inequalities and promoting financial resilience across society.

Helen is a Governor of the Pensions Policy Institute (PPI) and a member of the HMT Asset Management Taskforce. She is also Chair of the Governance Committee for Your Island Pension, the automatic enrolment pension which will be introduced by the States of Guernsey in 2024. Helen was awarded a CBE in the 2021 New Year Honours list for her services to pension saving.

Tim Frost

Tim joined the StepChange Board in 2017 and for four years was Chair of the Audit and Risk Committee (2019 to 2023).

He is the Chair of Polus Capital, Chair of the risk committee of UK Export Finance and an Emeritus Governor of the London School of Economics. Before Polus Tim worked in a series of trading and management positions at JP Morgan, and was a Director of the Bank of England. He started work as an officer in the British Army serving in Germany and in the Falkland Islands.

Liz Harding

Liz joined the Board in 2023. She brings lived experience to the Board as a previous beneficiary of the charity's life changing services and a true passion for the cause.

She is CEO of 'Hearts Together', a charity in Devon which works collaboratively with the local NHS Trust to deliver support services and hospital hotel accommodation for patients, carers, relatives, and healthcare professionals. Since taking up this role in 2017, Liz has led the charity through a period of change and transformation, developing a sustainable operating model to expand and enhance its services.

As a Charity CEO, and with a wealth of sector experience, Liz has an understanding of the importance of meeting an individual's needs, ensuring clients and consumers remain at the heart of decision making.

Yvonne MacDermid OBE

Yvonne joined the StepChange Board in 2021. She is also a Non-Executive Director of the charity's two trading subsidiaries, CCCS Equity Release Ltd and CCCS Voluntary Arrangements Ltd.

She has been involved in credit and debt matters for over 36 years and stood down in 2021 after almost 24 years as Chief Executive of Money Advice Scotland. Yvonne is passionate about the provision of debt advice and financial education and treating customers fairly. Given the current economic and cost of living crisis, she is particularly concerned about how we ensure vulnerable consumers are not left out in the cold. Yvonne is currently leading the Independent Review of Scottish debt solutions.

Yvonne is a Non-Executive Board member and Director sitting on four Boards from across the public, private and voluntary sectors, including the Credit Services Association and its subsidiary, and The Scottish Rail Preservation Society. She is also Board Director of Pollok Credit Union.

In 2002 Yvonne received the OBE for services to disadvantaged communities, and in 2018 she was awarded the inaugural "Women in Credit" Lifetime Achievement Award.

Janet Pope

Janet joined the Board in January 2024. She is a member of the Audit, Risk and Compliance Committee. She joined Lloyds Banking Group in 2008 to run the Savings business and from 2012 to 2023 was Chief of Staff and latterly Chief Sustainability Officer, a Group Executive Committee role.

She was previously Chief Executive at Alliance Trust Savings, prior to which she was EVP Global Strategy at Visa International.

Janet spent 10 years at Standard Chartered Bank where she held a variety of roles including Retail Banking MD for Africa and non-executive directorships at Standard Chartered Bank Zimbabwe, Kenya, Zambia and Botswana.

Janet studied at the London School of Economics. She has a Master's degree in Economics and holds an MBA from Cass Business School (now Bayes).

Janet has extensive non-executive experience in government departments, charities and the private sector. She is currently Chair of the Charities Aid Foundation Bank, Trustee of the Charities Aid Foundation, and Trustee of Camden School for Girls.

Chris Stern

Chris Stern, FCCA FCMI, was appointed to the Board in 2016. He is Senior Independent Director at StepChange and is a member of the Audit, Risk and Compliance Committee. He has significant Financial Services and Customer Service experience gained across a range of roles and sectors in both senior Executive and Non-Executive roles. In addition to his role at StepChange, he is also a Senior Pension Trustee on the Centrica Engineers Pension Scheme. He also holds a number of trustee positions with the youth charity YMCA, and is on the boards of National YMCA E&W, and St Paul's Group.

Chris previously held a number of senior Executive and Non Executive positions within the Centrica Group. These include Chairman of British Gas Insurance and British Gas Finance Ltd (A regulated Consumer Credit provider) and NED of British Gas Services (a regulated Financial Service intermediary) and Finance Director roles within the Financial Services, Customer and Retail Services, and Automotive sectors.

Chris is a qualified accountant and a Lay Minister within the Church of England.

Lesley Titcomb CBE

Lesley joined the StepChange Board in 2019. She is the Board Champion for Consumer Duty and is a member of the Audit, Risk and Compliance Committee.

She is an independent non-executive director of National Bank of Kuwait International and of Pay.UK and has recently been appointed as Chair of the Market Harborough Building Society. She is also a Governor of the University of Hertfordshire. She was previously Chief Executive of The Pensions Regulator.

Lesley has worked in many different roles in financial services regulation since 1992 and before joining TPR was Chief Operating Officer of the FCA from 2010 to 2015. She is also a qualified Chartered Accountant.

Chris Wood

Chris joined the Board in 2021. He is a member of the Nomination and Remuneration Committee. He has significant Financial Services, Lending and Payments experience, and is a qualified chartered accountant.

For the last three years Chris has led the Worldpay SMB business in the UK, Ireland and for the direct channels in the US.

Prior to WorldPay he ran scale businesses and functions for Barclays and Barclaycard in the UK, Europe and North America, and he had extensive experience in both Executive and Non-Executive roles. Chris' career started as a consultant for Accenture with clients in Europe, North America and Australasia where he specialised in Financial Services and comms / hi-tech.

Executive

Vikki Brownridge – Chief Executive

Prior to Vikki's role of CEO which she took up in May 2023, she lead the charity's operational teams who provide debt advice and ongoing solution service provision for our clients across a number of sites and all jurisdictions in the UK.

She has worked at the charity since 2005 and has held several senior leadership positions including Head of Debt Advice where she was instrumental in the launch of the sectors first online debt advice service, and Director of Client Experience where she was responsible for the charity's strategic relationships and funding. Over the years Vikki has also played an active role in shaping and defining the sector working alongside the Money and Pensions Service and other debt advice charities.

Vikki is also a Trustee of Frank Parkinson Yorkshire Trust, a local Leeds based charity that provides Almhouses for residents over the age of 65.

Earlier in her career Vikki held leadership positions within outsourced providers and financial services organisations.

Gail Arkle – Chief Growth Officer

Gail joined the charity in 2019 as Head of Insight, Strategy and Business Development, and was promoted to the Executive Team in 2021 as Director of Client Experience. Following a restructure of the executive team in 2023, Gail assumed the role of Chief Growth Officer in January 2024.

In her role of Chief Growth Officer, Gail leads strategy, bid management, strategic partnerships, business development and innovation teams in delivering the growth aspirations of the charity. The work of the Charity Development directorate is key to securing sufficient funding for the long term to meet the growing demand for debt advice, and to define and fund the required evolution of our services and solutions to meet changing client needs and to deliver enhanced client outcomes.

With over 24 years' experience, including 17 years working in leadership roles in the third sector and public services outsourcing sector, she has successfully led Marketing and Business Development teams in the delivery of corporate and commercial growth strategies. Most notably, in leadership roles securing high value funding for the delivery of essential social and societal services.

Gail is a Fellow of the Chartered Institute of Marketing ('FCIM'), and in her spare time oversees the financial performance of ArkleBoyce Architects Ltd, ensuring the ongoing growth of the practice. She is an avid reader with a book never far from hand.

Richard Britten – Chief Finance Officer

Richard joined the charity in 2018 bringing strategic, commercial and financial leadership experience gained across several commercial organisations. This experience helps to ensure that StepChange can deliver on its charitable objectives whilst also being commercially focused and efficient in the provision of its services.

He is also responsible for the oversight of the charity's regulatory finance function ensuring that client money is handled and protected in accordance with the FCA's guidance.

Richard brings a wealth of experience gained in senior financial roles within regulated financial services at Mitchell Farrar Group and Provident Financial plc, as well as broad commercial finance roles gained internationally with Enterprise Oil plc. Richard is a Chartered Accountant having qualified at EY in London.

Sian Evans – Chief People Officer

Sian joined the charity in 2019 in the role of Director of HR and following a restructure of the executive team in 2023, assumed the role of Chief People Officer in January 2024.

Sian is responsible for setting the strategic direction for the effective leadership and management of people, culture, physical workplace, and engagement for the group. She has significant experience of leading the people agenda in a wide range of commercial sectors, having held the Group HR Director role at Callcredit Information Group (a credit reference agency, now part of Transunion) and Severfield Plc (a structural steel engineering and construction group).

Sian is a Chartered Fellow of the Chartered Institute of Personnel and Development ('CIPD'). She is passionate about helping people realise their full potential, creating inclusive working environments and making a social difference.

Sian volunteers as a Trustee for Northpoint Wellbeing, a charity commissioned by the NHS and Education Authorities to provide talking therapies to people with mental health difficulties where she also chairs the remuneration committee. She also volunteers her time as an Enterprise Adviser for North Yorkshire Education Authority where she supports young people to access work experience and careers guidance.

Richard Lane – Chief Client Officer

Richard joined the charity in 2018 as Director of External Affairs, and took up the role of Chief Client Officer in 2024. He leads the charity's External Affairs department, which covers our policy, campaigning, communications and digital functions, as well as the development of all of StepChange's products and services to meet evolving client need. He is passionate about putting the voice of our clients at the heart of everything we do and ensuring good client outcomes for those access StepChange's services.

Between 2020 – 2024 Richard also led StepChange's two operating subsidiaries – StepChange Financial Solutions and StepChange Voluntary Arrangements – that offer mortgage and equity release advice and products and insolvency solutions for those struggling with their finances.

Richard has worked across the charity sector in a number of roles, notably leading the communications and campaigns teams at the national disability charity, Scope, and working on campaigns and public affairs at the LGBT charity Stonewall.

Richard lives in London and is a keen cyclist, ParkRunner and, in his spare time, is a Trustee of the Sheila McKechnie Foundation.

Alex Pitcher – Chief Risk Officer

Alex joined the charity in 2023 as Chief Risk Officer and is responsible for ensuring that threats to achieving StepChange's strategy are well-managed and that we deliver good outcomes for all of the clients that we serve. He leads our risk management, governance, legal, data protection and regulatory compliance functions.

Prior to joining StepChange, Alex built his risk, compliance and audit experience in various roles at TransUnion, Yorkshire Building Society, PwC and NatWest. He is also chair of Trustees at C3 Life Church.

Charlotte Chambers – Chief Technology and Information Officer

Charlotte joined the charity in 2023 as Chief Digital Officer, accountable for all of Digital and Change Services across the group.

The work Digital and Change Services deliver is key to underpinning the longer term strategic outcomes of StepChange as well as the current services we supply to clients and creditors. Charlotte is accountable for delivering the Digital Strategy and longer term digital transformation for the group as well as the IT operations and support services.

Charlotte has over 25 years' experience working in Technology and change roles, working in multiple sectors, including 10+ years in the retail sector. Charlotte is passionate about supporting future talent through coaching and mentoring and led the Women in Technology programme at Asda.

Charlotte still lives in the North East with her family, and has recently volunteered to be a mentor for The Girls Network, whose mission is to inspire and empower girls from the least advantaged communities.

Charitable purposes and the public benefit

Trustees confirm that they have had regard to the Charity Commission's guidance on public benefit in reporting on the charity's objectives and achievements (on pages 8 to 9), in its planning activities, and when setting policies and priorities for the year ahead.

The Board reviews the charity's strategic aims and objectives each year to ensure they remain focused on its charitable purposes. The charitable purposes are also reviewed periodically alongside the external environment in which the charity works, to make sure that StepChange and its purposes stay relevant and valid.

These charitable purposes, according to definitions within the Charities Act 2011 and set out in the charity's Articles of Association are (i) the prevention or relief of poverty amongst persons who are in debt, and (ii) to advance the education of the public in general (and particularly amongst persons in debt or at risk of falling into debt) on the subject of financial budgeting, financial products and financial services.

Section 172(1) Statement

The Trustees, as company directors of StepChange, must act in accordance with a set of general duties as detailed in Section 172 of the Companies Act 2006, which includes a duty to promote the success of the company, and in doing so have regard to;

a. Consequences of any decision in the long term

Trustees developed StepChange's priorities (page 9 of this report) as part of a long-term strategy to eradicate problem debt in the UK. The needs of our clients and those of our other key stakeholders form the bedrock of our strategic plans. Trustees routinely review the external landscape, including the political environment, and seek and evaluate feedback from our various stakeholders, to ensure that our plans are adapted, as necessary, to meet changing circumstances. Trustees keep under review the charity's principal risks and opportunities, consider emerging risks and ensure that our plans are adapted in response as appropriate.

More information on our risks can be found on pages 18 to 19 of this report.

b. Charity's colleagues' interests

Our people are crucial to our success. Trustees consider and protect the interests of our colleagues to support StepChange's on-going success. Trustees and Executive Management ensure, through regular colleague engagement, that we maintain an understanding of their needs to inform our strategy and aims. Our decision-making processes consider the impact of potential decisions on our colleagues. For example, all colleagues whose roles can be performed from home were consulted to inform our hybrid working policy.

We regularly consult with our joint consultative committee that is formed from elected colleague representatives on key aspects of business planning. For example, we discussed our annual pay review proposals at an early stage with them before confirming our approach.

Our employee strategy reflects concerns raised by employees as well as feedback from all colleague meetings. In response to concerns raised by colleagues we added courses to support wellbeing, stress management and financial management to our e-learning platform, and our Employee Assistance Programme is available to all staff including access to free counselling sessions.

c. Fostering the charity's business relationships with clients, suppliers and others

Engagement with our clients is essential to ensure we understand and meet their needs. Executive Management regularly seeks and evaluates feedback from market research and client surveys. We are thus able to build a detailed picture of how StepChange's output is received by different client groups, including those traditionally under-represented, and to understand drivers for people getting into problem debt. We communicate, on a personalised and regular basis, with our clients in accordance with their communication preferences. We have developed strong relationships with certain key suppliers who support our stages technical infrastructure, to develop mutually beneficial relationships that support the technical advancement of our services. We ensure that our day-to-day business interactions with all suppliers are conducted in a professional, fair and respectful manner.

d. Impact of the charity's operations on the community and the environment

We recognise our responsibility to care for the environment and aim to minimise the environmental impact of all our activities. More information on how we care for the environment can be found on page 39 of this report. We are respectful of our local community and its needs. In 2023, our Environmental, Social and Governance (ESG) Strategy was defined and will be fully launched during 2024. The first year will be focused on engaging colleagues in the strategy and confirming a firm foundation for future development.

e. Maintaining a reputation for high standards of business conduct

Our reputation is fundamental to our future success. We have in place a range of policies that promote corporate responsibility and ethical behaviour. Areas covered include conflicts of interest, safeguarding, bullying and harassment, and whistleblowing. We use our organisational values in our recruitment and training for colleagues and our induction of new suppliers to ensure these are understood and maintained. Our procurement and ethical policies and procedures ensure that our values are also part of our selection of partners and suppliers.

f. Acting fairly between members of the charity

At StepChange our legal structure means our Trustees are the sole members of the Charity, which exists to fulfil its charitable purposes and not for the interests of members. Therefore, this element of the section 172 statement does not apply.

Streamlined Energy and Carbon Reporting ('SECR')

We report our carbon emissions following the Greenhouse Gas Protocol which incorporates the Scope 2 market-based emissions methodology. We report carbon dioxide emissions resulting from energy use in our buildings and colleague business travel.

For 2023, we collected the energy usage data for all our sites in the UK and the business travel data for the colleagues claiming business mileage using personal or charity leased vehicles to estimate the emissions driven by our operations. We have then uplifted these estimates by 5% to cover uncertainty in line with Intergovernmental Panel on Climate Change's Good Practice Guidance and Uncertainty Management in National Greenhouse Gas inventories and our own internal assessment of data coverage and quality.

2023 saw a further increase in travel by the colleagues compared to 2022.

We vacated the Halifax office and moved to a smaller office in Birmingham during 2023 which resulted in notable savings of electricity and gas usage per FTE.

UK Greenhouse gas emissions and energy use data for the period 1 January 2023 to 31 December 2023	**2023**	**2022**
Energy consumption used to calculate emissions (kWh)	1,371,164	1,739,423
Scope 1 emissions in metric tonnes CO2e		
Vehicles on company lease	11.99	7.50
Scope 2 emissions in metric tonnes CO2e		
Purchased electricity	104.99	185.97
Gas consumption	152.20	162.37
Total Scope 2	257.19	348.34
Scope 3 emissions in metric tonnes CO2e		
Business travel in colleague owned vehicles	14.13	8.97
Total gross emissions in metric tonnes CO2e	**283.31**	**364.81**
Intensity ratio Tonnes CO2e per FTE	**0.25**	**0.31**

Reference and administrative details

Company name

Foundation for Credit Counselling is a company limited by guarantee. It trades under the brand name of StepChange Debt Charity.

Registered and Principal Office

123 Albion Street, Leeds LS2 8ER

Important numbers

Company number: 02757055 in England and Wales. Charity numbers: 1016630 in England and Wales, and SC046263 in Scotland). FCA number 729047.

Constitution

The governing document of the charity is its Memorandum and Articles of Association. The charitable objects for which the charity was established are:

- The prevention or relief of poverty amongst persons who are in debt;
- To advance the education of the public in general (and particularly amongst persons in debt or at risk of falling into debt) on the subject of financial budgeting, financial products and financial services.

Professional Advisors

Chartered accountants and statutory auditor

PKF Littlejohn LLP
15 Westferry Circus
London E14 4HD

Internal auditor

Grant Thornton UK LLP
No 1 Whitehall Riverside
Leeds LS1 4BN

Legal advisors

Wrigley's Solicitors LLP
17–21 Cookridge Street
Leeds LS2 3AG

External auditors

A resolution for the reappointment of PKF Littlejohn LLP as auditors for the charity was proposed at the 23 April 2024 Board meeting.

Statement of Trustees' responsibilities

The Trustees (who are also directors of Foundation of Credit Counselling for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group 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 Statement of Recommended Practice: Accounting and Reporting by Charities (2019);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, 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 charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of 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.

Provision of Information to Auditors

So far as each of the Trustees is aware at the time this report is approved:

(a) so far as the trustee is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) they have taken all the steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The Trustees' Report and Strategic Report were signed on behalf of the Trustees by:

John Griffith-Jones

Chair
April 23 2024

Independent Auditor's report

Opinion

We have audited the financial statements of the Foundation for Credit Counselling (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the Consolidated and Parent Charitable Company Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statements and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 December 2023, and of the group's and parent charitable company's incoming resources and application of resources, including the group's and parent charitable company's income for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 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 group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the strategic report and the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the group and parent charitable company 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 group and parent charitable company financial statements, the trustees are responsible for assessing the group's and parent 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 group or the parent 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 as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made under or having effect thereunder.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent charitable company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, sector research, application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the group and parent charitable company in this regard to be those arising from Companies Act 2006, Charities Act 2011, Charities Accounts (Scotland) Regulations 2006, Financial Conduct Authority's ("FCA") regulations, Anti-Bribery and Corruption Legislation and UK Tax Legislation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent charitable company with those laws and regulations. These procedures included, but were not limited to enquiries of management, review of minutes, review of legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there is potential for management bias in the timing and recognition of Fair Share income, income from grants, donations and timing of recognition of income from contracts. We addressed this through substantive sample testing of income back to source documents to ensure that income was recognised in accordance with the performance related conditions. We also independently inquired with management to confirm whether there are any disputes in relation to any income streams.
- We also identified potential for management bias in:
  - the judgements made around recoverability of debtors, which we addressed through examination of post year end cash received, review of correspondence with debtors and discussion of recoverability with management;
  - the depreciation rate and amortisation

rate applied to tangible and intangible fixed assets respectively, which we addressed by considering the useful economic life applied for the types of asset held, and re-performing the calculation to ensure it had been performed accurately in line with the stated method;

  - the assessment of the calculation and recoverability of the Fair Share contributions accrued income; and
  - the allocation of support costs across activities and income streams and considering whether assumptions are reasonable and appropriate.

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees 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, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Alastair Duke (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

30 April 2024

15 Westferry Circus
Canary Wharf
London E14 4HD

Consolidated statement of financial activities

Year ended 31 December 2023

	Note(s)	Restricted funds 2023 £'000	Unrestricted funds 2023 £'000	Total funds 2023 £'000	Total funds 2022 £'000
Income					
Donations	2	–	11,870	11,870	5,037
Charitable activities	3	3,249	36,134	39,383	52,823
Other trading activities	4	–	3,131	3,131	3,983
Investments	5	–	260	260	25
Other	6	–	87	87	134
Total income		**3,249**	**51,482**	**54,731**	**62,002**
Expenditure					
Raising funds: other trading activities	7	–	2,761	2,761	2,869
Charitable activities	8,9	4,149	52,555	56,704	57,066
Other		–	2	2	3
Total expenditure		**4,149**	**55,318**	**59,467**	**59,938**
Net income/(expenditure) and net movement in funds for the year		**(900)**	**(3,836)**	**(4,736)**	**2,064**
Reconciliation of funds					
Total funds at 1 January 2023		1,800	17,739	19,539	17,475
Total funds at 31 December 2023	**21,22**	**900**	**13,903**	**14,803**	**19,539**

Charity statement of financial activities

Year ended 31 December 2023

	Note(s)	Restricted funds 2023 £'000	Unrestricted funds 2023 £'000	Total funds 2023 £'000	Total funds 2022 £'000
Income					
Donations	2	–	12,830	12,830	6,581
Charitable activities	3	3,249	36,134	39,383	52,823
Other trading activities	4	–	–	–	–
Investments	5	–	260	260	30
Other	6	–	87	87	134
Total income		**3,249**	**49,311**	**52,560**	**59,568**
Expenditure					
Raising funds: other trading activities	7	–	–	–	–
Charitable activities	8,9	4,149	52,555	56,704	57,066
Other		–	2	2	3
Total expenditure		**4,149**	**52,557**	**56,706**	**57,069**
Net income/(expenditure) and net movement in funds for the year		**(900)**	**(3,246)**	**(4,146)**	**2,499**
Reconciliation of funds					
Total funds at 1 January 2023		1,800	16,638	18,438	15,939
Total funds at 31 December 2023	**21,22**	**900**	**13,392**	**14,292**	**18,438**

Balance sheets

31 December 2023

	Note(s)	Group 2023 £'000	Group 2022 £'000	Charity 2023 £'000	Charity 2022 £'000
Fixed assets					
Intangible assets	14	–	1,544	–	1,544
Tangible assets	15	1,387	1,924	1,387	1,924
Investments	16	–	–	5	5
		1,387	**3,468**	**1,392**	**3,473**
Current assets					
Debtors	17	8,696	10,618	8,703	10,257
Cash and cash equivalents	18	9,492	11,631	8,872	10,712
		18,188	**22,249**	**17,575**	**20,969**
Current liabilities					
Creditors: amounts falling due within one year	19	(3,941)	(5,070)	(3,844)	(4,896)
Net current assets		**14,247**	**17,179**	**13,731**	**16,073**
Creditors: amounts falling due after one year	25	(831)	(1,108)	(831)	(1,108)
Net assets		**14,803**	**19,539**	**14,292**	**18,438**
Total group funds					
Unrestricted funds	21	13,903	17,739	13,392	16,638
Restricted funds	22	900	1,800	900	1,800
		14,803	**19,539**	**14,292**	**18,438**

The financial statements on pages 46 to 70 were approved and authorised for issue by the Trustees on 23 April 2024 and were signed on their behalf by

John Griffith-Jones
Chair
23 April 2024

Company Registration No. 2757055 | Registered Charity No. 1016630

Cash flow statements

Year ended 31 December 2023

	Note(s)	Group 2023 £'000	Group 2022 £'000	Charity 2023 £'000	Charity 2022 £'000
Reconciliation of net income/(expenditure) to net cash flows from operating activities					
Net movement in funds		(4,736)	2,064	(4,146)	2,499
(Interest income)		(260)	(25)	(260)	(30)
Depreciation and amortisation charge		2,182	2,883	2,182	2,883
Profit/(loss) on disposal of fixed assets		–	76	–	76
(Increase)/decrease in debtors		1,921	(1,361)	1,554	(1,544)
Increase/(decrease) in creditors		(1,406)	1,049	(1,330)	1,007
Net cash generated from operating activities		**(2,299)**	**4,686**	**(2,000)**	**4,891**
Investing activities					
Purchase of tangible and intangible fixed assets	15	(100)	(200)	(100)	(200)
Interest received		260	25	260	30
Net cash provided used in investing activities		**160**	**(175)**	**160**	**(170)**
Net decrease in cash and cash equivalents		**(2,139)**	**4,511**	**(1,840)**	**4,721**
Cash and cash equivalents at 1 January		11,631	7,120	10,712	5,991
Total cash and cash equivalents at 31 December	18	**9,492**	**11,631**	**8,872**	**10,712**

Notes to the financial statements

Year ended 31 December 2023

1. Accounting Policies

The principal accounting policies are summarised below.

a) Basis of preparation

The financial statements have been prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, ("FRS 102"), the Charities Statement of Recommended Practice, Accounting and Reporting by Charities ("SORP") FRS 102, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention. In line with the Charities Accounts (Scotland) Regulations 2006 (as amended), both the consolidated results and the results for the parent charity have been included within the accounts.

The accounts have been prepared on the going concern basis. The company has strong financial resources invested with minimal risk and no borrowings. The charity projects increased expenditure on its Transformation Programme which will be reflected in an annual deficit but with reserves remaining above the minimum levels in the reserves policy. There are no material uncertainties about the charity's ability to continue. The accounting policies have been redrafted to improve the users' understanding of the financial statements. The substance of the accounting policies have been applied consistently throughout the accounts and the prior year.

The Foundation for Credit Counselling meets the definition of a public benefit entity under FRS 102. The charity exists for the benefit of the public through the provision of services to members of the public suffering with problem debt.

b) Group accounts

The consolidated accounts incorporate the results of the Foundation for Credit Counselling Limited ('the charity') and its subsidiary undertakings on a line by line basis. The consolidated entity is also referred to as 'the group'. The list of all the subsidiary undertakings is shown in note 16.

c) Incoming resources

All income is included when the charity is entitled to the income, the amount can be quantified, and receipt of the funds is probable. The receipt of fair share contributions is deemed probable when an existing disbursement creditor has indicated they are prepared to pay the request for the fair share contribution. For new relationships, amounts are not recognised until such time as an adequate payment history has been established with the creditor. Recognition commences following the receipt of the first two monthly payment requests. Commission income from mortgage advisors and insolvency practitioners is recognised upon the receipt of the notification of creditor approval of arrangements. Investment income is recognised on an accruals basis, using daily rate calculations for funds on deposit and average balance calculations for funds held in current accounts.

Income from grants is recognised on a case-by case basis. For the Money and Pension Service, Scottish Legal Aid Board, Scottish Ministers and Welsh Ministers grant agreements, income is recognised on submission of a monthly or quarterly grant claim in accordance with the specific terms of each agreement. Funding is not received until the submission of grant claims.

In all cases, grant income is treated as restricted funds, as the provision of grant funding is for specific purposes as described at note 22. Donations are recognised when the charity becomes unconditionally entitled to the funds. Insolvency service income comprises nominee fee and supervisory fee income. Nominee fees are recognised on acceptance of the appointment following a meeting of creditors and typically for the first five months of the arrangement. Supervisory fees are recognised over the period of the arrangement resulting from ongoing payments by clients. Equity release service income is recognised on notification of the completion of an equity release or mortgage case from third party lenders.

d) Resources expended

All expenditure is accounted for on an accruals basis. Direct costs, including attributable salaries, are allocated on an actual basis to the key strategic areas of activity. Support costs are the costs of functions which support more than one of the charity's activities and have been allocated to those activities on the basis of employee numbers. Governance costs are the costs associated with the governance arrangements of the group. These costs include external and internal audit, legal advice for Trustees, management costs preparing for and attending trustee meetings and the costs associated with constitutional and statutory requirements. Transformation costs are incremental costs expended to develop and execute a business-wide programme of change.

e) Intangible fixed assets

The intangible asset represents the qualifying costs of developing the Pulse debt advice system. The intangible asset is stated at cost less amortisation. The amortisation is charged on a straight-line basis over the useful economic life of the system which has been estimated as being a period of 4 years. Amortisation commenced on 1 October 2019.

f) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows: Fixtures, fittings and equipment: 14% – 33.3% on a straight line basis.

g) Investments

Money market deposits, with maturity periods of more than three months, are current asset investments that are readily convertible into cash at, or close to, their carrying amount. Fixed asset investments are stated at cost in the company balance sheet.

h) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

i) Financial instruments

The charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments only. There are none which qualify as complex in nature. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

j) Leasing

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

k) Taxation

The charitable members of the group are exempt from income and corporation taxes on income and gains to the extent that they are applied for their charitable objects. The trading subsidiaries do not generally pay UK corporation tax because their policy is to distribute taxable profits to the charity as Gift Aid. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

l) Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the Statement of Financial Activities on an accruals basis.

m) Employee benefits

The costs of short-term employee benefits are recognised as a cost within the Statement of Financial Activities. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

n) Funds

Unrestricted funds are donations and other incoming resources for the objects of the charity without further specified purposes and are available as general funds. Restricted funds are funds that can only be used for specific restricted purposes set out by the donor within the objects of the charity. The Landlord Contribution as per note 21 has been deducted from the unrestricted funds to report the reserves net of Landlord contribution.

o) Judgements and key sources of estimation uncertainty

In preparing the financial statements, the Trustees are required to make estimates and judgements. The matters below are considered to be the most important in understanding the judgements made and the uncertainties that could impact the amounts reported in the financial statements.

Intangible Impairment

The carrying value of intangible assets requires judgement as to whether there are any indications of impairment.

Bad debt provision

The provisioning for bad debt requires judgement as to whether to provide for fair share contributions unpaid 60 days after the invoice date.

Cost allocation

Support costs are allocated to charitable activities. Judgement is required in determining and applying the cost drivers appropriate for each support activity.

2. Donations

	Group unrestricted funds 2023 £'000	Group unrestricted funds 2022 £'000	Charity unrestricted funds 2023 £'000	Charity unrestricted funds 2022 £'000
Donations from the utility sector	4,526	2,083	4,526	2,083
Other donations	7,344	2,954	8,304	4,498
	11,870	**5,037**	**12,830**	**6,581**

Included within the charity's other donations is £959,075 (2022: £1,544,127) received from its subsidiary undertakings through Gift Aid Donations.

3. Income from charitable activities

	Restricted funds 2023 £'000	Unrestricted funds 2023 £'000	Total 2023 £'000	Total 2022 £'000
Group				
Debt advice and solutions	3,249	36,134	39,383	52,823
Charity				
Debt advice and solutions	**3,249**	**36,134**	**39,383**	**52,823**
Total income for 2022 was:				
Restricted				**14,420**
Unrestricted				**38,403**

4. Income from other trading activities

	Group unrestricted funds 2023 £'000	Group unrestricted funds 2022 £'000	Charity unrestricted funds 2023 £'000	Charity unrestricted funds 2022 £'000
Insolvency services	2,552	2,872	–	–
Equity release services	578	1,111	–	–
	3,131	**3,983**	**–**	**–**

5. Investment income

	Group unrestricted funds 2023 £'000	Group unrestricted funds 2022 £'000	Charity unrestricted funds 2023 £'000	Charity unrestricted funds 2022 £'000
Bank interest	260	25	260	25
Intercompany interest receivable	-	-	-	5
	260	**25**	**260**	**30**

6. Other income

	Group unrestricted funds 2023 £'000	Group unrestricted funds 2022 £'000	Charity unrestricted funds 2023 £'000	Charity unrestricted funds 2022 £'000
Commission income from mortgage advisors and insolvency practitioners	56	47	56	47
Other	31	87	31	87
	87	**134**	**87**	**134**

7. Expenditure on raising funds: other trading activities

	Group unrestricted funds 2023 £'000	Group unrestricted funds 2022 £'000	Charity unrestricted funds 2023 £'000	Charity unrestricted funds 2022 £'000
Insolvency services	1,874	1,913	-	-
Equity release services	887	956	-	-
	2,761	**2,869**	-	-

8. Expenditure on charitable activities

	Direct costs 2023 £'000	Support & governance costs 2023 £'000	Total 2023 £'000	Total 2022 £'000
Group unrestricted funds				
Debt advice	11,299	13,068	24,367	17,631
Client management	11,076	10,569	21,645	20,817
Promotion of charitable purpose	4,725	1,818	6,543	5,915
Total	**27,100**	**25,455**	**52,555**	**44,363**
Group restricted funds				
Debt advice	3,102	862	3,964	12,640
Client management	–	–	–	7
Promotion of charitable purpose	145	40	185	56
Total	**3,247**	**902**	**4,149**	**12,703**
Total expenditure on charitable activities	**30,347**	**26,357**	**56,704**	**57,066**
Charity unrestricted funds				
Debt advice	11,299	13,068	24,367	17,631
Client management	11,076	10,569	21,645	20,817
Promotion of charitable purpose	4,725	1,818	6,543	5,915
Total	**27,100**	**25,455**	**52,555**	**44,363**
Charity restricted funds				
Debt advice	3,102	862	3,964	12,640
Client management	–	–	–	7
Promotion of charitable purpose	145	40	185	56
Total	**3,247**	**902**	**4,149**	**12,703**
Total expenditure on charitable activities	**30,347**	**26,357**	**56,704**	**57,066**

Debt advice costs are defined as the costs incurred in providing debt advice to new clients.

Client management costs are defined as the costs incurred in the management of clients who are provided with debt solutions with the charity.

Promotion of charitable purposes costs are defined as the costs incurred in the promotion of our services to key stakeholders including creditors, funders, clients, public sector bodies and governments.

9. Analysis of support and governance costs on charitable activities

	Debt advice 2023 £'000	Client management 2023 £'000	Promotion of charitable purpose 2023 £'000	Total 2023 £'000	Total 2022 £'000
Unrestricted funds					
IT, digital & change	6,338	5,366	909	12,613	10,854
Corporate services	4,623	3,574	624	8,821	6,648
People services	1,882	1,459	255	3,596	3,683
Governance	225	170	30	425	378
Total	**13,068**	**10,569**	**1,818**	**25,455**	**21,563**
Restricted funds					
IT, digital & change	734	-	34	768	2,874
Corporate services	87	-	4	91	-
People services	41	-	2	43	1
Total	**862**	**-**	**40**	**902**	**2,875**
Total support and governance costs	**13,930**	**10,569**	**1,858**	**26,357**	**24,438**

The Support costs have been allocated to the charitable activities on the basis of employee numbers except for the amortisation of the Pulse system which has been allocated fully to debt advice costs. The functional area costs include directly attributable costs (e.g. staff costs, IT licensing costs, recruitment costs) and allocations of shared overhead costs (e.g. premises rentals) on the basis of employee numbers. Corporate Services costs comprise the costs of the Executive team, Finance, Risk and Compliance, plus the balance of central overheads which cannot be attributed to a single area. People Services costs comprise the Human Resources and Training teams. Governance costs comprise internal and external audit costs and the management cost of preparing for and attending Trustee board meetings.

10. Auditor's remuneration

	Total 2023 £'000	Total 2022 £'000
Fees payable to the charity's auditors		
Audit of the financial statements (charity)	60	59
Audit of the financial statements (subsidiaries)	21	19
Other assurance services	35	34
Tax advisory services	4	13
	119	**125**

11. Operating Surplus

	£'000
The surplus for the year is stated after charging:	⌄
Depreciation	638
Amortisation	1,544

12. Employees

	2023 No.	**2022** No.
i) Average number of persons employed by the group	⌄	⌄
Debt advice	473	499
Client management	359	54
Promotion of charitable purposes	63	232
Insolvency services	48	20
Equity release services	19	55
Support services	213	389
	1,175	**1,249**

The total average full time equivalent (FTE) numbers in 2023 were 1,115 (2022: 1,189).

	2023 £'000	**2022** £'000
ii) Staff costs	⌄	⌄
Wages and salaries	34,053	34,253
Social security costs	3,356	3,584
Pension costs	2,686	2,670
Other payroll related benefits	195	235
	40,290	**40,742**

The remuneration of key management personnel (members of the Executive team) was £1,286,763 (2022: £1,316,390). The total remuneration of the Chief Executive Officer was £194,549 in 2023 (£142,430 as CEO and £52,119 as Director of Operations) of which £164,150 (£120,150 as CEO and £44,000 as Director of Operations) comprises basic salary (2022: total remuneration £213,364 and basic salary £194,826). Employer pension contributions of £20,887 (£15,167 as CEO and £5,720 as Director of Operations) were made for the CEO (payment in lieu of pension for previous CEO in 2022: £12,664).

The remuneration of higher-paid staff, excluding pension contributions, fell within the following ranges:

	2023 No.	2022 No.
£60,001 – £70,000	20	15
£70,001 – £80,000	3	7
£80,001 – £90,000	7	7
£90,001 – £100,000	5	1
£100,001 – £110,000	2	2
£110,001 – £120,000	1	1
£120,001 – £130,000	4	3
£130,001 – £140,000	–	1
£160,001 – £170,000	1	–
£210,001 – £220,000	–	1
Total	**43**	**38**

Contributions were made to defined contribution schemes for a total of 41 (2022: 36) of higher-paid employees.

13. Trustees

Prior to the current Chair's appointment, a written order was approved by the Charity Commission for a "regulated alteration" to the Articles of Association to permit remuneration to the Chair of the Board and a special resolution to amend the Articles was passed in April 2019.

In line with this approval, the Chair of the Board of Trustees, John Griffith-Jones received remuneration of £12,000 in the year. No additional benefits or pension contributions were paid.

None of the remaining Trustees (or any persons connected with them) received any remuneration during the year. Three of the Trustees were reimbursed for out of pocket expenses incurred in attending Trustee meetings totalling £1,075 (2022: Two Trustee reimbursed for expenses totalling £839)

Indemnity insurance is taken out to provide liability cover to protect any charity Trustee, employee or officer from claims arising against them as a result of an actual or alleged 'wrongful act' when performing the scope of their regular duties. The cost of providing this insurance is £18,675 (2022: £19,530).

14. Intangible assets

	Group £'000	Charity £'000
Cost	⌄	⌄
At 1 January 2023	8,236	8,236
Additions	–	–
At 31 December 2023	**8,236**	**8,236**
Accumulated Amortisation	⌄	⌄
At 1 January 2022	6,692	6,692
Charge for the year	1,544	1,544
At 31 December 2022	**8,236**	**8,236**
Net book value	⌄	⌄
At 31 December 2023	–	–
At 31 December 2022	**1,544**	**1,544**

All intangible assets relate to internal software development.

15. Tangible assets

	2023		2022	
	Group £'000	**Charity** £'000	**Group** £'000	**Charity** £'000
Cost	˅	˅	˅	˅
At 1 January 2023	3,720	3,720	10,276	9,851
Additions	100	100	200	200
Disposals	–	–	(6,756)	(6,331)
At 31 December 2023	**3,820**	**3,820**	**3,720**	**3,720**
Accumulated Depreciation	˅	˅	˅	˅
At 1 January 2023	1,796	1,796	7,652	7,227
Charge for the year	637	637	826	826
Disposals	–	–	(6,682)	(6,257)
At 31 December 2023	**2,433**	**2,433**	**1,796**	**1,796**
Net book value	˅	˅	˅	˅
At 31 December 2023	**1,387**	**1,387**	**1,924**	**1,924**
At 31 December 2022	**1,924**	**1,924**	**2,624**	**2,624**

All tangible assets are fixtures, fittings and equipment and computers.
The assets with zero net book value were written off in 2022.

16. Investments

Charity	2023 £	2022 £
Subsidiary undertakings	**5,001**	**5,001**

	Company number	Activities	2023 £	2022 £
Subsidiary undertakings as at 31 December				
Consumer Credit Counselling Service (Voluntary Arrangements) Ltd	05659160	Insolvency services	1	1
Consumer Credit Counselling Service (Equity Release) Ltd	06741879	Advice for Equity Release and Mortgages	5,000	5,000
Debt Remedy Ltd	07869502	Dormant	–	–
StepChange Equity Release Ltd	08056301	Dormant	–	–
StepChange Financial Solutions Ltd	08561006	Dormant	–	–
StepChange Voluntary Arrangements Ltd	08056168	Dormant	–	–
			5,001	**5,001**

The registered office for all group companies is 123 Albion Street, Leeds, LS2 8ER.

Foundation for Credit Counselling held a 100% interest in all of the subsidiary undertakings. A summary of the results and balance sheet of the subsidiaries are given below:

	2023 £'000	2022 £'000
Consumer Credit Counselling Service Voluntary Arrangements Limited		
Turnover	2,552	2,872
Cost of sales	(1,168)	(1,278)
Gross profit	1,384	1,594
Administrative expenses	(706)	(635)
Profit for the financial year	**678**	**959**
Assets	1,062	1,243
Liabilities	(384)	(284)
Shareholders' funds	**678**	**959**
Consumer Credit Counselling Service (Equity Release) Limited		
Turnover	578	1,111
Cost of sales	(865)	(956)
Operating profit	(287)	155
Interest payable	–	(5)
Profit for the financial year	**(287)**	**150**
Assets	401	646
Liabilities	(564)	(500)
Shareholders' funds	**(163)**	**146**

17. Debtors

	Group 2023 £'000	Group 2022 £'000	Charity 2023 £'000	Charity 2022 £'000
Due within one year				
Trade debtors	4,502	5,471	3,702	4,526
Prepayments and accrued income	3,466	5,090	3,423	5,065
Other debtors	729	57	728	56
Amounts owed by group undertakings	–	–	650	410
	8,696	**10,618**	**8,503**	**10,057**
Due after more than one year				
Amounts owed by group undertaking	**–**	**–**	**200**	**200**
Total	**8,696**	**10,618**	**8,703**	**10,257**

The amount owed by a group undertaking after more than one year is a loan of £200,000 (2022: £200,000) made to Consumer Credit Counselling Service (Equity Release), a trading subsidiary of Foundation for Credit Counselling. No interest was charged for 2023 to support CCCS ER during a loss making year. The loan is repayable on any date agreed in writing between the parties or within 30 days of receipt of a written request from the Lender (which the Lender agrees it will only serve on the Borrower if, in the reasonable opinion of the Lender, the Borrower has financial resources available to it to repay the Loan at that time). The Trustees do not currently envisage either event to crystallise within 12 months of the balance sheet date.

18. Cash and cash equivalents

	Group 2023 £'000	Group 2022 £'000	Charity 2023 £'000	Charity 2022 £'000
Cash and cash equivalents				
Cash balances	9,492	11,631	8,872	10,712
Bank deposits	–	–	–	–
Total cash and cash equivalents	**9,492**	**11,631**	**8,872**	**10,712**

19. Creditors: amounts falling due within one year

	Group 2023 £'000	Group 2022 £'000	Charity 2023 £'000	Charity 2022 £'000
Creditors: amounts falling due within one year	⌄	⌄	⌄	⌄
Trade creditors	1,328	1,343	1,286	1,307
Other taxes and social security costs	903	936	918	918
Accruals and other creditors	1,710	2,791	1,640	2,671
	3,941	**5,070**	**3,844**	**4,896**

20. Operating lease commitments

	Land and buildings 2023 £'000	Other 2023 £'000	Total 2023 £'000	Total 2022 £'000
The charity is committed to minimum lease payments under non-cancellable operating leases expiring:	⌄	⌄	⌄	⌄
Within one year	1,708	39	1,747	1,615
Between one and five years	3,892	2	3,894	5,034
After five years	-	-	-	-
	5,600	**41**	**5,641**	**6,649**

Net expenditure for the year before taxation is stated after charging	⌄	⌄	⌄	⌄
Operating lease charges	**1,629**	**117**	**1,747**	**1,780**

21. Movements in unrestricted funds

	At 1 Jan 2023 £'000	Incoming resources £'000	Outgoing resources £'000	At 31 Dec 2023 £'000
Group				
Unrestricted reserves	17,739	51,482	(55,318)	13,903
Landlord contribution	1,386	(277)	–	1,109
Reserves including landlord contribution	**19,125**	**51,205**	**(55,318)**	**15,012**
Charity				
Unrestricted reserves	16,638	49,311	(52,557)	13,392
Landlord contribution	1,386	(277)	–	1,109
Reserves including landlord contribution	**18,024**	**49,034**	**(52,557)**	**14,501**

Previous Year	At 1 Jan 2022 £'000	Incoming resources £'000	Outgoing resources £'000	At 31 Dec 2022 £'000
Group				
Unrestricted reserves	17,392	47,582	(47,235)	17,739
Landlord Contribution	1,663	(277)	–	1,386
Reserves including landlord contribution	**19,055**	**47,305**	**(47,235)**	**19,125**
Charity				
Unrestricted reserves	15,856	45,148	(44,365)	16,638
Landlord Contribution	1,663	(277)	–	1,386
Reserves including landlord contribution	**17,519**	**44,871**	**(44,365)**	**18,024**

22. Movements in restricted funds

	At 1 Jan 2023 £'000	Incoming resources £'000	Outgoing resources £'000	At 31 Dec 2023 £'000
Group and charity	⌄	⌄	⌄	⌄
MaPS	–	1,931	(1,931)	–
Scottish Ministers	–	1,308	(1,308)	–
Welsh Ministers	–	10	(10)	–
Natwest	1,800	–	(900)	900
Gambling Commission – Betway	–	–	–	–
	1,800	**3,249**	**(4,149)**	**900**

Previous Year	At 1 Jan 2022 £'000	Incoming resources £'000	Outgoing resources £'000	At 31 Dec 2022 £'000
Group and charity	⌄	⌄	⌄	⌄
MaPS	–	11,169	(11,169)	–
Scottish Ministers	27	1,135	(1,162)	–
Welsh Ministers	–	116	(116)	–
Natwest	–	2,000	(200)	1,800
Gambling Commission – Betway	56	–	(56)	–
	83	**14,420**	**(12,703)**	**1,800**

MaPS grant

FCC continued to receive grant funding from the Money and Pension Service (MaPS) to support advice provided by both telephone and digital channels for the period up to 31st Jan 2023. Following the impact of the COVID-19 pandemic, additional grant funds were made available to mitigate core income stream reductions and protect advice capacity.

Scottish ministers

FCC received funding under two agreements from the Scottish Ministers. Firstly, for the provision of a telephone debt advice service to indebted individuals for a 1 year period from the 1st April 2019 and subsequently the provision of a specialist debt service with a particular focus on vulnerable clients for the period from 30th May 2019 to 31st March 2020. Both of these agreements were renewed up to 31st March 2023 and an additional agreement was also entered into to increase the support for vulnerable clients as well as building on knowledge and providing training to colleagues on certain key areas.

Welsh ministers

FCC received funding for the provision of a telephone debt advice to indebted individuals for a 1 year period from the 1st April 2019 from the Welsh ministers. This agreement was renewed up to 31st March 2023.

Natwest grant

StepChange received a £2m grant from Natwest to provide a national debt advice service for Natwest's business customers. This is a two-year pilot, in which StepChange will provide debt advice and share customer outcomes data.

Gambling Commission – Betway

StepChange received funding from Betway and the Gambling Commission to provide a research project into the effects of gambling of peoples financial health.

The project was in partnership with Bristol University and completed in 2022.

The summary of the assets and liabilities for the total restricted funds, disclosed by contract and the total unrestricted funds at 31 December 2023 is shown below. Values are NIL except where shown.

Net Assets by Funds	**Natwest** £'000	**Total restricted** £'000	**Total unrestricted** £'000	**Total funds** £'000
Fixed Assets				
Intangible assets	–	–	–	–
Tangible assets	–	–	1,387	1,387
	–	**–**	**1,387**	**1,387**
Current Assets				
Debtors	–	–	8,696	8,696
Cash at bank and in hand	900	900	8,592	9,492
	900	**900**	**17,288**	**18,188**
Creditors: Amounts falling due within one year	–	–	(3,941)	(3,941)
Net Current Assets	**900**	**900**	**13,347**	**14,247**
Creditors: amounts falling due after one year	-	-	(831)	(831)
Net Assets	**900**	**900**	**13,903**	**14,803**

23. Related party disclosures

On a consolidated basis, there were no (2022: none) transactions undertaken with related parties during the year. The charity provided a loan of £200,000 (2022: £200,000) to Consumer Credit Counselling Service (Equity Release). The details are disclosed within note 17. One of StepChange's Trustees, Nick Caplin, is also a Director at Vitality Health Limited. A total amount of £36,000 was paid to Vitality Health Limited by StepChange in the year 2023 for employee health services (2022: £38,880). There were no other related party transactions in either year.

24. Pension costs

The charity operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company, being invested with insurance companies as per the employee's instructions. The pension cost charge represents contributions payable by the charity to the pension funds and amounted to £2,686,098 (2022: £2,670,490). At the year end the pension creditor amounted to £0 (2022: £283,682).

25. Creditors: amounts falling due after more than one year

	Group 2023 £'000	Group 2022 £'000	Charity 2023 £'000	Charity 2022 £'000
Creditors: amounts falling due after one year				
Accruals and other creditors	831	1,108	831	1,108
	831	**1,108**	**831**	**1,108**


We're often asked if there's any way to get debts written off. There are several debt solutions that allow people to write off a range of debts.
It can also depend on the approach you take to dealing with your debts. It's important to get free and impartial advice to help you with your debts before going ahead with any debt solution. This will help yo to understand what options are best suited to your circumstances and how your situation will be

Thank you to our supporters

Each of these organisations supported us financially in 2023, and many worked with us on policy to improve the debt landscape. We'd like to express our gratitude for their support, without which our work would not be possible.

Aberdein Considine & Co
Acument Mortgages
Affinity Water
Amber Energy
American Express
Anglian Water
Arrow Global
Barclays
Bristol and Wessex Water
British Gas
Cabot Credit Management
Capital One
Capital Resolve
CARS
Clarion Housing
ClearScore
Compare the Market
Computershare
The Co-operative Bank
C&R Software
Creation Financial Services
Credit Style
Credit Suisse, the UBS group
Damart
E.ON Next
Elderbridge
Essex and Suffolk Water
Experian
Freeman Grattan Holdings
Go Debt
Green Energy
H&T Pawnbrokers
Home Retail Group
Hoopers Department Store
HSBC Bank
Ikano Bank
Intrum
JAJA Finance
Key Retirement Solutions
Klarna
Lantern
Leeds Building Society
Link Financial
Lloyds Banking Group
Loop Customer Management
Lowell Financial
Marston Group
Mazars
McCambridge Duffy
Money and Pensions Service
Moneybarn
Moneyline
Monzo Bank
Moondance Foundation
Moorcroft Debt Recovery
Morses Club
N Brown
Nationwide
NatWest
NewDay
Northumbrian Water
Novuna
OVO Energy
Paragon
Pega
PRA Group
Provide Community
Redcats
Royal Bank of Scotland
RSA Insurance Group
Sainsburys
Sainsburys Bank
Santander
Scottish Government
Scottish Power
Secure Trust Bank
Sesame Services
Shell Energy
Snap Finance
Specialist Motor Finance
SteadyPay Limited
StepChange Financial Solutions
StepChange Voluntary Arrangements
TBI Financial Services
Tech Mahindra
Tesco Bank
Thames Valley Housing
The Blyth Watson Charitable Trust
The Investment Association
The Very Group
Thesis
TSB
Ulster Bank
United Utilities
Utilita Energy
Vanquis
Virgin Money
Welsh Government
Welsh Water
Wescot
West Cumbria Community Money Advice
X-Lab
Yorkshire Bank
Zenith