



16/17

THE SCOUT ASSOCIATION'S  
ANNUAL REPORT  
AND ACCOUNTS

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# WELCOME FROM THE CHAIR

Our Movement has had an incredible year. As well as celebrating 12 consecutive years of growth, with more adult volunteers than ever before, we have made significant progress towards fulfilment of our strategic plan for 2014-2018, Scouting for All: we are growing, becoming more inclusive, can demonstrate the positive impact Scouting makes in local communities throughout the UK, and by becoming more Youth Shaped we're empowering young people to decide, design and determine the shape and future of the Movement.

This year, we recognised more of our adult volunteers as members of the Movement, including executive committee members in our Districts, Counties/Areas/Regions. Our membership has grown again increasing by 7.8% from last year and bringing us to over 600,000 members in the UK. We now have more adult volunteers than we've ever had before – a whopping 154,000! This is a 33% increase in adult membership since last year.

Being an inclusive Movement is at the top of our agenda. Female membership of the Scout Movement continues to increase and has grown to 27% this year. We are also continuing to ensure that Scouting is accessible to all young people regardless of their background. Because of Scouting for All, Scouting has opened over 460 Sections in deprived areas of the UK where it's sustainably changing lives. We have also been working in partnership with organisations like Scope to ensure more disabled young people have access to Scouting.

Scouting is shaped by young people more and more. So far 139 District and County Youth Commissioners have been appointed, 6,300 young people have actively contributed to the next strategic plan and 56,000 #YouShape badges have been earned.

Our single largest collective social impact project, A Million Hands, has reached over 4,000 Groups and 200,000 young people, winning the Charity Times 'Cross Sector partnership of the Year'. 56,000 Community Impact Staged Activity Badges have been earned and 91 million people have seen our young people's achievements through 1,000 pieces of media.

On 16 December 2016, we finished the Cub Scouting centenary year with thousands of Promise Parties taking place across the country at 19:16 to celebrate Cubs100. These locally organised events recognised the millions of people who've made Cub Scouts a success over the past 100 years and demonstrated that Cub Scouts are at the heart of Scouting and the local communities today.

This year, we're at an important point in planning for Scouting's future. We're nearly at the end of Scouting for All, our 2014-2018 strategy, and now have our sights set on what we'll do to take us to 2023.

In April 2017, I was proud to open Summit17, our national conference designed to shape our future strategy. As well as hearing from some inspirational speakers, the conference was a chance for the Movement to work together to determine our priorities and plan Scouting's future to 2023.

This has been an exceptional year and I am confident that if we all continue to work together to shape the future of the Movement, next year will be equally memorable and positive. I should like to thank each and every one of you for the unique contribution you make to Scouting in the UK and world wide.



**Ann Limb**  
Chair, The Scout Association

# OUR PURPOSE AND METHOD

Scouting actively engages and supports young people in their personal development, empowering them to make a positive contribution to society. In partnership with adults, young people take part in fun indoor and outdoor activities. They learn by doing, share in spiritual reflection, take responsibility and make choices, undertake new and challenging activities, and live their Scout Promise.

The Association's Trustees have a duty to report on the Association's public benefit in their Annual Report. We have assessed our aims, activities and charitable objectives which are to contribute to the development of young people in achieving their full physical, intellectual, social and spiritual potentials as individuals, as responsible citizens, and as members of their local, national and international communities.

We believe that we have met the Charity Commission's public benefit criteria for both the advancement of education and the advancement of citizenship and community development.

The Scouting Movement complies with two key principles set by the Commission with regard to public benefit:

## 1. Identifiable benefit

The way in which Scouting is carried out helps young people in their personal development, empowering them to make a positive contribution to society; this benefit is directly linked to the Purpose of Scouting.

## 2. Public benefit

Scouting is a national Movement open to young people aged 6-25 and adults. Full membership is restricted to young people and adults who are willing to make the Scout Promise. The Association enables those in poverty to benefit from Scouting; while the Association charges a subscription to its members, the benefits of Scouting are not constrained by the member's inability to pay. Locally, there are arrangements to waive subscriptions and other costs for those who cannot afford to pay. Nationally, there are funds available for uniform and activities so that young people are not excluded from activities if they are unable to pay.

The benefits of Scouting are further demonstrated throughout this report.

# STRATEGIC AIMS AND PERFORMANCE

## A framework for achieving the Vision Towards 2018

In May 2014 we launched our 2014-18 strategy, Scouting for All. The strategy sets out a plan to achieve our ambitious Vision for Scouting towards 2018.

## Scouting in 2018 will:

- Make a positive impact in our communities
- Prepare young people to be active citizens
- Embrace and contribute to social change

## Scouting in 2018 will be:

- Shaped by young people in partnership with adults
- Enjoyed by more young people and more adult volunteers
- As diverse as the communities in which we live

## Members of Scouting in 2018 will feel:

- Empowered
- Valued
- Proud

More information is available at: [scouts.org.uk/2018](http://scouts.org.uk/2018)

# OUR 2014–18 STRATEGIC PLAN AT A GLANCE

## OUR VISION

Scouting in 2018 will make a positive impact in our communities; prepare young people to be active citizens; embrace and contribute to social change.

Scouting in 2018 will be shaped by young people in partnership with adults; enjoyed by young people and more adult volunteers; as diverse as the communities in which we live.

Members of Scouting in 2018 will feel empowered; valued; proud.

## OUR MISSION

Scouting exists to actively engage and support young people in their personal development, empowering them to make a positive contribution to society.

## OUR VALUES

As Scouts we are guided by these values: integrity; respect; care; belief and cooperation.

### STRATEGIC OBJECTIVE:

#### GROWTH

To increase the number of youth members and volunteers.

#### KPIs

- 500k youth members
- 150k adult volunteers

### STRATEGIC OBJECTIVE:

#### INCLUSIVITY

To be as diverse as our communities.

#### KPIs

- Scouting will be present and sustainable in 200 of the most deprived areas in the UK
- Membership will be reflective of wider society
- The Scout Association seen as open to people from all backgrounds

### STRATEGIC OBJECTIVE:

#### YOUTH SHAPED

To ensure Scouting is shaped by young people in partnership with adults.

#### KPIs

- Every young person's view influences decisions in Scouting (80% target)
- Every young leader (14–25) has the opportunity and support to grow their skills and have a positive impact on Scouting (80% target)
- Every adult helps young people to shape their Scouting (80% target)

### STRATEGIC OBJECTIVE:

#### COMMUNITY IMPACT

To make a positive impact in our communities.

#### KPIs

- 8,000 community impact 'projects' delivered by Scouting per annum by 2018
- 70% of public see Scouting as 'relevant to modern society'

## UNDERPINNING STRATEGIES FOR THE MOVEMENT

- Programme
- Adult and managers' training
- Recruitment and retention of adult volunteers
- Places to meet and go
- Safety strategy
- Safeguarding
- Leadership and management

## UNDERPINNING STRATEGIES FOR UK HEADQUARTERS

- Communications and marketing
- Digital technology
- People
- Asset management
- Commercial
- Governance and legal
- Finance

We have had many successes over the last year and have made good progress towards meeting the goals that we set ourselves at the end of 2015/16.

In this section, we report on our performance against our strategic objectives for the Movement.

## STRATEGIC OBJECTIVE: GROWTH

To increase the number of youth members and volunteers

### **What we said we would do**

To achieve our growth strategic objective we need an increase of 47,856 members. We will continue to focus on growing our membership by opening new sections, improving the quality of our Programme's delivery, and continuing to promote flexible volunteering to increase the number of adult volunteers supporting Scouting. The actions in our agreed growth strategy will continue to be implemented and supported, including the introduction of Assistant Regional Commissioners for Growth to provide support to adult volunteer managers locally.

### **What we did**

This year, we formally recognised more of our adult volunteers as members of the Movement, including Executive Committee members. Along with better data on those in support roles, this has resulted in a substantial increase in our adult membership figures, with our adult volunteer numbers increasing by 33%.

Our 2017 Census confirmed that youth membership has grown for the twelfth consecutive year, with our youth membership growing by 1.1%. We again recorded the highest number of girls in Scouting ever: with nearly 100,000 female youth members.

Assistant Regional Commissioners for Growth have been appointed across England to provide specialist support to County and District Commissioners.

### **The challenge ahead**

To achieve our Growth objective we need an increase of 42,857 6- to 18-year-olds. The actions in our agreed Growth strategy will continue to include opening new sections, growing small sections, improving the quality of the Scout Programme's delivery, and continuing to promote flexible volunteering to increase the number of adult volunteers supporting Scouting.

### **What we said we would do**

We will continue to focus on growth by opening a further 400 new sections next year, particularly in areas where Scouting is not currently present. In addition, we will focus our efforts on identified opportunities for growth relating to incomplete Scout Groups; where Scout Groups do not currently have provision for Beaver Scouts, Cub Scouts or Scouts, and small sections that are not currently operating at capacity. By focusing on these existing opportunities, there is the potential to grow the Movement by a further 29,000 young people.

### **What we did**

In the past year, 1098 new sections were opened, many in areas where Scouting was not previously present or where there were missing sections. Unfortunately, in the same period 1000 sections were closed leaving a net gain of just 98 sections.

We have supported the embedding of the 6-25 Programme through the 6-25 Programme development project which focused on reviewing the Scout Programme and concluded with the release of an updated Scout Network section. Work on defining a quality Scout Programme has been undertaken; defining it as relevant, rewarding and challenging for all young people. Programme forums and support to Assistant District and County Commissioners (ADC/ACCs), District Explorer Scout Commissioners and District Scout Network Commissioners have increased as the roles are crucial to supporting quality programmes locally.

### **The challenge ahead**

We need to continue to focus on opening new sections, however we will also work to identify why sections are closing. We will continue to focus our efforts on incomplete Scout Groups; where there

is no provision for Beaver Scouts, Cub Scouts or Scouts. We will also focus on small sections that are not currently operating at capacity.

Overcoming the barriers to delivering a quality Scout Programme will continue to be a focus. This will include increased support with programme planning, programme resources, programme support roles (such as ADC/ACCs) and opportunities for all young people to achieve the top award for their section (Chief Scout's awards and Queen's Scout Award). We will seek external funding to support these ambitions.

## STRATEGIC OBJECTIVE: INCLUSIVITY

To be as diverse as our communities

### **What we said we would do**

We will continue to open and support new sections and Groups in some of the most deprived communities across the UK and will actively seek further support and external funding to deliver this work.

We have revised our ambitions upwards to be present and sustainable in 300 such communities, ensuring that Scouting is available to those who need it most. We will collate and disseminate learning and best practice from previous pilots and innovation projects, making these more accessible to adult volunteers on a self-service basis. We will continue to support and develop the Specialist Advisers for Inclusion and Diversity, a national team of volunteers providing local Scouting with bespoke training and support.

We committed to exploring and consulting on how our inclusivity work should evolve as we approach a new strategic plan from 2018. We will create an Inclusivity Advisory Group consisting of external experts and Scouting volunteers. This group will challenge, advise and shape our recommendations for the future strategy, whilst ensuring that our plans are grounded in the needs of our Membership.

### **What we did**

Scouting continues to grow and become more reflective of the diversity of UK society. Today, 27% of the membership

Our adult  
volunteer  
numbers have  
increased by

33%

27%

of our  
membership  
is female



is female and we have increased representation from minority and ethnic groups. The Muslim Scout Fellowship continues to grow, having supported over 70 new Scout Groups in majority Muslim communities to open. In past year, a further 148 sections opened in areas of deprivation, bringing the number of new sections opened in areas of deprivation since 2014 to over 460. These initiatives enable even more adults and young people to enjoy the adventure of Scouting and create spaces for young people of different backgrounds to mix and build friendships.

The Specialist Advisers for Inclusion and Diversity delivered training and awareness-raising activities at 14 events across the UK, equipping over 200 adult volunteers with the knowledge, skills and confidence to deliver truly inclusive provisions.

We created an Inclusivity Advisory Group to advise, challenge and inform the future strategic approach to inclusivity. Working in partnership with adult volunteers, subject matter experts are supporting us from Barnardo's, Mind, Mencap, The English Federation of Disability Sport (EFDS), Women's Aid, Mermaids, Mosaic, Leonard Cheshire and The Challenge. We have ensured that under-represented voices are included in this process.

We commissioned social researcher Populus to explore the perception of Scouting amongst under-represented groups. Focus groups told us that Scouting was not deemed to be inclusive or diverse, and as an organisation, we were not perceived to be taking enough action to combat this. Insights from this research have been vital in better understanding how we include more young people and adults from currently under-represented demographics.

Our presence at Pride events continues to grow, with Scouting represented at London, Cardiff, Edinburgh, Birmingham, Hull and many more cities across the UK.

### **The challenge ahead**

We will continue to open and support new sections and Groups in some of the most deprived communities in the UK and will actively seek further support and external funding to deliver this work, ensuring that Scouting is available to those who need it most.

We will continue to grow and develop Scouting in communities currently under-represented in Scouting; ensuring that Scouting continues to facilitate social mixing, and the creation of a more peaceful and tolerant society.

We will continue to work with the Inclusivity Advisory Group to shape the recommendations for the future strategic approach to inclusivity, ensuring it is ambitious and progressive whilst rooted within the realities of local Scouting. All recommendations will be tested with the membership during the summer and autumn. Specialist Advisers for Inclusion and Diversity will be recruiting new members to the team and offering support via webinars.

We will continue to develop Scouting's presence at Pride events nationally; ensuring we are visible and continue to celebrate the Movement's diversity.

## **STRATEGIC OBJECTIVE: YOUTH SHAPED**

To ensure Scouting is shaped by young people in partnership with adults

### **What we said we would do**

Continue to embed Youth Shaped Scouting in all that we do with an ambition to ensure that at least 80% of our young people influence decisions made in Scouting. 80% of adults in Scouting will also help young people to shape their Scouting.

The approved Youth Shaped Scouting strategy will focus development and support in four key areas:

- the Scout Programme shaped by young people
- young people taking a step into adult leadership roles and volunteering with young people
- young people playing an active part in the management and support of Scouting
- young people taking responsibility for the governance of the organisation.

This will provide proactive support to Lodge, Six and Patrol systems within the Beaver Scout, Cub Scout and Scout sections, by coaching and mentoring young people, in particular Young Leaders and Youth Commissioners. In addition,

we will focus on developing a training framework for Youth Commissioners to equip them with the tools for the role, reviewing the role of Nominated Youth Representatives. We will explore how young people play a part in the governance of the organisation, with a special focus on those that are Trustees and Executive Committee members.

### **What we did**

This year's YouShape event took place throughout February encouraging members to engage proactively in bespoke activities and resources aimed at embedding Youth Shaped Scouting into the Scout Programme. These activities included a downloadable activity inspiration pack for all sections and the Wear Their Necker initiative which encouraged young people to shadow adult roles in their local area. Using data from social media engagement, badge sales and engagement in the YouShape Beyond 2018 National Consultation, we ascertained that approximately 50,000 young people were actively engaged in YouShape Month. Almost 20% of Youth Commissioners were surveyed following YouShape Month and 86% of those agreed that young people have opportunities to influence decisions in Scouting.

During consultation, 150 members engaged in face-to-face sessions aimed at increasing support and resources for section leaders to deliver peer leadership within their weekly programme. As a result, simple, free resources for leaders and young people have been created alongside revamped badges that celebrate the role peer leaders play in Scouting. Scout Shops Ltd has revealed extensive uptake from members with 4,799 Sixer and 5,032 Patrol Leader resources, and 5,549 Beaver Peer Leadership Stripes, being sold within the first month after release.

Mentoring and support for Youth Commissioners continued to flourish following the consultation and piloting of a Youth Commissioner induction programme. There are now 139 District and County Youth Commissioners in post with 18 having attended a pilot induction event in March 2017. Resources have also been developed for those recruiting and supporting Youth Commissioners including a guide for Training Advisers and example role descriptions.

A review of the role of Nominated Youth Representative on the Association's Council was undertaken to explore how young people can play an active role in the governance of the Association. Council members and Youth Commissioners were consulted and the Board of Trustees have endorsed the outcomes for recommendation to the Council which, if approved, would result in an increase in the number of young people on the Council. These proposals will be considered by the Council at the Annual General Meeting in September 2017.

### **The challenge ahead**

We will continue to embed Youth Shaped Scouting in all that we do by working towards the Youth Shaped Scouting strategy's four objectives. To this end, the UK Youth Commissioner Team will be expanded to include Assistant UK Youth Commissioner roles which will support the delivery of specific areas of work. In addition, a Youth Shaped Programme Board has been set up to oversee the implementation of the Youth Shaped Scouting strategy ensuring it is realised in scope and on budget.

Youth Commissioner inductions will continue to be rolled out in 2017 with four induction days planned across England, Wales and Northern Ireland, and additional opportunities for engagement and support of Youth Commissioners at Gilwell Reunion 2017. Further resources to support members to deliver and embed Youth Shaped principles within their Scouting will be published including case studies outlining best practice examples.

## **STRATEGIC OBJECTIVE: COMMUNITY IMPACT** To make a positive impact in our communities

### **What we said we would do**

We will develop an off-the-shelf training day delivered by volunteers to guide members through an action-focused approach to become advocates and deliver high quality community impact activities within their local communities. Following their attendance, participants will receive regular support, advice and networking opportunities.

We aim to deliver a bespoke offer for Scout Network, with opportunities advertised on the Scout Network website. We will use the 2016 Scout Community Week to drive momentum for A Million Hands, asking our young people to celebrate action taken over the previous 12 months by engaging key opinion formers and their local communities. A high profile national celebration event will increase the perception of relevance among decision makers.

### **What we did**

We delivered off-the-shelf training in seven locations helping to support volunteers on the ground to understand what high quality Community Impact projects look like, what resources are available to them, and how to plan and execute projects that also result in young people developing skills for life. Overall 167 local volunteers attended the training sessions. Attendees reported increases in confidence and knowledge on how to deliver quality Community Impact programmes. The training pack was also shared with Training Managers to enable them to react to local demand and deliver their own training sessions.

We are continuing to support those who attended the training sessions through social media, regular advice and pre-organised opportunities. Members of the Scout Network are also able to sign up to opportunities advertised on the Scout Network site.

During the 2016 Scout Community Week, we drove momentum for A Million Hands by asking our young people to celebrate the action they had taken over the previous 12 months. We encouraged them to do so by engaging key opinion formers and people in their local communities. A reception to celebrate the achievements of young people in Scouting was hosted at 11 Downing Street to communicate our relevance to decision makers and leaders in the charity sector. At this event Jack Abrey, Chair of the Community Impact Group, which provides leadership and direction on social action for the Association, was presented with the Prime Minister's Point of Light Award in recognition of the positive change being made by Scouts in our communities.

The A Million Hands campaign received further external recognition when it was named The Charity Times Cross-sector Partnership in the UK, with the judges saying they were 'blown away by the combination of The Scout Association's incredible reach combined with the expertise of national charities to make a real and lasting positive change in our communities'.

In total, 7200 sections from 4400 Scout Groups registered for A Million Hands, achieving a potential reach of 231,000 young people. During the past year, Scout Groups have logged 516 projects that were delivered by 30,000 young people and amounted to 97,000 hours of action. 14,000 Scouts have trained to be a Dementia Friend.

Our annual survey of adult members has shown that the number of Scout Groups participating in Community Impact projects has risen from 25% to 33% this year. These achievements were recognised with 66,600 Community Impact Staged Activity Badges awarded and 1,000 pieces of external media coverage published, reaching 91 million readers and listeners.

### **The challenge ahead**

We will deliver 10 training days across the UK expanding our network of upskilled Community Impact advocates and supporting them with advice, tools and training opportunities. Community Impact content will be embedded within existing adult training modules and line manager inductions.

We will support section leaders to plan and take action by producing concise materials including a Community Impact toolkit and simplified A Million Hands activity resource packs. We will provide incentives to encourage section leaders to report back actions that have been taken in their communities. Regular management reporting will be introduced for line managers.

During 2017 Scout Community Month, we will drive momentum for A Million Hands by asking section leaders to tell us what issue their young people picked and by encouraging Groups to share what they've learnt about their chosen issue with others in their communities.



## WHAT IS A MILLION HANDS?

How would you like to change your community for the better? That's the question we put to the Scout Community Impact Group made up of young people in Scouting. Their responses identified four key areas of concern: the wellbeing of those living with dementia; helping those disabled by society; improving the mental wellbeing of our communities and ensuring that everyone has access to clean water and sanitation.

Working with a number of key partner charities, it's our ambition to mobilise half a million Scouts across the UK in support of these social issues to affect genuine and lasting change. Our aim is to build relationships in our communities that enable young people to lead community impact projects as a key part of their Scouting experience.

## WHAT ISSUES DOES A MILLION HANDS TAKE ACTION ON?

- Improving the lives of those affected by dementia, supported by Alzheimer's Society
- Improving the lives of those disabled by society, supported by Leonard Cheshire Disability and Guide Dogs
- Improving mental wellbeing and resilience of families, Scout Groups and broader society, supported by Mind
- Ensuring everyone, everywhere has access to clean water and sanitation, supported by WaterAid.

The Canal & River Trust is also supporting us to use land and waterways to make changes on the above social issues.

#amillionhands

### UNDERPINNING STRATEGIES FOR UK HEADQUARTERS:

Ensure sound management of finances, assets, communications, business systems and good governance throughout the organisation

#### DIGITAL TECHNOLOGY

##### What we said we would do

Compass and digital: Our challenge ahead is to deliver simpler Scouting in partnership with our members. This will include the provision of simple tools to support programme planning and streamline the administration of Scouting and the collection of youth data. They will enable us to understand all our members and how they participate in the programme.

##### What we did

The work on using digital to make the delivery of Scouting simpler has continued. The collection of youth data has taken longer than anticipated as other elements, including supporting the local implementation of disclosure processes, improving the quality of data and introducing missing elements of functionality, have been prioritised.

As a result of the Association's governance review, the Digital Advisory Group was established and is comprised of external experts and advisers in digital. In addition, a new Chief Digital Officer has been recruited and will lead the newly formed Transformation Unit to drive change across the organisation making it a digital first organisation focused on supporting the needs of its members through innovative digital solutions.

##### The challenge ahead

Our challenge ahead continues to be the provision of simple tools to support the local delivery of Scouting, to streamline administration and to facilitate the collection of youth data. Data collection will enable us to understand all our members and how they participate in the 6-25 Programme better. As such, we will be better able to plan and action appropriate interventions making the best use of the Association's resources to support, develop and grow Scouting. The simple objective is to make Scouting easier to deliver locally and more efficient nationally, through digital tools.

#### COMMERCIAL

##### What we said we would do

Scout Activity Centres: Research, test and develop and where appropriate, launch different approaches and products to enable us to continue our growth as we reach capacity at peak times.

We will undertake detailed surveys, on a centre-by-centre basis, which will provide sufficient information to determine the costs necessary to manage the property portfolio over a ten-year term. These will include energy consumption, maintenance and refurbishment costs, asset life cycle as well as, replacement plans and costs.

##### What we did

Over the past year, we tested three concepts to help increase the number of people who can access the life changing experiences Scout Adventures delivers; pop up operations, a managed service approach and partnership. This has led to growing our network to 12 centres and achieving a truly UK-wide operation with the addition of Scouts Scotland centres.

We completed a detailed survey on one centre, which will now act as a template for surveys with other centres in the coming year.

##### The challenge ahead

To meet our target of doubling the number of young people and adults whose lives we change, we still need more capacity at peak times and to increase our off peak bookings. We will further roll out plans to increase the number of centres in our network and will develop and test plans to increase off peak bookings.

As we grow, we will need to review our volunteer programme and staffing models to ensure we have enough good people to maintain and continue to improve delivery standards.

The detailed surveys we plan to carry out in the coming year will provide a comprehensive view of our current property from which we will develop long-term plans for each of our centres.

##### What we said we would do

Scout Shops: In the coming year, we will work with various shipping companies in order to find the most cost-effective solution for shipping internationally.

In 2016, we celebrated the Cub Scout section's centenary year. Led by Cub100 Ambassador Steve Backshall, it was a 365-day party for 150,000 Cub Scouts starting with a fantastic adventure camp at London Zoo.

Over 5000 events took place to celebrate Cubs100, including thousands of Promise parties on 16 December 2016, and Cubs takeover days at five sites across the UK. Through 446 local and national press items, 49,668,199 people were reached.

And to top it all off, the Duchess of Cambridge, Kate Middleton visited a Cub Scout Pack in Norfolk to celebrate this momentous event.



In the long term, we plan to discuss a proposal to move to regional licensing with the World Organisation of Scouting Movement in order to reduce international shipping costs.

A standard requirement for the new website and ERP system for Scout Shops is mobile and tablet optimisation. During the year ahead, we will undertake to contract a provider that can offer an efficient digital solution which integrates well with a robust financial and business reporting package.

#### **What we did**

We approached various international carriage companies specialising in overseas shipping to compare costs and services provided. As a result, we identified a new supplier who can save us costs while providing global reach. We have successfully changed suppliers and the service is working effectively.

We have sought regional distribution partners and new licensees to assist in reducing distribution costs. An important relationship has been developed in Brazil which will result in increased turnover and reduced shipping costs to South America.

An extensive procurement process was undertaken to source a new website which is flexible and provides mobile functionality. As a result, a favoured website supplier and integration specialist has been identified to develop the new websites and integrate with existing systems.

#### **The challenge ahead**

In the coming year, we will attend the US National event and explore opportunities to increase trade. We will seek further partners to appoint as distributors and licensees in selected countries to further reduce carriage costs.

We will launch new mobile optimised websites to support sales growth. We will also commence the procurement process to identify a replacement for our ERP system. The new ERP will be upgradeable and have a wide support network. The replacement ERP will be capable of supporting our growth aspirations in the coming five to 10 years.

We will appoint specialists to review our branding and seek views from the Movement to assist in formulating a revised brand strategy for the future.

#### **What we said we would do**

Unity Insurance: Unity needs to make inroads into the wider charity sector which is crucial for long term growth and to find additional income streams and customers beyond Scout insurance.

In 2016/17, we will replicate the success of the Scout Insurance new business function for our charity and not-for-profit customers to accelerate sales growth and remain on course to achieve our long-term plans.

#### **What we did**

We have progressed acceleration plans to grow the business by providing expert advice, personal service and high quality insurance advice to The Scout Association as well as other charities.

Following the creation of a new business unit, we expanded the team in 2016/17 and successfully increased sales thus growing our core business by 12% and other charity business by 26%. New marketing software enabled us to develop new and more flexible communication with our customers. This, together with the continued enhancements of products and services, has maintained high levels of client satisfaction.

A highly successful apprenticeship programme enabled young people to gain work experience while contributing to the success of Unity and enabling talent growth. The company now has an enlarged and highly experienced team, with a diverse range of skills, striking a good balance with insurance, charity and commercial expertise.

Other developments include the re-alignment of our insurer contracts to benefit Scouting and introducing new underwriters to strengthen our capability.

#### **The challenge ahead**

The company has built a resilient and highly engaged team. It will be important to maintain this as we continue to raise the bar and ensure there continues to be a good balance between growth and customer service.

We will continue to accelerate sales and upgrade technology to deliver new services and increase operational efficiency thus ensuring a high quality and responsive insurance service that supports the Movement's strategic aims and delivers more funds back to Scouting.

#### **GOVERNANCE AND LEGAL**

##### **What we said we would do**

Governance: We will ensure that the risk management framework is adequately embedded locally – initially at a County level. During the next year, we will complete the roll out and commence a post-implementation review. In addition, a new module will be developed and incorporated into Executive Training to provide ongoing and wider support.

##### **What we did**

The rollout of the risk management framework is complete in all but one Region in England. Initial reviews with two Regions confirm that the framework has added value and is embedding at County level. Discussions have commenced with Wales and Northern Ireland, and Scotland has developed its own model, aligned with the rest of the UK. Risk is now better embedded in the UK Board and Committee's operating regime.

##### **The challenge ahead**

The framework will be rolled out to Wales and Northern Ireland. An outline module for Executive Training has been developed and the material will be refined next year. The timing and method of launch for the module will be considered.

##### **What we said we would do**

We have agreed a new structure for POR and timescales for completion. The project board includes relevant staff and volunteers and we will work to ensure that the new POR will be delivered in the most accessible way possible. Our plan is that the 2017 POR will be the first step towards a clearer, more accessible and easily navigable online version of POR.

##### **What we did**

Work continues on the development of the new online version of POR, with testing planned to commence in summer 2017 and the launch to take place towards the end of the year.

##### **The Challenge ahead**

Our aim is to launch the new version of POR successfully and to put in place a robust process for managing this change ensuring that members continue to be adequately supported and informed.

## What we said we would do

The Board will conduct a further formal self-evaluation in 2016/17, reviewing its governance against the Good Governance Code. It will also consider what changes should be made as a result of the meeting effectiveness reviews. Alongside this, the Chair will conduct appraisals with individual Trustees based on the objectives set at the beginning of the annual cycle.

The Board will consider the recommendations from the first phase of the Governance Review and approve a plan and timescales for putting those recommendations into effect, as well as approving the scope of the second phase. The plan will include asking the Council at the 2017 AGM to approve changes to the bye laws.

We will publish a Governance Manual clarifying the Association's governance structures, procedures and practices.

## What we did

The Board conducted a further self-evaluation, reviewing its governance against the Good Governance Code. All meetings are now rated for effectiveness and any feedback acted upon to ensure standards are maintained. The Chair set objectives at the beginning of the year and carried out appraisals based upon those objectives.

In July 2016, the Board approved a plan and timescales for implementing the recommendations from the first phase of the Governance Review. The first changes, which relate to Youth Shaped governance will be taken to the AGM in September 2017 for approval by the Council.

The Nominations and Governance Committee has considered and made recommendations to the Board regarding its size and composition and the Council will be consulted before being asked to approve these changes in 2018. The Governance Manual will be approved and published by the end of this year.

## The Challenge Ahead

If approved, the challenge will be to ensure that these changes are communicated effectively to members and embedded successfully.

## The Year ahead

### COMMUNICATIONS

#### What we did

In July 2016 Skills for Life, a new four-year Communications strategy, was approved by the Board of Trustees. The strategy set out how we would increase the relevance, reach and reputation of Scouting to support the delivery of the Scouting for All strategic plan and beyond. It identified that public perception of Scouting's relevance was low and therefore a renewed focus was required to identify and communicate the benefits of involvement with the Movement. Based on research with thousands of people, including members of the public, parents, Scout volunteers and young people, the strategy presented a compelling new proposition: that Scouting gives young people the skills they need to succeed in life. If this is communicated effectively to our target audiences, we can improve perception and increase support for Scouting.

#### The challenge ahead

It was clear from research and focus groups that Scouting has key perception challenges, namely that it is still seen by some as traditional, old fashioned, primarily for boys, and focused on camping. There was low awareness of the benefits of Scouting, our diversity and our work with disadvantaged communities. We need to show how we meet a specific need by helping young people develop the skills and experience they need to succeed. We will therefore be promoting skills for life as a message throughout our communications and develop new tools and resources for use locally.

We will be consulting young people and adults in the Movement, as well as members of the public, to ensure that our brand becomes more relevant and promotes the benefits of Scouting.

Reviewing our brand: During 2017 we will reviewing the Scout brand with adults and young people locally and nationally. The purpose is to ensure Scouting remains relevant, becomes better understood by the public with the aim of increasing support. We have engaged a partner, Fresh Britain, to work with us on this review, with an emphasis on promoting the benefits of Scouting and providing better support, for local Scouting. Findings and possible solutions will be presented to the Board in January 2018. A clear timeline for any updates to our brand and visual identity, along with practical support, including tools and resources, will be communicated to the movement in early 2018.

Scout Ambassadors: A brand new Scout Ambassador Scheme was launched in March 2017 with the aim of raising our national profile, extending our reach and gaining influence for Scouting. The new ambassadors, Steve Backshall, Helen Glover, Ellie Simmonds, Megan Hine and Anita Rani joined current ambassadors including Ed Stafford and Julia Bradbury to help project a positive image of Scouting and attract more adult volunteers. As a team, the ambassadors now better reflect the diversity of the Movement while promoting Scouting's powerful role in helping young people develop skills for life. The high-profile announcement of the Scout Ambassadors reached over 1,000,000 on Facebook alone.

The Chief Scout: Following consultation with members of the Council and a decision from the Board of Trustees, we were also pleased to extend Bear Grylls's tenure as UK Chief Scout until 2020. Bear agreed to the extension and continues to be a powerful advocate for Scouting with a wide audience and a high media profile. This move ensures continuity into the next strategic planning cycle and that both young people and adults in Scouting benefit from his strong leadership and inspiring example.

Member engagement: The Skills for Life communications strategy proposed that we would make improvements to our volunteer communications to ensure members receive the right information in a timely and useful manner. Research has been conducted with the Movement to identify the best ways to take this forward, while ensuring our members continue to feel proud, empowered and valued.

We will be looking at ways to improve member engagement by listening carefully and responding appropriately to member feedback, increasing the relevancy and reach of our communications, and providing more targeted support, especially to key line managers in Scouting.

## PEOPLE

### **What we did**

Safeguarding training and resources: New Stay Safe leaflets for each section, offering young people advice on how to safeguard themselves both on and offline, have been launched and are available to members. Training programmes for Commissioners, Safeguarding Awareness Co-ordinators, Safeguarding Trainers and adult members have been updated and launched following a biennial review process and are currently being rolled out across the UK.

Safeguarding centralisation to the National Safeguarding Team: In line with best practice nationally with regards to safeguarding arrangements, from July 2016 all four Nations' safeguarding arrangements and incident management procedures moved to being formally managed by the National Safeguarding Team located in London. This included how safeguarding incidents are reported and subsequently managed, ensuring that the Association and its Trustees are discharging their responsibilities under each Nation's legislative process constantly and appropriately, in addition to allowing records to be stored in one central location. This move was facilitated by a number of Safeguarding Team briefing days across each Nation to ensure changes in processes were supported locally.

Safety: In 2016 the Safety in Scouting Development Group was established to proactively monitor and manage the Association's important work ensuring members are able to take part in Scouting safely. This group is comprised of both volunteer and staff colleagues who are specialists in their fields, working together to ensure that up to date and relevant advice, guidance and support is offered to support volunteers delivering Scouting locally. Importantly, the group maintains an oversight of trends in incidents and near misses so as to ensure that the risk profile is actively managed and mitigating actions are taken.

Adult and managers' training – leadership and management training development and rollout: At the end of January 2017, a new training provision for managers and supporters in Scouting was introduced structured around our six core skill areas of leadership and management including a module on safety. This year we have launched 16 independent learning units and delivered six out of 11 trainer training weekends across the UK.

Investors in people: The Scout Association achieved IIP Silver in May 2016. The assessor specifically highlighted some key areas of achievement since the last assessment. These were recruitment and retention, the introduction of monthly staff meetings, a weekly communications email, the bimonthly leadership forum and the significant work done to embed the Scouting Values into everything we do starting at the All Staff Conference held in 2016.

The Association has begun work on two significant 'People' projects, which were both preceded by very successful conferences. The first is embedding diversity and inclusion in everything we do, which was the theme of the Staff Leadership Conference in January 2017, and the second is focusing on staff wellbeing, which was the theme of the All Staff Conference in 2017.

### **The challenge ahead**

We always aim to adhere to safeguarding best practice. We will continue to develop our work in this area, including our procedures, training and support as well as reviewing our membership files from the past and present to ensure we do everything we can to keep young people safe now and in the future.

Continuing with the progress made this year, we will continue to embed diversity and inclusion in everything that we do and we will maintain a focus on staff wellbeing.

# GROWTH

## Craven Lea Scout Group bring Scouting to the Preston Road Estate, the 12th most deprived area in England.

Craven Lea Scout Group is the first to ever exist on the Preston Road Estate. Ranked the 12th most deprived area in England, it was an ideal project for the Youth United Foundation (YUF) to fund. YUF was established by HRH The Prince of Wales and uniformed organisations to grow provision in areas of deprivation.

After being identified by the District as a community that would really benefit from Scouting, Regional Development Officer Rachel Rushmer began working in the area, first approaching community members about setting up a Scout Group on the estate. 'I explained that Scouts helps children and young adults reach their full potential. It develops important life skills including teamwork, time management, leadership, initiative, planning, communication, self-motivation, cultural awareness and commitment,' says Rachel.

Rachel then organised a series of taster sessions, as well as school assembly visits, to give both adults and young people within the community an idea of what Scouting entails on a week-to-week basis. Not long afterwards, supported by the District and experienced Scout Leaders, the Craven Lea Group was officially opened.

'It's been great,' says Jodie Megson, mum to Beaver Jack. 'Jack started in September. He was a little shy at school – great academically but he struggled to mix with the other children. He loves Scouting and he wants to get all his badges. He's also persuaded some of his classmates from school to come and now there are five of them who come along.' She thinks it's good for him to mix with other children, not just in his section but in other Groups in the District.

Rachel says: 'I remember when the Beavers first started. Some of them didn't seem to know how to play together. It was a bit sad, but you don't see it anymore because they've learnt how to work in teams through Scouting every Thursday.' This Group runs right through the summer holidays - partly because they enjoy Scouting, but also because they feel it's something the young people need during that period when there's little else to do.

Setting up a brand new Group is incredibly rewarding, but is no easy feat. The YUF funding was used to buy uniforms for young people and volunteers as well as the equipment needed to run weekly sessions.

'Where established Groups have cupboards full of craft materials and camping equipment, Craven Lea had to start from scratch,' says DC Gary McCune.

Despite the challenges, the Group and the District appear to be thriving. The Craven Lea Scout Group was the first Group set up with YUF funding by the City of Hull District. They have since gone on to open 16 YUF sections.

Supported by engaged, enthusiastic adult volunteers, the young people are learning important life skills, having fun and adventures, and forming strong bonds with one another. It's clear that the Scout hut has become a bubbling, lively hub of the community, which no doubt bodes well for the future of the Preston Road Estate.



# INCLUSIVITY

10th Ipswich uses a buddy system to make Scouting accessible to young people with moderate to severe disabilities.

The 10th Ipswich Rainbow Cub Pack is largely made up of young people who have moderate-to-severe physical and learning difficulties, and, as a result, are unable to speak or move without assistance. But the Rainbow Cub Pack's use of a buddy system ensures that the Cubs are not segregated.

When more specialised Scout Groups like this exist, there's usually a reason for it. In this instance, the young people are living with such severe conditions that placing them in a Group without the right knowledge and existing support would be unfair and, at times, dangerous. 'Most Groups can cope with conditions such as autism, but if there are a few children with multiple disabilities, a lot of Groups don't have the resources. We wouldn't want a leader to just read advice or a fact sheet,' acting Cub Leader Kevin Bean explains. This Group is learning what works well and what needs improving, and the aim is for their learning to be passed on to the wider Scouting community.

Regional Services Officer Michelle Frost, who has been supporting the Group, explains: 'This Group was never going to be a standalone section. Although they meet in a special educational

needs school, they're not meant to be a closed Group. They meet where they do and when they do because it's more convenient for the young people.' Most weeks, a handful of Cubs from 10th Ipswich Scout Group join the Rainbow Cubs for activities, and their eyes are opened to the ways Scouting must be flexible to meet the needs of the individual. Their presence also empowers the Rainbow Cubs with the knowledge that this isn't just an after-school activity: they're part of something bigger.

This sentiment is reinforced when the Rainbow Cubs attend District events. One Cub, Ryan, recently went on a District trip for Cubs100 and is also going on camp with some of the Cubs from 10th Ipswich. The young people are supported to attend District events, and every effort is made to make reasonable adjustments. Parent Sam, whose son Euan has a multitude of severe physical conditions, thinks being inclusive is about lateral thinking: 'It depends on leaders being creative. It's not just assuming something isn't appropriate, it's figuring out a way of making it suitable.'

Euan also attends another, more mainstream Group, and while he enjoys them both his mum feels that this one

is different: 'They're excited about everything! It's because there aren't that many activities out there that are as accessible. Here it's great because he can just join in, there's nothing that's being organised that he can't take part in.'

The 'buddy' system is having a positive effect on both Cub Packs. Kevin explains that it has given the Cubs visiting from 10th Ipswich a lift in confidence. 'It's something they'll never forget; all the parents have said that. They have a greater understanding of the efforts made to enable children with disabilities to take part. It's also given them pride that they are helping out.'



# YOUTH SHAPED

## Explorer Scouts at Staffordshire Moorlands Scout Group deliver drug and alcohol awareness workshops in their District.

Explorers Lucy, Leonie, Alastair and Jamie sort through a stack of handouts they've prepared for the evening ahead. Tonight is an important and potentially life-changing occasion for them, as they deliver their pilot drug and alcohol awareness workshop to a group of expectant Scouts.

The issues the Explorers are here to discuss are serious. Britain currently ranks 13th highest for heavy drinking out of 196 countries, and around one in 40 young people aged between 16 and 24 has used a legal high at least once in the past year. Repeated use of drugs and alcohol has been known to delay the development of a young person's brain, modify behaviour and cause long-term damage to their health.

In light of this, the Explorers at Staffordshire Moorlands Scout Group have devised an awareness-raising workshop for the other Scout Troops, Explorer Units and Network members in their local community. Lucy, 17, and Explorer Scout Leader Nathan attended a community impact workshop in London, offering them guidance for delivering a high-quality project, run by young people, for other young people.

Using what they learned, the Explorer Unit then contacted the local council to discuss social issues in their area and decided to focus on drug and alcohol awareness, teaming up with a charity to get advice. 'It was a slow start; it took many attempts to get the project off the ground, working out everything we had to do, from developing the workshop to delivering it,' says Explorer Scout Lucy.

'From the very beginning, this has been their project and their issue to tackle,' says Explorer Scout Leader and District Commissioner Julie. 'They have done all of the work towards it.' This is Youth Shaped Scouting in its purest form: the Scouts are taking an idea and developing it into something that truly comes from them.

Confidently standing up in front of the group of Scouts, 17-year-old Lucy leads first activity: a game of True or False where the Scouts are presented with a question or fact about drugs or alcohol. The Scouts let out an eruptive cheer when they get the answer right. After each question, Leonie and Jamie take the time to provide the correct answer, explaining the legality and science behind each of the substances mentioned.

'We're hoping that the Scouts will see us as role models and that we think misusing drugs is wrong,' says Alastair. 'Hopefully this will result in them seeing it as wrong too and start a chain reaction among their friends.'

The workshop is a great success, with the Explorers working brilliantly as a team, high-fiving each other as they wrap up the workshop. 'I'm so proud of them,' Julie says. 'I've never seen a group of Scouts so engaged and they took a lot away from the session.'

Having successfully piloted their workshop, the hard work for the Explorers now begins: planning, organising and delivering more workshops to realise their ambition of educating young people about the dangers of drug and alcohol abuse.



# COMMUNITY IMPACT

1st Staindrop Cubs successfully tackle issues facing those with visual impairment in their community.

1st Staindrop Cubs have been doing all that they can to help their community understand visual impairment better. Their determination to raise disability awareness in their local community led them to Downing Street.

Street clutter has been an issue in their area for several years and poses great problems for people with sight loss. The Cub Scouts' motivation to draw attention to visual impairment was stirred when a girl who attends a school nearby, lost her sight as a result of a brain tumour.

With great passion for the topic, they got stuck into learning more about visual impairment by taking part in a blind obstacle course and meeting Christine Kay, a local Guide Dogs representative, and her guide dog Sula. She shared her experience of having to avoid the dangers of cars parked on pavements.

'They didn't stop asking her questions', said Cub Scout Leader, Jacqui, 'and they showed great compassion. One or two of them began to tear up when Christine explained how she lost her sight.'

Christine's experience is a daily struggle for her and others with sight loss. Her story made an impact on the Cubs so much that they conducted both street clutter and pavement parking surveys to assess the problem in their community.

Shocked by their findings, they decided to create posters to raise awareness. They also made their own parking tickets, which they handed to 'offenders'. They carried a supply around their community and if they saw a car that was parked incorrectly, they left a ticket under the windscreen wiper.

The campaign didn't stop there; the Cubs filmed a video to help promote their petition, which garnered over 25K views on Facebook. Their campaign hit a stumbling block when the official petition was not granted because another petition of a similar nature had been submitted.

Undeterred by the setback, the Cubs decided to write to the Prime Minister, who invited them to 10 Downing Street. The petition also caught the attention of their local MP, Helen Goodman who has visited them and wants to provide support. She joined them on a blindfolded walk around town.

'Because of all their hard work, people in our community are certainly more aware of the issue. They are also aware that the young people are leading the project. Us adults are here to help and guide them along the way,' said Jacqui.

It has been an eventful year and the campaign continues to make waves. The matter is now being considered by the Department of Transport.



# OUR FINANCES

## Financial review

The Association's accounts have been prepared in accordance with the Statement of Recommended Practice (Accounting and Reporting by Charities) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective from 1 January 2015) and known as the Charities SORP (FRS 102), and the Charities Act 2011.

## Consolidation:

In these accounts we have brought together the results of The Scout Association with those of its five wholly owned trading subsidiaries:

- Scouts Shops Limited
- Scout Insurance Services Limited
- Scout Services Limited
- Scout Insurance Services (Guernsey) Limited
- World Scout Shop Limited

Subsidiary trading companies are required in order to prevent a tax charge arising in the parent charity. These companies Gift Aid their surpluses to The Scout Association. More information on these companies is included in note 11 to the Accounts.

## Financial highlights:

- Our youth membership in census 2017, for the twelfth year in succession, increased to a total of 464,687 (2016: 457,521). These numbers include our Network section members who may be over 18 years old. Growth is one of our strategic objectives.
- The Jamboree is an event which is held every four years. Last year's World Scout Jamboree Contingent in Japan increased our income by £10.8m to £43.4m, excluding this unusual income, our total income of £32.7m was slightly up on last year (2016: £32.6m)
- The Jamboree also increased our charitable expenditure last year by £9.96m to £37m (a further 0.59m was expensed in prior years on the Jamboree and the slight surplus designated primarily to related future solidarity projects and bursaries). Excluding the Jamboree, our charitable expenditure was £27.04m. During 2016-17, our spending on charitable activities decreased by 2% to £26.46m (2016: £27.04m)
- The Consolidated Statement of Financial Activities shows an unrestricted deficit for the year of 0.8m (2016: deficit of £2.7m)
- The contributions from our trading subsidiaries for 2016-17 total £7.3m (2016: £4.9m)
- It is estimated that through sales discounts and arrangements by our subsidiaries with District Scout Shops and other scouting retail outlets, an additional £1m has been generated and retained in local Groups, Districts, Areas and Counties
- Our total unrestricted funds fell by £2.63m to £34.62m (after deducting the pension reserve). Our free unrestricted reserves increased by £2.9m to £13.4m, from £10.5m at 31 March 2016. The main reason for the increase was a transfer of £2m from non charitable trading funds to unrestricted funds representing an additional dividend from our insurance subsidiary and a reduction in capital expenditure releasing funds from the designated reserves. The resulting £3m has been earmarked to be paid over to the pension scheme in 2017/18.

	2016/17			2015/16
£m	Unrestricted	Restricted	Total	Total
<b>Net before one-offs</b>	<b>(0.78)</b>	<b>0.15</b>	<b>(0.63)</b>	<b>(1.67)</b>
Pension contribution re deficit (in Support Costs)	(0.60)	-	(0.60)	(0.60)
Movement in Pension deficit other (in Support Costs)	0.07	-	0.07	0.13
Net gains on Heritage Assets	-	-	-	0.10
Investments gains losses - SOFA	0.55	0.23	0.78	(0.77)
<b>Net Movements in funds per SOFA</b>	<b>(0.76)</b>	<b>0.38</b>	<b>(0.38)</b>	<b>(2.81)</b>
Transfers	(0.05)	0.05	-	-
Defined benefit deficit	(1.82)	-	(1.82)	0.63
<b>SOFA Movement</b>	<b>(2.63)</b>	<b>0.43</b>	<b>(2.20)</b>	<b>(2.18)</b>

## Financial results

The Association's financial result, before recognised gains and losses and other revaluations, was an expected deficit for the year of £0.63m compared with the previous year's deficit of £1.67m. The result is made up of an unrestricted operating deficit of £0.78m, before recognised gains and losses and other revaluations, with a surplus of £0.15m on restricted funds.

The operating results (as shown in the Consolidated Statement of Financial Activities (SoFA) on page 32 in both 2017 and 2016) include several one off items: £0.6m (2016: £0.60m) special pension contributions, and £1.82m increase (2016 decrease: £0.63m) in the pension scheme deficit as a result of the FRS102 annual accounting valuation of the pension scheme. We saw a modest net gain on the valuation of investments at the year-end amounting to £0.78m (2016: net loss of £0.77m).

In addition to the annual accounting valuation required under the accounting standard FRS102, the triannual valuation carried out by the scheme actuaries on behalf of the Pension Scheme Trustees had resulted in an increase in the deficit. This had resulted in a new deficit reduction plan which the Association agreed with the Pension Trustees. It included a one-off cash injection of £3m in 2017/18 followed by a phased further contribution of £2m resulting from the sale of assets.

## Income

Total income for the year amounted to £32.7m compared with £43.4m last year – a decrease of 24%. Last year's figure included income of £10.8m for the management of the 23rd World Scout Jamboree Contingent that took place in Japan during July and August 2015.

The Trustees agreed that from April 2016 the UK Headquarters membership subscription would be calculated based on the number of Beavers, Cubs, Scouts and Explorers in each County/Area/Region (Scotland) census. No adult member (over the age of 18) will be required to pay the HQ membership fee, regardless of whether they are a member of Network or a Young Leader. Although the price per member increased by £5.00, from £20.50 (with a 50p rebate for prompt payment) to £25.50, the change in methodology was not expected to increase the income received by the association as the new higher payments were only due on youth members, and not, as in previous years, on adult and youth members. As there was an increase in youth members the total amount received of £10.5m was £0.1m or 1% up on the previous year.

Donations, legacies and similar income amounted to £2.1m, a decrease of £0.30m from the £2.4m received in 2016. Our unrestricted income increased by £0.1m to £0.6m and we generated £1.5m of restricted income towards the grants for development in deprived areas and funding for Regional Development Officers.

Our trading activities include the retail sales of Scout Shops Limited and the World Scout Shop Limited, sponsorship and promotional income, together with non-Scouting income generated by Baden-Powell House and the Gilwell Park Conference Centre. This income decreased overall by £0.02m to £10.5m. It was an excellent year for our trading

subsidiaries with only a small decrease in retail sales despite the absence of the Jamboree which contributed £1.5m in additional income last year. It was a very successful year for Hostel and Conference income which grew by £0.3m to £1m, an increase of 13%.

Investment income increased by 11% to £0.7m. However the level of income from investments and deposits remains below historic norms due to continuing low interest rates and yields.

Income from charitable activities are as a result of the sale of goods and services as part of the charitable activities of the Association and of ancillary trades carried on in support of its primary purpose. These include camping, training, activity and accommodation charges at Baden-Powell House, Gilwell Park and the other National Scout Adventure Centres.

In addition, it includes insurance commissions earned both by Scout Insurance Services Limited (Unity) and by Scout Insurance (Guernsey) Limited, and income from the disposal of tangible fixed assets. Income from charitable activities decreased by £10.3m of which £10.7m was due to the World Scout Jamboree contingent. The insurance business income grew by £0.3m during the year.

**Table 1 – Total Income 2017 - £32.7m (2016 - £43.4m (including £10.8m World Jamboree event))**



**Expenditure**

Total expenditure during the year amounted to £33.8m (2016: £45.5m) a decrease of £11.7m of which £9.96m is due to the World Scout Jamboree (a further 0.59m was expensed in prior years on the Jamboree and the slight surplus designated primarily to related future solidarity projects and bursaries). In line with our reserve policy to reduce our operating deficit, we delivered savings of £1.7m. This was achieved partly through our initiative 'Save it for Scouting' which delivered savings across the association. This initiative included areas such as reducing the magazine from four to three issues a year and a pay and benefits review resulting in an end to automatic increments. This allowed us to protect areas of investment to front line scouting services. We spent an extra £0.2m on our key charitable activity areas support and services to the Scouting Movement.

**Scout Adventures and Conference Centres**

Contributions grew slightly with a good performance from Baden-Powell House which continued to grow in terms of income. Further investment was made at BPH and Gilwell Park Conference Centre to update the facilities to enhance income.

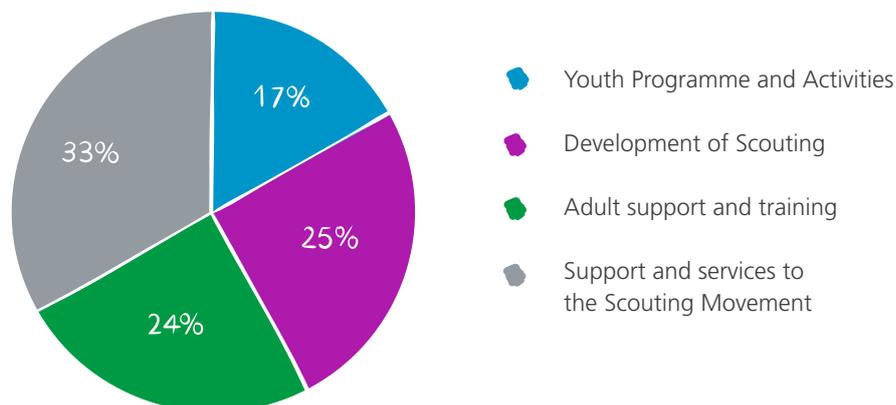
**Charitable activities**

Total expenditure on charitable activities was £26.5m, £10.5m less than the previous year when which included £9.96m related to the World Scout Jamboree (2016: £37m).

The expenditure has been shown under the following headings:

- Youth programme and activities (eg updating and provision of youth programme resources)
- Development of Scouting (eg external relations and Regional Development Service)
- Adult support and training (eg members records and updating adult training material)
- Support and Services to the Scouting Movement (eg safeguarding children, insurance and the Information Centre)

**Table 2 - Our spend on charitable activities in 2017: £26m - (2016 : £37m including World Scout Jamboree expenditure of £9.96m)**



The Trustees consider that it would be misleading to try to analyse the resources expended on charitable activities under the four strategic objectives that we use to group our activities and achievements as described earlier in this report. Many of the actions and activities that deliver the strategic objectives are led and delivered by volunteers and incur proportionately less financial expenditure due to this mobilisation. To analyse the expenditure on charitable activities under these four objectives would therefore materially distort the importance of some of the aims and objectives. Instead the Trustees consider that the four headings used to analyse expenditure on charitable activities provide a more meaningful and appropriate explanation of our spending priorities.

Support costs comprise the expenditure that enables a fundraising or charitable activity to be conducted; whilst important to achieving this activity they do not in themselves constitute a charitable activity. They include finance, information technology, human resources, legal costs, central management, governance and depreciation. They have been attributed to the costs of generating funds and to charitable activities based on an estimate of staff resources employed in delivering these functions.

## Reserves

The Scout Association's consolidated restricted and unrestricted reserves decreased by £2.2m to £39.36m at the end of the year.

All funds are described in more detail in note 16.

## Unrestricted general funds reserves

During 2016 the Trustees conducted a review of the Association's current Reserves Policy. The Policy was established in 2011 to protect the Association and its charitable programmes by providing time to adjust to changing financial circumstances. It also provides parameters for future budgeting and strategic plans and contributes towards decision making. The Association's Reserves Policy establishes an appropriate target range for the level of general 'free' reserves. The general free reserves exclude the pensions liability. The range is based on a risk assessment of the probability

and likely impact on the Association's activities that might be caused by a decline in income, an inability to meet financial obligations, or an inability to reduce expenditure in the immediate short term. The Policy ensures a balance between spending the maximum amount of income raised as soon as possible after receipt, while maintaining the appropriate level of reserves to ensure uninterrupted operation. The Policy and target range (to hold between 3 and 6 months of unrestricted expenditure up to a maximum value of £10m) is reviewed annually to reassess the risks and ensure that it reflects changes in the Association's income, financial obligations and expenditure.

At the end of March 2017, unrestricted general fund reserves (excluding any reduction for the pension deficit of £11.79m) were £13.36m (see note 16a), an increase of £2.85m in the year. It includes an amount of £3m which will be paid in 2017 to the pension scheme as part of the agreed deficit recovery plan. Net of the pension payment, the balance of £10.36m represents approximately 6 months of the Association's budget for unrestricted expenditure. This is approximately £0.4m more than the reserves policy target of £10m.

The Association had a defined benefit pension scheme deficit of £11.79m at 31 March 2017. The Scheme's last triennial actuarial valuation was carried out in March 2016 and is updated annually in accordance with FRS 102. A deficit reduction plan has been agreed with the pension fund trustees.

## Intangible fixed assets

The World Organisation of the Scout Movement awarded the Association the licence to design, distribute, market and sell products bearing the World Scout Organisation's registered logo. A payment of £0.06m was made during 2011/12 and an additional payment of £0.03m during 2013/14.

Goodwill of £0.1m (arising from the purchase of 'Oakleaves' and the Great Tower Activity Centre in March 2011) and the licence are being amortised over five to ten years.

## Tangible fixed assets

The Association maintains a collection

of Scouting memorabilia, artefacts and works of art, including collections of paintings, furniture and other household and military items received from the founder of Scouting, Lord Baden-Powell. In line with accounting best practice for heritage assets, the Association has valued the fine art, statues and other major items where the nature of the items permits sufficiently reliable valuation. During 2011 and 2012, valuations of these items were conducted by Lyon & Turnbull and revaluation adjustments were reflected in the accounts for those years. A further revaluation report was completed by Pall Mall art advisors on 1 April 2016, leading to a small upward valuation adjustment to be made in last year's accounts (see note 10a).

The Association made significant capital investments during the year in a combination of £0.6m on infrastructure, furniture and equipment at the National Centres and £0.7m on information technology systems including £0.4m on the Association's national membership database.

## Volunteers

During the year, over 154,000 adults volunteered their time, energy, skills and commitment to Scouting at Group, District, County, Region or National level. Their roles ranged from regularly leading section meetings and organising camps, to helping with administration, training future leaders and attending meetings at every level. Without this contribution of its volunteers, Scouting would be unable to offer a wide range of challenging and inspiring activities that make it the largest co-educational youth movement in the UK today.

## Scout Shops Limited

Scout Shops Limited is a wholly owned subsidiary of The Scout Association that is incorporated in England selling Scouting and ancillary products mainly to members of The Scout Association, either directly or via District Scout Shops and other wholesale outlets. During the year, Scout Shops continued to focus on developing its core business and key customer base, the Scout Movement, and offering a high level of service to our members. The Subsidiary designed, sourced and supplied a range of merchandise including anniversary products to support Beavers 30th, Cubs 100 and the Queen's 90th Birthday.

Turnover in the year decreased by 5% to £7.94m (2016: £8.36m) and operating costs were 4.3% down at £5.43m (2016: £5.67m). The company delivered an operating profit before taxation of £3.02m (2016: £3.10m) with 100% of the taxable profits donated to The Scout Association.

The financial outturn for the year exceeded original expectations by £0.2m as a result of sales mix, margin performance, prudent cost management and the commitment of an experienced workforce.

Through the provision of wholesale discounts to Badge Secretaries and District Scout Shops, Scout Shops Limited estimates it provides to local Scouting up to £1m of additional income each year.

### World Scout Shop Limited

Scout Shops Limited (an associated subsidiary undertaking) commenced trading operations at The World Scout Jamboree on 26 July 2011 under the trading name of World Scout Shop. Following the incorporation of World Scout Shop Limited on 8 September 2011, the turnover and costs attributable to the event were transferred from Scout Shops Limited to the new business. The new company commenced to trade on that date.

Turnover amounted to £0.36m, 58% down on the previous year (2016: £0.85m) and operating costs were £0.25m, 51% down on the previous year (2016: £0.58m). Last year's World Scout Jamboree Contingent in Japan increased the turnover and costs of World Scout Shops. The company delivered a profit after taxation of £0.15m (2016: £0.31m) with 100% of the taxable profits donated to The Scout Association.

### Scout Insurance Services Limited

Scout Insurance Services Limited is a wholly owned subsidiary of The Scout Association that is incorporated in England and trades under the name Unity Insurance Services. Its principal activity is that of an insurance broker providing insurance broking services primarily to The Scout Association, the Scout Movement and to other charities and not-for-profit organisations, including GirlGuiding UK.

In the year to March 2017, Unity Insurance Services generated turnover of £1.6m (2016: £1.46m) and a surplus after taxation of £0.57m (2016: £0.48m) with 100% of the taxable profits donated to The Scout Association.

During the year, the company streamlined many of its business processes, improving customer service and realizing efficiencies.

### Scout Insurance (Guernsey) Limited

Scout Insurance (Guernsey) Limited is a wholly owned subsidiary of The Scout Association that is incorporated in Guernsey. Its principal activity is that of an insurance captive. The company continues to play an important role in enabling the Association to manage its insurance costs in an effective manner while helping to limit the risk of a material claim in an increasingly litigious society. In the year to March 2017, the net profit before taxation reduced to £0.18m (2016: £0.27m). During the year, the directors paid a dividend of £2.3m (2016: £0.475m) to the Association. This included a normal dividend of £0.3m relating to the previous year's profit and an exceptional dividend of £2m which was requested as part of our pension scheme deficit recovery plan.

### Scout Services Limited

Scout Services Limited is a wholly owned subsidiary of The Scout Association that is incorporated in England. Its principal activities are that of commercial property management and conferences, commercial fundraising and corporate sponsorship activity on behalf of The Scout Association.

Scout Services Limited produced a net profit of £1.21m (2016: £0.61m). The increased profit was principally due to the increase in corporate partnership income and income from BP house in the year.

### The Scout Association Defined Benefit Pension Scheme

The most recent full actuarial valuation of The Scout Association Defined Benefit Pension Scheme was carried out as at 31 March 2016. The market value of the assets of the scheme was £31.6m and the actuarial value of those assets represented 78% of the value of the benefits that had accrued to members. Based on this

valuation the Trustees have agreed a funding plan to address the deficit.

The valuation of the defined benefit pension scheme at 31 March 2016, for the purposes of Financial Reporting Standard 102 (FRS 102), showed a funding deficit of £11.8m (2016: £10.03m).

The main reason for the increase in the deficit over the period is the decrease in the discount rate and increase in the inflation assumptions used to value the Scheme's liabilities. This has, however, been partially offset by higher than expected returns on the Scheme's assets.

The Association contributed 0.7m (2016: £0.9m) to the scheme, including special contributions totaling £0.6m (2016: £0.6m). New contributions annual contributions are being agreed as a result the latest triennial valuation.

The cash flow required to meet the £11.8m deficit relates to future pension benefits. This deficit is subject to considerable variability because it depends on a range of demographic and financial assumptions, which are likely to change over time. The Scheme was closed to new members in the year ended 31 March 2001 and therefore the obligations are mainly associated with longstanding members of staff and current pensioners. The Trustees regularly monitor the pension scheme funding deficit to ensure that general reserves provide adequate cover against the future liability.

In accordance with Charity Commission guidance ('Charity Reserves and Defined Benefit Pension Schemes'), the Trustees have reviewed the cash flow impact on general reserves of the planned funding of the deficit. Since this is met from anticipated future income streams, a separate designated fund is not required.

### Short Term Investment Service

As at 31 March 2017, total deposits by Scout Groups, Districts, Counties and Regions in the Short Term Investment Service were £13.98m (2016: £13.5m).

## Investment policy and performance

Following a consultation with the members, the Trustees updated the Association's Investment Policy and have incorporated a Socially Responsible Investment (SRI) requirement that reflects the principles of the Association.

Having looked at several alternatives, the Trustees adopted a segregated portfolio, managed by Cazenove Capital Management in June 2011.

The performance objectives are:

- to maintain an optimum level of income tempered by the need for capital growth in order to safeguard future grantmaking capacity
- to outperform benchmarks on a rolling three year basis.

As at 31st March 2017, the investment portfolio asset allocation was 55.7% equities, 30.4% bonds, 7.7% property funds, 3.5% infrastructure funds and 2.7% cash in comparison to 50% equities, 40% bonds, 5% property and 5% cash for its composite benchmark. The investment portfolio generated income of approximately £0.33m and produced a total return of 3.27% over the 12 month period to 31st March 2017. The portfolio managed by Cazenove for the charity returned 10.5% in the 12 months to March slightly lower than the agreed benchmark of 11.3%. The trustees continue to look at alternative approaches to investment management, given the reduced size of the investment.

The Association's current asset investment cash holdings are managed separately from the main investment portfolio and are in the main held in Royal London Asset Management Funds on behalf of the Short Term Investment Service for the Movement.

## Remuneration policy

The Trustees consider the Board of Trustees and the senior leadership team (the Chief Executive and the directors) as comprising the key management personnel of the charity in charge of directing and controlling, running and operating, The Scout Association on a day to day basis.

All trustees give of their time freely and no trustee received remuneration in the year. The Chief Executive (who is also a

trustee and a full member of the Board) is paid for his executive duties only. Details of trustees' expenses and related party transactions are disclosed in note 6d to the accounts.

The pay of the senior staff is reviewed annually by the Staff, Salaries and Remuneration Committee (a subcommittee of the Board of Trustees) and it takes into account market comparators, cost of living increases and the financial position of the organisation. Next year, the committee intend to benchmark the salary of the Chief Executive Officer to ensure that it is commensurate with the size of the role. The Senior Leadership Team sets the salaries for all other employees.

The remuneration benchmark is the mid-point of the range paid for similar roles. If recruitment has proven difficult in the recent past, a market rate supplement is also paid.

## Pension and other benefits

The Senior Leadership Team members are able to receive employer pension contribution rates and other benefits that are available to all employees generally. In addition, senior staff are entitled to a company car or car allowance and enhanced medical insurance provision.

# TRUSTEES' RESPONSIBILITIES

Trustees are responsible for preparing the Annual Report and the financial statements in accordance with the Charities Act 2011 and for being satisfied that the financial statements give a true and fair view. Trustees are also responsible for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Charity law requires Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, Trustees are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

Trustees are responsible for keeping adequate accounting records that show and explain the charity's transactions, disclose with reasonable accuracy at any time the financial position of the charity, and enable them to ensure that the financial statements comply with any applicable charity laws and, in particular, the Charities Act 2011.

Trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

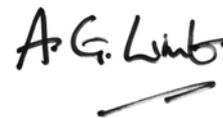
Financial statements are published on The Scout Association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Our controls include:

- a strategic and operational plan and budget
- regular consideration by the Board, Finance Committee and Senior Leadership Team of financial results, variances from budget and other (non financial) performance indicators
- delegation of authority and segregation of duties
- identification and management of risks by the Board, its Committees and Senior Leadership Team

The Finance Committee monitors the effectiveness of any external and internal audits and, together with the Risk Committee, reviews our risk management processes.

Trustees believe that the system of internal controls has been adequate to provide reassurance against material misstatement or loss.



**Ann Limb**  
Chair, The Scout Association

On behalf of the Board of Trustees,  
15 July 2017



# CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 March 2017

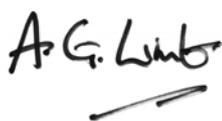
	2017			2016		
	Unrestricted	Restricted and Endowment	Total	Unrestricted	Restricted and Endowment	Total
Notes	£'000	£'000	£'000	£'000	£'000	£'000
<b>INCOME AND ENDOWMENTS FROM:</b>						
<b>Donations and legacies:</b>						
Membership subscriptions	10,477	-	<b>10,477</b>	10,374	-	<b>10,374</b>
Other donations	5(a) 641	1,486	<b>2,127</b>	530	1,908	<b>2,438</b>
	<b>11,118</b>	<b>1,486</b>	<b>12,604</b>	<b>10,904</b>	<b>1,908</b>	<b>12,812</b>
<b>Charitable activities:</b>						
Youth programme	2,396	-	<b>2,396</b>	12,872	-	<b>12,872</b>
Development	1,773	-	<b>1,773</b>	1,761	250	<b>2,011</b>
Adult support and training	1,891	-	<b>1,891</b>	1,841	-	<b>1,841</b>
Support and services to the Scouting Movement	2,868	-	<b>2,868</b>	2,548	-	<b>2,548</b>
	5(b) 8,928	-	<b>8,928</b>	19,022	250	<b>19,272</b>
Other trading activities	5(c) 10,470	-	<b>10,470</b>	10,693	-	<b>10,693</b>
Investment income	5(d) 543	136	<b>679</b>	558	50	<b>608</b>
<b>Total income</b>	<b>31,059</b>	<b>1,622</b>	<b>32,681</b>	<b>41,177</b>	<b>2,208</b>	<b>43,385</b>
<b>EXPENDITURE ON:</b>						
<b>Raising funds:</b>						
Donations and legacies	566	-	<b>566</b>	399	11	<b>410</b>
Trading activities	6(a) 6,814	-	<b>6,814</b>	8,116	-	<b>8,116</b>
	7,380	-	<b>7,380</b>	8,515	11	<b>8,526</b>
<b>Charitable activities:</b>						
Youth programme	4,517	88	<b>4,605</b>	13,852	22	<b>13,874</b>
Development	6,165	509	<b>6,674</b>	6,910	843	<b>7,753</b>
Adult Support and Training	5,963	378	<b>6,341</b>	6,225	508	<b>6,733</b>
Support and Services to the Scouting Movement	8,346	492	<b>8,838</b>	7,662	974	<b>8,636</b>
	6(b) 24,991	1,467	<b>26,458</b>	34,649	2,347	<b>36,996</b>
<b>Total expenditure</b>	<b>32,371</b>	<b>1,467</b>	<b>33,838</b>	<b>43,164</b>	<b>2,358</b>	<b>45,522</b>
Net (losses)/gains on investments	548	233	<b>781</b>	(667)	(104)	<b>(771)</b>
<b>Net (expenditure)/income for the year</b>	<b>(764)</b>	<b>388</b>	<b>(376)</b>	<b>(2,654)</b>	<b>(254)</b>	<b>(2,908)</b>
Net gains on revaluation of fixed assets-heritage assets	-	-	-	100	-	<b>100</b>
<b>Net movement in funds</b>	<b>(764)</b>	<b>388</b>	<b>(376)</b>	<b>(2,554)</b>	<b>(254)</b>	<b>(2,808)</b>
Transfers between funds	(46)	46	-	1,137	(1,137)	-
<b>Other recognised gains/(losses):</b>						
Actuarial gains/(losses) on defined benefit pension scheme	7 (1,820)	-	<b>(1,820)</b>	627	-	<b>627</b>
	8 (2,630)	434	<b>(2,196)</b>	(790)	(1,391)	<b>(2,181)</b>
<b>Reconciliation of funds:</b>						
Fund balances brought forward at 31 March 2016	37,251	4,304	<b>41,555</b>	38,041	5,695	<b>43,736</b>
<b>Fund balances carried forward at 31 March 2017</b>	<b>34,621</b>	<b>4,738</b>	<b>39,359</b>	<b>37,251</b>	<b>4,304</b>	<b>41,555</b>

## BALANCE SHEETS

As at 31 March 2017

	Notes	Consolidated		The Association	
		2017 £'000	2016 £'000	2017 £'000	2016 £'000
<b>FIXED ASSETS</b>					
Intangible fixed assets	9	43	53	-	-
Tangible fixed assets	10	30,538	31,793	30,423	31,642
Investment in subsidiary companies	11	-	-	500	500
Investments	12	17,010	18,997	10,008	10,296
		<b>47,591</b>	<b>50,843</b>	<b>40,931</b>	<b>42,438</b>
<b>CURRENT ASSETS</b>					
Stocks	13	715	683	173	132
Debtors	14	7,345	6,602	8,722	7,875
Current asset investments		13,816	13,628	13,816	13,628
Cash and cash equivalents		9,469	6,297	3,965	1,348
		<b>31,345</b>	<b>27,210</b>	<b>26,676</b>	<b>22,983</b>
<b>CURRENT LIABILITIES</b>					
Creditors	15	(26,131)	(25,231)	(18,370)	(17,690)
<b>Net current assets</b>		<b>5,214</b>	<b>1,979</b>	<b>8,306</b>	<b>5,293</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>52,805</b>	<b>52,822</b>	<b>49,237</b>	<b>47,731</b>
<b>Creditors - amounts falling due after more than one year</b>	15	<b>(1,660)</b>	<b>(1,235)</b>	-	-
<b>Net assets excluding pension liability</b>		<b>51,145</b>	<b>51,587</b>	<b>49,237</b>	<b>47,731</b>
<b>Pension liability</b>	7	<b>(11,786)</b>	<b>(10,032)</b>	<b>(11,786)</b>	<b>(10,032)</b>
<b>Net assets including pension liability</b>		<b>39,359</b>	<b>41,555</b>	<b>37,451</b>	<b>37,699</b>
<b>THE ASSOCIATION'S FUNDS</b>					
Unrestricted funds:					
General funds excluding pension liability	16(a)	13,359	10,509	13,359	10,675
Pension reserve	7	(11,786)	(10,032)	(11,786)	(10,032)
General funds		1,573	477	1,573	643
Designated funds	16(b)	31,140	32,752	31,140	32,752
Non charitable trading funds	11	1,908	4,022	-	-
<b>Unrestricted funds including pension reserve</b>		<b>34,621</b>	<b>37,251</b>	<b>32,713</b>	<b>33,395</b>
Restricted funds	16(c)	3,407	3,064	3,407	3,064
Endowment funds	16(d)	1,331	1,240	1,331	1,240
<b>Total Funds</b>		<b>39,359</b>	<b>41,555</b>	<b>37,451</b>	<b>37,699</b>

Approved by the Board of Trustees on 15 July 2017 and signed on its behalf by:



**Ann Limb**  
Chair



**Gordon Boyd**  
Treasurer

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	Consolidated		Charity		
	2017	2016	2017	2016	
	£'000	£'000	£'000	£'000	
<b>Cash flows from operating activities:</b>					
<b>Net cash provided by (used in) operating activities</b>	868	(951)	(226)	(998)	See (a)
<b>Cash flows from investing activities:</b>					
Dividends, interest and rents from investments	679	608	2,890	608	
Proceeds from the sale of property, plant and equipment	242	59	242	55	
Purchase of property, plant and equipment	(1,363)	(5,932)	(1,336)	(5,889)	
Proceeds from sale of investments	4,739	10,328	3,039	10,328	
Purchase of investments	(1,993)	(3,985)	(1,992)	(3,136)	
<b>Net cash provided by (used in) investing activities</b>	<b>2,304</b>	<b>1,078</b>	<b>2,843</b>	<b>1,966</b>	
Cash flows from financing activities:					
<b>Net cash provided by (used in) financing activities</b>	-	-	-	-	
Change in cash and cash equivalents in the reporting period	3,172	127	2,617	968	
Cash and cash equivalents at the beginning of the reporting period	6,297	6,170	1,348	380	
Cash and cash equivalents at the end of the reporting period	<b>9,469</b>	<b>6,297</b>	<b>3,965</b>	<b>1,348</b>	See (b)

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

#### Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)

	<b>(376)</b>	<b>(2,908)</b>	<b>1,572</b>	<b>(2,561)</b>
Adjustments for:				
Depreciation charges	2,572	2,542	2,511	2,421
(Gains)/losses on investments	(759)	(240)	(759)	(240)
Dividends, interest and rents from investments	(679)	(608)	(2,890)	(608)
FRS Pension adj in I&E	(66)	(130)	(66)	(130)
Loss/(profit) on the sale of fixed assets	(186)	-	(198)	-
(Increase)/decrease in stocks	(32)	182	(41)	(11)
(Increase)/decrease in debtors	(743)	2,871	(847)	2,808
(Increase)/decrease in current Investments	(188)	4,958	(188)	4,958
Increase/(decrease) in creditors	1,325	(7,618)	680	(7,635)
<b>Net cash provided by/(used in) operating activities</b>	<b>868</b>	<b>(951)</b>	<b>(226)</b>	<b>(998)</b>

### b) Analysis of cash and cash equivalents

Cash in hand	9,469	6,297	3,965	1,348
<b>Total cash and cash equivalents</b>	<b>9,469</b>	<b>6,297</b>	<b>3,965</b>	<b>1,348</b>

## 1. CONSTITUTION

The Scout Association is incorporated by Royal Charter and is a registered charity whose purpose is to promote the development of young people in achieving their full physical, intellectual, social and spiritual potentials, as individuals, as responsible citizens and as members of their local, national and international communities.

## 2. SCOPE OF THE FINANCIAL STATEMENTS

These financial statements cover the activities directly controlled by The Scout Association. The activities of the Scout Councils of Northern Ireland, Scotland and Wales together with Scout Counties, Areas, Regions, Districts and Groups are not reflected in these financial statements. These bodies are separate autonomous charities that are affiliated to The Scout Association.

## 3. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

### a. Basis of preparation of consolidated financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) - (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Scout Association meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s). The financial statements consolidate the financial statements of The Scout Association and its subsidiary companies. The financial statements of all entities are made up to 31 March 2017.

The Balance Sheets and Profit and Loss accounts of the subsidiaries have been consolidated on a line by line basis as required by the Statement of Recommended Practice.

On acquisition of a business, all of the assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that time. All changes to those assets and liabilities and the resulting surpluses that arise after acquisition are charged to the post-acquisition Statement of Financial Activities.

### (a) Recognition of income National membership subscriptions

Membership subscriptions are payable in advance for a year ended 31 March. The amount receivable for the year ended 31 March 2017 is shown in the Statement of Financial Activities. Subscriptions are treated as voluntary income because they are more similar in nature to donations than to payments for goods or services.

### Investment income

Dividends are accounted for on a receipts basis. Interest is accounted for on an accruals basis and includes all amounts earned up to 31 March 2017. Associated tax recoveries are included for all amounts shown as income.

### Legacies

Legacies are accounted for on an entitlement basis. Evidence of entitlement to a legacy exists when the charity has sufficient evidence that a gift has been left to them and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Where legacies include non-cash items these are included in income at the lower of probate value or market value at the date of receipt.

### Gifts in kind

Properties, investments, heritage assets, other fixed assets and any other assets or services donated to the charity are included as donated income at their estimated market value at the time of receipt.

### Insurance Income

Insurance commission is recognised at the date of inception of the policy. The amount recognised is the total brokerage due to the company less an overall provision for unearned commission.

Historic profit commission is recognised when it can be reliably calculated and forecast to be receivable.

Insurance underwriting gross premium written comprises the premium due on contracts entered into in a financial year, regardless of whether such amounts relate in whole or in part to a later financial year. Reinsurance premium is accounted for in the same accounting period as the premium for the related direct insurance. Unearned premium represents the proportion of premiums written estimated to be earned in future financial years. It is calculated on a monthly pro-rata basis. Acquisition costs relating to unearned premiums are deferred on the same basis as the premiums to which they relate.

### (b) Allocation of income and costs

Activities for generating funds and fundraising trading: costs of goods sold and other costs.

Income and expenditure from Scout Shops Limited, World Scout Shop Limited, Scout Services Limited and from commercial activities carried out at Baden-Powell House and the Gilwell Conference Centre are classified under these headings.

### Incoming resources from charitable activities

This comprises income from the provision of services supporting the objects of the Association through operations including the Information Centre, insurance services, and Scouting magazine as well as the National Activity Centres. A percentage of accommodation and training fees receivable at Baden-Powell House and the Gilwell Conference Centre are also included under this heading. The percentages used in respect of these two sites are 20% and 80% respectively. The remaining income from Baden-Powell House and the Gilwell Conference Centre is included in activities for generating funds.

The charitable activities have been analysed under the following headings:

- Youth programme
- Development of Scouting
- Adult support and training
- Support and services to the Scouting Movement

**Notes to the financial statements (continued)**

The Association's activities are largely financed by national membership subscriptions and income from the trading subsidiaries rather than income from the charitable activities. The activities have been classified as described in note 6.

Where possible the income and costs relating to a department or cost centre are allocated in full to one of the above categories, but in practice many departments have an involvement in more than one activity. The other major allocations, which are reviewed annually by the Trustees, are set out below.

	<b>Youth programme</b>	<b>Development of Scouting</b>	<b>Adult support and training</b>	<b>Support and services</b>
World and European membership fees				100%
Members records and awards			40%	60%
Membership services	20%	20%	20%	40%
Safeguarding children				100%
Public relations		100%		
Insurance				100%
Scouting magazine	33%	33%	33%	
Short Term Investment Service				100%
Regional Development Service		33%	33%	33%
Baden-Powell House	20%			
Gilwell Conference Centre	27%	27%	27%	
Other National Activity Centres	33%	33%	33%	

### Support costs

These are costs incurred directly in support of the objects of the Charity. The costs are attributed to the activities that they support. Where a department supports all the Charity's activities the costs have been apportioned pro-rata to the staff resources directly engaged in that activity. The percentages that apply are:

Trading – 6%

Youth programme – 20%

Development of Scouting – 29%

Adult support and training – 26%

Support and services to the Scouting Movement – 19%

### Grants payable

Grants payable are included in the Statement of Financial Activities as expenditure in the period in which the award is made. Grants which have been approved by the Trustees and agreed with other organisations but which are unpaid at the year end are accrued. Grants where the beneficiary has not been informed or has to meet certain conditions before the grant is released are not accrued.

### Governance costs

These are the costs associated with the governance arrangements of the charity which relate to compliance with legal and statutory requirements of the charity as opposed to those costs associated with fundraising or charitable activities. They include audit fees and the costs of trustee meetings.

### (c) Intangible fixed assets

Intangible fixed assets represent goodwill arising on acquisitions less accumulated amortisation. Goodwill arising on acquisition of an undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. It is capitalised and amortised through the Statement of Financial Activities over the Trustees' estimate of its useful economic life which can range from five to 10 years. Impairment tests on the carrying value are undertaken at the end of the first full year after acquisition and in any other subsequent period if events or changes in circumstances indicate that the carrying value may not be recoverable. The cost of acquiring a brand licence is written off over the term of the related contract.

### (d) Fixed assets - heritage assets

The Association maintains a collection consisting of Scouting memorabilia, fine art, the business archive and a wealth of material relating to Scouting's founder, Lord Robert Baden-Powell. Through an active and innovative programme of collecting, interpreting and engagement the Heritage Collection helps create connections between members of The Scout Association, both past and present, and the wider community. The Heritage Collection is managed by the Headquarters' Heritage Service.

In accordance with FRS 102 - Heritage Assets, significant items from the Heritage Collection are recorded on the balance sheet at valuation. These valuations are for insurance purposes only. Periodic professional revaluations are performed at the discretion of the Trustees when conditions indicate that their valuation may have significantly changed. Any surplus or deficit on revaluation is charged to the net movement in funds on the Consolidated Statement of Financial Activities. Additional valuations will only be carried out for the purpose of loaning items to other organisations.

The Trustees consider that obtaining valuations for the remainder of the collection would involve disproportionate cost due to the diverse nature of the assets held and the lack of comparable market values. Other than the items that have been valued as described above, the Association does not recognise these assets on its Balance Sheet.

The Association will occasionally approve the disposal of elements of the Collection, this process is carried out in accordance with the Museum Association Code of Ethics and industry best practice as dictated by the Arts Council England Accreditation Standard. Disposal will be judged against the Association's Collecting Policy. Disposal will be carried out in line with the Disposal Policy and follow the Disposal Procedure. Disposal of accessioned material would only take place with the approval of the Trustees. Disposal of non-accessioned items would take place with the approval of the Director of Commercial Services. In accordance with best practice the Heritage Service will always try to keep the item in the public domain by gifting it free of charge to other relevant museum collections or archives. If an appropriate

museum or archive cannot be found the item may be considered for sale, any proceeds from such as sale would be restricted to the care and preservation of the Collection.

Acquisitions are normally made by donation with occasional purchases. In line with the Code of Ethics the valuation of acquisitions is only recorded where the item is of significant value and in need of insurance.

Expenditure which in the Trustees' view is required to preserve or prevent further deterioration of individual items, including preservation work, is recognised as expenditure when it is incurred.

It is the intention of the Scout Association to preserve these items indefinitely, therefore amortisation is not in our view appropriate.

### (e) Fixed assets – Other fixed assets

The cost of acquiring fixed assets used for charitable purposes is capitalised and depreciation is calculated to write off the cost of assets brought into use at the Balance Sheet date on a straight line basis over their estimated useful lives. Assets costing less than £200 are not capitalised.

In the case of freehold buildings, the useful life is normally taken as 50 years. Where land and buildings were acquired together it has been assumed that the buildings represent 50% of the initial cost of freehold properties. No depreciation is provided on freehold land.

Gains or losses on the disposal of fixed assets held for charitable use are reflected in net income/expenditure for the year shown in the Statement of Financial Activities.

Fixed assets held for investment purposes are stated at market value on the Balance Sheet date. Any gains or losses on the disposal or revaluation of investment assets are shown as net gains/ (losses) on Investment assets.

### (f) Stocks

Stocks are valued at the lower of cost and estimated net realisable value. Cost is calculated using the current purchase price method and consists of the original cost of goods without any addition for overheads.

**(g) VAT**

The Association is partially exempt for VAT purposes and is not able to reclaim all the VAT it pays. It is not practicable to allocate irrecoverable VAT to the expenses and assets concerned, and irrecoverable VAT is normally written off. For large acquisitions of property, irrecoverable VAT is added to the capital cost.

**(h) Leases**

Significant assets held under finance leases and the related lease obligations are included at the fair value of the leased assets at the inception of the lease.

Depreciation on leased assets is calculated to write off this amount on a straight-line basis over the shorter of the lease term and the useful life of the asset.

Rentals payable are apportioned between the finance charge and a reduction of the outstanding obligations.

All other leases have been treated as operating leases and the rentals written off as they are paid because of the insignificant amounts involved.

**(i) Pension costs**

Contributions payable to The Scout Association Pension Scheme are charged to the Statement of Financial Activities so as to spread the cost of pensions over the working lives of employees in the scheme. The pension charge is calculated on the basis of actuarial advice.

The pension scheme liabilities are measured using a projected unit method and discounted at an AA sterling corporate bond rate. The pension scheme deficit is recognised in full on the balance sheet.

The current service cost and net return on the scheme's assets and liabilities for the year is allocated across the resources expended categories in the Statement of Financial Activities. The actuarial loss on the scheme for the year is included in the gains/(losses) section of the Statement of Financial Activities.

Contributions towards personal pension policies, which are defined contribution schemes, are charged to the Statement of Financial Activities as they are incurred.

**4. NATURE OF FUNDS**

Following the requirements of the Statement of Recommended Practice all Funds have been identified as falling into one of three categories.

**a. Endowment Funds**

Endowment Funds are those received to be held as capital with only the income available to be spent. Subsequent gains or losses on the disposal of the underlying assets of the fund become part of the capital.

**b. Restricted funds**

Restricted funds are those received which have been earmarked for a special purpose by the donor or the terms of an appeal.

**c. Unrestricted funds**

Unrestricted funds are those received, which are not subject to any special restriction. They are divided between general funds and designated funds. Designated funds comprise amounts set aside by the Trustees to be used for particular purposes.

## 5. INCOME AND ENDOWMENTS

## a. Other donations and legacies

				2017	2016
	Unrestricted	Restricted	Endowment	Total	Total
	£'000	£'000	£'000	£'000	£'000
Legacies	358	759	-	1,117	272
Other donations	283	727	-	1,010	2,166
<b>Total</b>	<b>641</b>	<b>1,486</b>	<b>-</b>	<b>2,127</b>	<b>2,438</b>

## b. Charitable activities

The income in this category is derived primarily from the Association's insurance subsidiaries and National Activity Centres. Many of the activities are not conducted with the prime intention of generating net income. Instead, the Association's charitable activities are largely financed by fundraising activities and by membership subscriptions.

				2017	2016
	Unrestricted	Restricted	Endowment	Total	Total
	£'000	£'000	£'000	£'000	£'000
National events	123	-	-	123	90
Insurance broking and underwriting	2,823	-	-	2,823	2,510
Scouting magazine advertising	164	-	-	164	155
National Centres	5,392	-	-	5,392	5,377
World Jamboree/Roverway	97	-	-	97	10,769
Other income	329	-	-	329	371
<b>Total</b>	<b>8,928</b>	<b>-</b>	<b>-</b>	<b>8,928</b>	<b>19,272</b>

## c. Other trading activities

				2017	2016
	Unrestricted	Restricted	Endowment	Total	Total
	£'000	£'000	£'000	£'000	£'000
Retail sales	7,886	-	-	7,886	8,795
Hostel and conference income	1,007	-	-	1,007	721
Sponsorship, promotions and royalties	1,577	-	-	1,577	1,177
<b>Total</b>	<b>10,470</b>	<b>-</b>	<b>-</b>	<b>10,470</b>	<b>10,693</b>

## d. Investment income

				2017	2016
	Unrestricted	Restricted	Endowment	Total	Total
	£'000	£'000	£'000	£'000	£'000
Quoted investments	286	57	-	343	353
Short Term Investment Service	-	79	-	79	49
Other deposit interest	117	-	-	117	168
Rental income	140	-	-	140	38
<b>Total</b>	<b>543</b>	<b>136</b>	<b>-</b>	<b>679</b>	<b>608</b>

## 6. EXPENDITURE ON:

## a. Trading activities

				2017	2016
	Unrestricted	Restricted	Endowment	Total	Total
	£'000	£'000	£'000	£'000	£'000
Retail operating costs	5,998	-	-	5,998	6,047
Hostel and conference expenditure	710	-	-	710	1,269
Sponsorship and promotions	106	-	-	106	800
<b>Total</b>	<b>6,814</b>	<b>-</b>	<b>-</b>	<b>6,814</b>	<b>8,116</b>

Hostel, conference and commercial trading expenditure includes support costs of £461,000 (2016: £549,000). The basis for allocation of support costs is explained in note 6(c).

## b. Costs of charitable activities

Charitable activities have been analysed into four categories as explained in note 3(b). Costs are allocated using the principles explained in that note.

Youth programme includes the various educational activities that members participate in. Development activities are those which are aimed at growing the Scouting Movement. Adult support and training includes those activities that support leaders and other adults involved in Scouting. Support and Services to the Scouting Movement includes activities such as safeguarding children and insurance, which assist the activities of Scout Groups.

				2017	2016
	Unrestricted	Restricted	Endowment	Total	Total
	£'000	£'000	£'000	£'000	£'000
Youth programme	4,517	88	-	4,605	13,874
Development of Scouting	6,165	509	-	6,674	7,753
Adult support and training	5,963	378	-	6,341	6,733
Support and services to the Scouting Movement	8,346	492	-	8,838	8,636
<b>Total</b>	<b>24,991</b>	<b>1,467</b>	<b>-</b>	<b>26,458</b>	<b>36,996</b>

## Analysis of costs of charitable activities

				2017	2016
	Direct	Grant funding	Support costs	Total	Total
	£'000	£'000	£'000	£'000	£'000
Youth programme	2,989	74	1,542	4,605	13,874
Development of Scouting	4,192	246	2,236	6,674	7,753
Adult support and training	4,091	246	2,004	6,341	6,733
Support and services to the Scouting Movement	7,126	247	1,465	8,838	8,636
<b>Total</b>	<b>18,398</b>	<b>813</b>	<b>7,247</b>	<b>26,458</b>	<b>36,996</b>

Youth programme expenditure for the year ended 31 March 2016 included £9,960,404 relating to the UK Contingent participating in the 23rd World Scout Jamboree in Japan.

## Grant funding

Grants are paid from restricted and designated funds administered by the Association to a large number of Scout Groups, Districts, Regions, Areas and Counties in accordance with the objectives of the respective funds.

ANALYSIS OF GRANTS	Grants to local Scouting	
	2017	2016
	£'000	£'000
Development	468	982
International Fund	41	51
Benevolent Fund	15	11
Ralph Reader Memorial Fund	-	-
Admiralty Fund and Trinity House Fund (Sea Scout Groups)	82	90
Grants to local Groups from legacies	96	151
King George VI Leadership Fund	26	13
Other	85	96
<b>Total</b>	<b>813</b>	<b>1,394</b>

**c. Support costs allocation**

	2017	2016
	Unrestricted and Total £'000	Total £'000
Property and equipment depreciation	2,577	2,500
Irrecoverable VAT	422	360
Office accommodation and services	484	370
Central management	676	664
HR, legal and secretarial	790	912
Finance and accounting	522	504
Information technology and business solutions	1,379	1,670
Movement in pension scheme deficit recognised in resources expended	534	470
Other	146	307
Governance	178	163
<b>Total</b>	<b>7,708</b>	<b>7,920</b>

Support costs comprise the costs that enable a fundraising or charitable activity to be conducted, but do not in themselves constitute an activity. The support costs listed above have all been allocated to the costs of generating funds and charitable activities pro-rata to the full-time equivalent number of staff directly engaged in the appropriate activities. The relevant percentages are analysed in Note 3(b).

**d. Resources expended include:**

	2017	2016
	£'000	£'000
<b>Auditor's remuneration</b>		
Audit fees	72	70
Other	5	51
<b>Trustees' expenses</b>	46	54

During the year, 19 (2016: 15) Trustees were reimbursed for their out of pocket expenses, such as travel and subsistence incurred attending meetings and carrying out their duties. The Association provided accommodation for the Chief Scout and others while they carried out Scout business.

## 7. STAFF COSTS

	2017	2016
	£'000	£'000
Wages and salaries	9,633	9,984
Social security costs	1,012	938
Other pension costs	662	692
	<b>11,307</b>	<b>11,614</b>
In addition, termination costs in the year	81	442
Termination costs are accrued when agreed.		

The average number of persons employed during the year (full-time equivalent) was:

ACTIVITY	2017	2016
The Scout Association	256	274
Scout Shops Limited/World Scout Shop Limited	39	37
Unity (Scout Insurance Services Limited)	19	16
<b>Total</b>	<b>314</b>	<b>327</b>

The number of employees whose total emoluments for the year exceeded £60,000 were as follows:

	2017	2016
£60,001 to £70,000	5	6
£70,001 to £80,000	2	-
£80,001 to £90,000	-	-
£90,001 to £100,000	2	3
£100,001 to £110,000	1	1
£110,001 to £120,000	2	1

The Chief Executive Officer, Matt Hyde, is also a Trustee. He received remuneration and benefits for his service as Chief Executive Officer which amounted to £115,385 (2016: £114,814). No other Trustee received remuneration for services to the Association.

The key management personnel of the parent charity and the subsidiaries comprise the Trustees, the Chief Executive, Director of Commercial Services, Director of Communications, Director of Scouting Operations, Chief Financial Officer, Managing Director of Unity Insurance (SISL) and General Manager of Scout Shops and World Scout Shop. The total employee benefits of the key management personnel of The Scout Association was £715,245 (2016: £707,229).

## PENSION SCHEMES

**a. The Scout Association Pension Scheme (FRS102 disclosure for year to 31 March 2017)**

The Scout Association (the Association) operates a defined benefit pension arrangement called the The Scout Association Defined Benefit Pension Scheme (the Scheme). The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death. The following disclosures exclude any allowance for defined contribution schemes operated by the Association.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process, the Association must agree with the Trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective and contributions to pay for future accrual of benefits.

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 31 March 2016.

**Explanation of amounts in the financial statements****Amounts recognised in the Statement of Financial Activities at 31 March 2017**

	31 March 2017	31 March 2016
	£'000	£'000
Fair value of assets	£35,101	£31,691
Present value of funded obligations	(£46,887)	(£41,723)
<b>Surplus/(deficit)</b>	<b>(£11,786)</b>	<b>(£10,032)</b>
<b>Net defined benefit liability</b>	<b>(£11,786)</b>	<b>(£10,032)</b>

**Amounts recognised in the Statement of Financial Activities at 31 March 2017**

	31 March 2017	31 March 2016
	£'000	£'000
Current service cost	£155	£231
Administration costs	£141	£163
Interest on liabilities	£1,532	£1,493
Interest on assets	(£1,167)	(£1,128)
Past service cost	-	-
Settlement cost	-	-
<b>Total</b>	<b>£661</b>	<b>£759</b>

**Amounts recognised in the Statement of Financial Activities at 31 March 2017**

	31 March 2017	31 March 2016
	£'000	£'000
Loss/(gain) on scheme assets in excess of interest	(£3,401)	£1,184
Experience losses/(gains) on liabilities	(£1,751)	-
Actuarial loss/(gain) on liabilities	£6,972	(£1,811)
Changes in effect of asset ceiling	-	-
<b>Total remeasurements</b>	<b>£1,820</b>	<b>(£627)</b>

**Reconciliation of assets and defined benefit obligation**

The change in the assets over the period was:

	31 March 2017	31 March 2016
	£'000	£'000
<b>Fair value of assets at the beginning of the period</b>	<b>£31,691</b>	<b>£32,695</b>
Interest on assets	£1,167	£1,128
Association contributions	£727	£889
Contributions by scheme participants	£40	£54
Benefits paid	(£1,784)	(£1,728)
Administration costs	(£141)	(£163)
Change due to settlements	-	-
Return on plan assets less interest	£3,401	(£1,184)
<b>Fair value of assets at the end of the period</b>	<b>£35,101</b>	<b>£31,691</b>

The change in the Defined Benefit Obligation over the period was:

	<b>31 March 2017</b>	<b>31 March 2016</b>
<b>Defined Benefit Obligation at the beginning of the period</b>	<b>£41,723</b>	<b>£43,484</b>
Current service cost	£155	£231
Contributions by scheme participants	£40	£54
Past service cost	-	-
Interest cost	£1,532	£1,493
Benefits paid	(£1,784)	(£1,728)
Change due to settlements	-	-
Experience (gain)/loss on defined benefit obligation	(£1,751)	-
Changes to assumptions	£6,972	(£1,811)
<b>Defined Benefit Obligation at the end of the period</b>	<b>£46,887</b>	<b>£41,723</b>

### Assets

The major categories of assets as a percentage of total assets are as follows:

Asset category	<b>31 March 2017</b>
Equities	33%
Gilts	26%
Bonds	12%
Cash	1%
Other Assets*	28%
<b>Total</b>	<b>100%</b>

\*Other assets include investments held in Standard Life GARS and Pyrford's Global Total Return Fund.

The return on the assets over the period was £4,568,000.

## Actuarial assumptions

The principal assumptions used to calculate the Scheme's liabilities include:

	<b>31 March 2017</b>	<b>31 March 2016</b>
Discount rate	2.65% p.a.	3.75% p.a.
Inflation assumption (RPI)	3.25% p.a.	2.90% p.a.
Inflation assumption (CPI)	2.25% p.a.	1.90% p.a.
LPI 5% pension increases	3.20% p.a.	2.90% p.a.
LPI 2.5% pension increases	2.35% p.a.	2.50% p.a.
Revaluation in deferment		
• Pensions earned before 6/4/2009	2.25% p.a.	1.90% p.a.
• Pensions earned after 5/4/2009	3.25% p.a.	2.90% p.a.
Pensionable salary increases	2.35% p.a.	3.40% p.a.
Mortality	95% of S2NA tables	S1NA tables
	CMI 2015 projections	CMI 2012 projections
	1.25% p.a. long-term trend rate for pensioners	1.25% p.a. long-term trend rate for pensioners
	1.50% p.a. long-term trend rate for non-pensioners	1.50% p.a. long-term trend rate for non-pensioners
Retirement cash	Members are assumed to take 20 percent of their pension as tax free cash	Members are assumed to take 20 percent of their pension as tax free cash

**Sensitivity of the value placed on the liabilities**

<b>Adjustments to assumptions</b>	<b>Approximate effect on liabilities</b>
<b>Discount rate</b>	£'000
Plus 0.50% p.a.	(£3,900)
Minus 0.50% p.a.	£4,500
<b>Inflation</b>	
Plus 0.50% p.a.	£1,900
Minus 0.50% p.a.	(£1,700)
<b>Salary increase</b>	
Plus 0.50% p.a.	£400
Minus 0.50% p.a.	(£300)
<b>Mortality</b>	
Long-term trend rate 1.25% p.a. for all members	(£450)
<b>Commutation</b>	
Members take 25% of their pension as cash	(£575)

**Projected SOFA for year to 31 March 2018**

	<b>31 March 2018</b>
Current service cost	£185
Administration costs	£141
Interest on liabilities	£1,219
Interest on assets	(£952)
Past service cost	-
Settlement cost	-
<b>Total</b>	<b>£593</b>

The estimate above assumes the following:

- Cashflows to and from the Scheme are broadly unchanged from the current year's figures, other than allowance being made for contributions payable under the latest Schedule of Contributions agreed as part of the actuarial valuation of the Scheme as at 31 March 2016.
- There have been no events (other than those already notified to the Pension Scheme Actuary) that would give rise to a settlement/curtailment/past service cost.

**8. NET MOVEMENT IN FUNDS**

The net movement in funds arises as follows:

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
The Scout Association	<b>(248)</b>	(1,834)
Subsidiaries	<b>(1,948)</b>	(347)
<b>Total</b>	<b>(2,196)</b>	<b>(2,181)</b>

## 9. INTANGIBLE FIXED ASSETS

## Goodwill and licences

	Consolidated		The Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
<b>COST</b>				
<b>At 1 April 2016</b>	<b>223</b>	<b>223</b>	<b>138</b>	<b>138</b>
Additions	-	-	-	-
<b>At 31 March 2017</b>	<b>223</b>	<b>223</b>	<b>138</b>	<b>138</b>
<b>AMORTISATION</b>				
At 1 April 2016	170	135	138	112
Charge for the year - goodwill	10	35	-	26
Charge for the year - licences	-	-	-	-
<b>At 31 March 2017</b>	<b>180</b>	<b>170</b>	<b>138</b>	<b>138</b>
<b>Net book value at 31 March 2017</b>	<b>43</b>	<b>53</b>	<b>-</b>	<b>-</b>

Goodwill of £138,000 arose on the reversion of the lease of Great Tower Scout Activity Centre on 31 March 2011.

World Scout Shop Limited acquired a brand licence from the World Scout Organisation for £55,000 during the year ended 31 March 2012. An additional payment of £30,000 was made during the year ended 31 March 2014.

Goodwill and licences are amortised over five to 10 years straight line.

## 10. TANGIBLE FIXED ASSETS

## a. Heritage assets

	Consolidated		The Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
<b>VALUATION</b>				
At 1 April 2016	3,553	3,453	3,553	3,453
Additions	-	-	-	100
Revaluation	-	100	-	-
<b>At 31 March 2017</b>	<b>3,553</b>	<b>3,553</b>	<b>3,553</b>	<b>3,553</b>

The Association maintains a collection of Scouting memorabilia, artefacts and works of art, including collections of paintings, furniture and other household and military items received from the founder of Scouting, Lord Baden-Powell. Some of these items, including statues and paintings, are displayed within the buildings and grounds of Gilwell Park and Baden-Powell House but most of the collection is held in a secure storage area. Included in the development plans for Gilwell Park is a new heritage centre which would enable more of the items to be on public display.

An inventory of the entire collection is maintained, including valuations where these can be obtained and provide a meaningful insight into the value of the asset. A number of paintings, statues and other exhibits are on display in the White House and around the grounds at Gilwell Park, and at Baden-Powell House. The majority of items held are not on display, as there is currently nowhere suitable to display them. Access to those items not on display is permitted to historians and other people with a keen interest in them by appointment with the Association's Archives and Heritage Manager.

These items are held in support of the Association's objective of increasing knowledge, understanding and appreciation of the history of Scouting and its place in society.

Financial Reporting Standard 102 'Heritage Assets' made it mandatory for heritage assets to be reported as tangible fixed assets in the balance sheet, where information is available on cost or valuation, for accounting periods commencing on or after 1 April 2010. A valuation is provided for the Association's collection of fine art, statues and other major items since the nature of these items

## Notes to the financial statements (continued)

permits sufficiently reliable valuation. The valuation was prepared by Lyon & Turnbull, members of the Society of Fine Art Auctioneers and Valuers, on 26 April 2011. A valuation of further items within the collection was performed by Lyon & Turnbull on 29 June 2011. A revaluation report was produced by Pall Mall on 1 April 2016. In the opinion of the Trustees the values are applicable to these assets at 31 March 2017.

The Association maintains the heritage assets collection in a good condition, and none currently require substantial restoration expenditure.

### b) Other fixed assets

<b>Consolidated</b>	<b>Freehold property</b>	<b>Leasehold property</b>	<b>Furniture, fittings and equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
COST	£'000	£'000	£'000	£'000	£'000
At 1 April 2016	28,362	1,074	13,434	1,035	43,905
Transfers	-	-	-	-	-
Additions	89	-	1,274	-	1,363
Written off	-	-	(10)	-	(10)
Disposals	(5)	-	(35)	(290)	(330)
<b>At 31 March 2017</b>	<b>28,446</b>	<b>1,074</b>	<b>14,663</b>	<b>745</b>	<b>44,928</b>
DEPRECIATION					
At 1 April 2016	5,607	953	8,384	722	15,666
Charge for the year	689	30	1,723	125	2,567
Impairment of IT equipment	-	-	(5)	0	(5)
Eliminated on disposals	(2)	-	(34)	(249)	(285)
<b>At 31 March 2017</b>	<b>6,294</b>	<b>983</b>	<b>10,068</b>	<b>598</b>	<b>17,943</b>
NET BOOK VALUES					
<b>At 31 March 2017</b>	<b>22,152</b>	<b>91</b>	<b>4,595</b>	<b>147</b>	<b>26,985</b>
<b>At 31 March 2016</b>	<b>22,755</b>	<b>121</b>	<b>5,050</b>	<b>313</b>	<b>28,239</b>
<b>THE ASSOCIATION</b>					
COST	£'000	£'000	£'000	£'000	£'000
At 1 April 2016	28,362	1,074	11,815	972	42,223
Transfers	-	-	-	-	0
Additions	89	-	1,247	-	1,336
Disposals	(5)	-	-	(276)	(281)
<b>At 31 March 2017</b>	<b>28,446</b>	<b>1,074</b>	<b>13,062</b>	<b>696</b>	<b>43,278</b>
DEPRECIATION					
At 1 April 2016	5,607	953	6,898	676	14,134
Charge for the year	689	30	1,673	119	2,511
Eliminated on disposals	(2)	-	-	(235)	(237)
<b>At 31 March 2017</b>	<b>6,294</b>	<b>983</b>	<b>8,571</b>	<b>560</b>	<b>16,408</b>
NET BOOK VALUES					
<b>At 31 March 2017</b>	<b>22,152</b>	<b>91</b>	<b>4,491</b>	<b>136</b>	<b>26,870</b>
<b>At 31 March 2016</b>	<b>22,755</b>	<b>121</b>	<b>4,917</b>	<b>296</b>	<b>28,089</b>

## Notes to the financial statements (continued)

Depreciation rates are as follows:

Freehold property	2% - 10% per annum (see note 3(e))
Leasehold property	Over the period of the leases or useful economic life if shorter.
Furniture, fittings and equipment including software	10% - 33.3% per annum
Motor vehicles	20% per annum

## 11. INVESTMENT IN SUBSIDIARY COMPANIES

	2017	2016
	£'000	£'000
<b>COST OF SHARES</b>		
Balance at 1 April 2016 and 31 March 2017	502	502
Additions	-	-
<b>Provision for diminution in value</b>		
Balance at 1 April 2016 and 31 March 2017	(2)	(2)
<b>Net investment in subsidiaries</b>	<b>500</b>	<b>500</b>

The Association owns 100% of the following unlisted companies:

	Country of incorporation	Issued share capital
Scout Shops Limited	England	£200,000
Scout Insurance Services Limited	England	£100,000
Scout Insurance (Guernsey) Limited	Guernsey	£100,000
Scout Services Limited	England	£100
World Scout Shop Limited	England	£100,000
Unity Insurance Services Limited (dormant)	England	£1

The Directors of Scout Shops Limited, World Scout Shop Limited, Scout Services Limited and Scout Insurance Services Limited have agreed to donate their taxable profits to the Association.

The Directors of Scout Insurance (Guernsey) Limited declared an interim dividend of £2,300,000 for the year ended 31 March 2017 (2016: £475,000) that was paid to the Association in November 2016.

The summarised profit and loss accounts for the active trading subsidiary companies are shown below:

The principle activities of each subsidiary is as follows:

Scout Shops Limited	Sale and distribution of merchandise
Scout Insurance Services Limited	Insurance broker
Scout Insurance (Guernsey) Limited	Insurance company
Scout Services Limited	Sponsorship and marketing services for The Scout Association and other commercial activities
World Scout Shop Limited	Sale and distribution of World Scout Organisation branded merchandise

## Notes to the financial statements (continued)

### Investment in subsidiaries

						2017	2016
	Scout Shops Limited	World Scout Shop Limited	Scout Insurance (Guernsey) Limited	Scout Services Limited	Scout Insurance Services Limited	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Trading income	7,945	361	2,131	4,426	1,609	<b>16,472</b>	16,472
Cost of sales	(3,699)	(173)	(1,920)	(2,837)	-	<b>(8,629)</b>	(8,489)
Gross profit	4,246	188	211	1,589	1,609	<b>7,843</b>	7,983
Other income	506	44	60	27	1	<b>638</b>	548
Other costs and expenses	(1,726)	(78)	(89)	(402)	(1,035)	<b>(3,330)</b>	(3,755)
Surplus before and after taxation	3,026	154	182	1,214	575	<b>5,151</b>	4,776
Taxation	-	-	-	-	-	-	-
Dividend/donation to the Association	(3,026)	(154)	(2,300)	(1,214)	(584)	<b>(7,278)</b>	(4,969)
Net surplus	-	-	(2,118)	-	(9)	<b>(2,127)</b>	(193)
<b>Retained surplus (deficit)</b>	-	-	<b>(2,118)</b>	-	<b>(9)</b>	<b>(2,127)</b>	<b>(193)</b>
<b>SHAREHOLDERS' FUNDS</b>							
Share capital	200	100	100	-	100	<b>500</b>	500
<b>Reserves</b>	57	-	1,824	-	27	<b>1,908</b>	4,022
	<b>257</b>	<b>100</b>	<b>1,924</b>	-	<b>127</b>	<b>2,408</b>	<b>4,522</b>

## 12. FIXED ASSET INVESTMENTS

### Quoted investments

	Consolidated		The Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Market value at 1 April 2016	18,997	25,101	10,296	17,248
Less: Disposals at opening cost	(4,739)	(10,328)	(3,039)	(10,328)
Add: Acquisitions at cost	1,993	3,984	1,992	3,136
Net (loss)/gain on revaluation at 31 March	759	240	759	240
Market value at 31 March 2017	<b>17,010</b>	<b>18,997</b>	<b>10,008</b>	<b>10,296</b>
Historical cost at 31 March 2017	<b>16,243</b>	<b>18,717</b>	<b>9,243</b>	<b>10,016</b>

The Association paid investment management fees and commission charges to Cazenove Capital Management during the year. These amounted to £34,201 (2016: £54,889).

## 13. STOCKS

	Consolidated		The Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
<b>Goods for resale</b>	<b>715</b>	683	<b>173</b>	132

## 14. DEBTORS

	Consolidated		The Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Trade debtors	2,889	2,733	589	888
Amounts owed by subsidiaries	-	-	4,295	3,143
Other debtors	3,176	2,333	2,558	2,308
Debtors within one year	6,065	5,066	7,442	6,339
Other debtors due between 2018 and 2024	1,280	1,536	1,280	1,536
	<b>7,345</b>	<b>6,602</b>	<b>8,722</b>	<b>7,875</b>

Other debtors due between 2018 and 2024 comprises £1,280,000 (2016: £1,536,000) loans to Scout Groups

## 15. CREDITORS

	Consolidated		The Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year:</b>				
Deposits by Scout Groups in the Short Term Investment Service	13,977	13,498	13,977	13,498
Trade creditors	3,191	4,210	461	881
Amounts owed to subsidiaries	-	-	680	783
Other creditors	8,963	7,523	3,252	2,528
	<b>26,131</b>	<b>25,231</b>	<b>18,370</b>	<b>17,690</b>

**Amounts falling due after more than one year:**

Insurance technical reserve	<b>1,660</b>	<b>1,235</b>	-	-
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The insurance technical reserve is a provision made in the financial statements of Scout Insurance (Guernsey) Limited against future claims. Under the terms of Financial Reporting Standard 102, this amount should not be treated as a provision by a non-insurance entity. The Trustees consider that, in order to give a true and fair view, it is necessary for the Association to show this under long-term creditors following the view taken by the directors of Scout Insurance (Guernsey) Limited.

If this treatment had not been adopted, income for the year would have increased by £425,000 (2016: decreased by £186,000) and reserves would have been increased by £1,660,000 (2016: £1,235,000).

## 16. FUND BALANCES

**(a) Unrestricted funds**

	Consolidated		The Association	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
General reserves before pension reserve	13,359	10,509	13,359	10,675
Pension reserve	(11,786)	(10,032)	(11,786)	(10,032)
General reserves	1,573	477	1,573	643
Designated	31,140	32,752	31,140	32,752
Non-charitable trading	1,908	4,022	-	-
<b>Unrestricted funds</b>	<b>34,621</b>	<b>37,251</b>	<b>32,713</b>	<b>33,395</b>
Restricted Funds	3,407	3,064	3,407	3,064
Endowment Funds	1,331	1,240	1,331	1,240
	<b>39,359</b>	<b>41,555</b>	<b>37,451</b>	<b>37,699</b>

**(b) Designated funds - Consolidated and the Association**

	Balance 1 April 2016 £'000	Transfer (to)/ from general and restricted funds £'000	Net (expenditure) in the year £'000	Balance 31 March 2017 £'000
Fixed assets	31,641	-	(1,218)	30,423
World Scout events	282	-	(1)	281
National Activity Centres	-	-	-	-
Future growth fund	680	(150)	(243)	287
Gilwell buildings	149	-	-	149
<b>Total</b>	<b>32,752</b>	<b>(150)</b>	<b>(1,462)</b>	<b>31,140</b>

The Fixed Asset Fund is set aside to match the amount invested by the Association in intangible and tangible fixed assets as this is not available to be used for revenue expenditure.

The World Scout Events Fund provides support to members attending World Scouting events such as future World Jamborees, the World Moot and the World Scout Conference.

The National Activity Centres Fund was established from the receipts from the sale of certain sites, under the National Campsite Strategy. The fund is being applied towards improvements at the National Activity Centres, other than Gilwell Park.

The Future Growth Fund is administered by the Development Grants Board and is used to finance a variety of projects relating to the medium/long-term growth of Scouting. This involved the transfer of £150,000 to other funds administered by The Scout Association which conduct development projects.

The Gilwell Buildings Fund is set aside to fund the development of Gilwell Park.

**(c) Restricted funds - consolidated and the Association**

Restricted funds include income received by and paid from the Short Term Investment Service and 37 (2016: 37) funds administered by the Association.

	Balance 1 April 2016	Income	Expenditure	Net Transfers	Investment revaluation	Balance 31 March 2017
	£'000	£'000	£'000	£'000	£'000	£'000
King George VI Leadership Fund	741	27	(30)	-	58	<b>796</b>
International Friendship Fund	252	13	(46)	-	29	<b>248</b>
International Lodge Fund	-	-	-	-	-	-
Benevolent Fund	139	8	(15)	26	15	<b>173</b>
Cornwell	173	5	(3)	-	11	<b>186</b>
Gilwell Development	154	38	(44)	-	-	<b>148</b>
Local Development Fund	263	263	(198)	-	-	<b>328</b>
Youth United Fund	441	-	(441)	-	-	-
All other funds (29)	901	1,267	(690)	20	30	<b>1,528</b>
<b>Consolidated</b>	<b>3,064</b>	<b>1,621</b>	<b>(1,467)</b>	<b>46</b>	<b>143</b>	<b>3,407</b>

Funding from the Youth United Foundation supported a social inclusion programme initiative in several deprived areas of the country in partnership with local Scouting.

Further details on the types of funds and applying for grants from the funds can be found at [scouts.org.uk/grants](https://scouts.org.uk/grants)

**(d) Endowment funds - Consolidated and the Association**

Endowment funds include the 1914 Endowment Fund and 6 (2016: 6) other funds administered by the Association. Income from the 1914 Endowment Fund and two other funds is unrestricted and passed to General Funds, income from one fund is restricted, and income from the remaining fund is passed to an external Scouting beneficiary.

	Balance 1 April 2016	Income	Expenditure	Investment revaluation	Balance 31 March 2017
	£'000	£'000	£'000	£'000	£'000
1914 Endowment	935	-	-	72	<b>1,007</b>
All other funds	305	1	-	18	<b>324</b>
<b>Consolidated</b>	<b>1,240</b>	<b>1</b>	<b>-</b>	<b>90</b>	<b>1,331</b>

**(e) Analysis of net assets between funds**

	Unrestricted	Restricted	Endowment	Total
<b>Fund balances at 31 March 2017 are represented by:</b>				
	£'000	£'000	£'000	£'000
Intangible fixed assets	43	-	-	43
Tangible fixed assets	30,538	-	-	30,538
Investments	15,151	14,344	1,331	30,826
Current assets	14,956	2,673	-	17,629
Current liabilities	(12,621)	(13,610)	-	(26,231)
Long term liabilities	(1,660)	-	-	(1,660)
Pension liability	(11,786)	-	-	(11,786)
	<b>34,621</b>	<b>3,407</b>	<b>1,331</b>	<b>39,359</b>

## 17. OTHER FINANCIAL COMMITMENTS

	2017	2016
	£k	£k
At 31 March 2017, the Group had the following minimum lease prepayments under non-cancellable operating leases:		
Within one year	171	70
Between three and five years	163	76
<b>Total</b>	<b>334</b>	<b>146</b>

## 18. CONTINGENT LIABILITY

The Scout Association offers unique experiences to 6-to 25-year-olds in order to help them achieve their highest potential. Putting young people first is clearly a key objective that underpins everything we do. It has always been the policy of the Scout Association to ensure that young people are protected from harm and has been at the forefront of developing safeguarding education, procedures and processes. However, the nature of this work could give rise to potential claims against The Scout Association.

## 19. RELATED PARTY TRANSACTIONS

During the year 19 (2016: 15) Trustees were reimbursed for their out of pocket expenses, such as travel and subsistence incurred attending meetings and carrying out their duties. See Note 6 in regards to trustee remuneration.

Transactions with the pension fund were an annual payment towards the deficit in according to the agreed deficit reduction plan £600,000 and a further £289,000 in relation to current employees.

Transactions with subsidiaries:

Entity	Sales made by TSA to related party	Management charges to related party	Purchases from related party	Amounts due from related part at 31 March 2017	Amounts due to related party at 31 March 2017
Scout Shops Ltd	-	85	420	1,432	275
World Scout Shop Ltd	-	-	-	153	-
Scout Services Ltd	262	370	385	2,039	-
Scout Insurance Services Ltd	-	73	-	671	-
Scout Insurance (Guernsey) Ltd	-	-	825	-	405



14,000  
Scouts have  
trained  
to be a  
Dementia  
Friend.



## Independent auditor's report to the Trustees of The Scout Association

We have audited the financial statements of The Scout Association for the year ended 31 March 2017 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charity Balance Sheets, the Consolidated and Parent Charity's Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's Trustees, as a body, in accordance with the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's 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 charity and the charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of Trustees and Auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under section 144 of the Charities Act 2011 and report in accordance with regulations made under those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at [frc.org.uk/auditscopeukprivate](http://frc.org.uk/auditscopeukprivate).

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 March 2017 and of the group's incoming resources and application of resources for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements
- proper and sufficient accounting records have not been kept
- the parent charity financial statements are not in agreement with the accounting records or returns
- we have not received all the information and explanations we require for our audit.



### Don Bawtree

(Senior Statutory Auditor)  
For and on behalf of BDO LLP  
Gatwick  
United Kingdom

Date: 18 July 2017

BDO LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



# OUR MEMBERS

Census results for the year ended 31 March 2017

			2017	2016
	Male	Female	Total	Total
<b>YOUTH MEMBERSHIP</b>				
Beaver Scouts	105,303	22,921	128,224	125,931
Cub Scouts	128,145	29,849	157,994	156,016
Scouts	96,260	30,916	127,176	125,853
Explorer Scouts	30,138	13,611	43,749	44,349
<b>Youth members (under 18)</b>	<b>359,846</b>	<b>97,297</b>	<b>457,143</b>	<b>452,149</b>
Network members	4,852	2,692	7,544	5,389
<b>TOTAL YOUTH MEMBERSHIP</b>	<b>364,698</b>	<b>99,989</b>	<b>464,687</b>	<b>457,538</b>
<b>LEADERSHIP</b>				
Section Leaders	36,886	29,570	66,456	61,283
Sectional Assistants and Skills Instructors	8,515	8,106	16,621	17,176
Group Scout Leaders	4,870	2,401	7,271	6,657
District Skills Instructors	637	182	819	810
District Advisers	428	186	614	376
District Scouters	643	520	1,163	1,051
District Commissioners	1,743	955	2,698	2,463
County Skills Instructors	374	115	489	398
County Advisers	336	140	476	454
County Scouters	136	85	221	280
County Commissioners	461	207	668	613
<b>TOTAL LEADERSHIP</b>	<b>55,029</b>	<b>42,467</b>	<b>97,496</b>	<b>91,561</b>
<b>ORGANISATIONAL SUPPORT</b>				
District Administrators	533	557	1,090	1,555
District Office Bearers	1,005	643	1,648	1,680
County Administrators	106	111	217	214
County Office Bearers	167	66	233	238
Active support	6,863	4,963	11,826	9,306
Individual members and associate members	20,838	20,653	41,491	11,884
<b>TOTAL ORGANISATIONAL SUPPORT</b>	<b>29,512</b>	<b>26,993</b>	<b>56,505</b>	<b>24,877</b>
<b>TOTAL MEMBERSHIP</b>	<b>449,239</b>	<b>169,449</b>	<b>618,688</b>	<b>573,976</b>
Members	444,287	163,476	607,763	570,156
Associate Members	4,952	5,973	10,925	3,820

Total membership due to pay the Headquarters membership subscription	<b>457143</b>	<b>452149</b>
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# HOW WE OPERATE

The Scout Association exists by authority of a Royal Charter granted by King George V in 1912 and supplemented by further Charters granted by King George VI and Queen Elizabeth II. These Charters give authority to the Bye Laws of the Association, which are approved by Her Majesty's Privy Council. The Bye Laws, in turn, authorise the making of rules for the regulation of the Association's affairs. The rules are laid out in the Association's Policy, Organisation and Rules'.

This report and accounts cover the activities directly controlled by the Association - charity numbers 306101 (England and Wales) and SCO38437 (Scotland). This includes its five wholly owned subsidiary companies – Scout Shops Limited, Scout Insurance Services Limited, Scout Insurance (Guernsey) Limited, Scout Services Limited and World Scout Shop Limited (see note 11 on page 49 to the accounts for further information on these companies).

The activities of the Scout Councils of Northern Ireland, Scotland and Wales together with Scout Counties, Areas, Regions (Scotland), Districts and Groups are not reflected in this report and accounts. These bodies are autonomous charities affiliated to the Association which together form the Scouting Movement in the United Kingdom.

## The Board of Trustees

The management of the Association's business is vested in the Board of Trustees.

The Board has 20 members:

- 12 members nominated and elected by the Council of The Scout Association at the AGM: nine elected members and three elected youth members
- five members appointed by the Council at the AGM on the recommendation of the Board: the Chair of the Board, the Treasurer and up to three others
- three Ex-Officio Members (the Chief Executive, UK Chief Commissioner and the UK Youth Commissioner).

We provide induction for all new Trustees and all Trustees take part in further training and development opportunities throughout the year. These include in particular a training and development session before each Board meeting which focuses on one or more areas material to the Association's business.

During the last year the following areas have been explored by the Trustees:

- safeguarding
- risk management
- theory of change
- beyond 2018 strategic planning

The Board's responsibility includes policy making and oversight of risk management. It delegates the day to day management of the Association to the Chief Executive and UK Chief Commissioner, who work in partnership with the UK Chief Commissioner's team, the UK Youth Commissioner and her team and the Senior Leadership Team. The Board also delegates certain functions to the five Committees which report to it (Operations; Finance; Staffing, Salary and Remuneration; Nominations and Governance; and Risk). The Board appoints Trustees to serve on these Committees annually, with the Committee Chair having a three-year term, subject to performance and their continuation as a Trustee. The Board met four times during 2016/7. Most of the Committees met quarterly.

The Chair of the Board convenes a meeting of the Chair's Consultative Group before each Board meeting. The Group consists of the Committee Chairs, the UK Chief Commissioner, UK Youth Commissioner and the Senior Leadership Team. It considers matters that impact on all the Committees – especially matters to be discussed at Board meetings.

## Policies and rules

The Association has a comprehensive set of policies and rules applicable to the Movement, which are regularly monitored and reviewed by senior volunteers, senior management and staff employed across the UK. We are committed to providing the best possible experience for everyone in Scouting, whether they are young people or adult volunteers. To help us achieve this, we work to a number of key policies through which we can make sure that Scouting continues to develop in a way that is safe, accessible and free from discrimination.

Our key policies include:

- anti-bullying policy
- development policy
- religious policy
- child protection policy
- equal opportunities policy.

## Risk management

A comprehensive risk management process is operated by The Scout Association and its subsidiaries in order to ensure that appropriate steps are taken to manage and mitigate organisational, reputational, operational and financial risks. This is overseen and monitored by the Risk Committee on behalf of the Board.

The process involves the identification and grouping of the risks we face, evaluating them in terms of their potential impact and likelihood to occur, identifying means whereby the risks can be mitigated, managed and assigned responsibility

for their management to members of the Senior Leadership Team and Chair of the Board's reporting committees, as well as the Boards of its subsidiaries. It is recognised that the nature of our work requires active acceptance and management of some risks in undertaking activities in order to achieve our charitable objectives.

The Board regularly reviews its major risks. The safety and safeguarding of young people involved in Scouting are our highest priorities.

Other major risks include:

- a decline in youth membership
- insufficient number of adults
- digital, cyber security, data protection and IT project implementation, (eg collection of youth data), fails to deliver on time, to budget or demonstrate expected benefits
- pension scheme deficit liabilities increasing faster than the agreed recovery plan and investment performance.

In all cases, the above risks are either being mitigated or controlled.

During the year, the risk register has been used regularly to enable trustees and managers to respond to risk in a structured and robust fashion. The register was revised and approved by the Board, with more detailed work now underway to ensure mitigants are robust. This work will continue into 2017/18. The risk management framework continues to evolve and Trustees have attended a risk awareness workshop during the year. The roll out of the Risk Management Framework to Counties is complete except for one region. This provides guidance on Risk Management to local Executive Committees based on guidance from the Charity Commission. The next year's focus will be on supporting the Counties.

## Fundraising: Our Approach

'Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fundraising as 'soliciting or otherwise procuring money or other property for charitable purposes.' Such amounts receivable are presented in our accounts as 'voluntary income' and includes legacies and grants.

In relation to the above, we confirm that all solicitations are managed internally, without involvement of commercial participators or external professional fundraisers, or third parties. The day to day management of all income generation is delegated to the Executive Team, who are accountable to the Board of Trustees.

The Charity is a member of the Institute of Fundraising and the Fundraising Regulator and complies with the relevant codes of practice and all relevant legislation.

We have received no complaints in relation to fundraising activities. Our terms of employment require staff to behave reasonably at all times. In their contact with donors. No-one should be pressured into donating, and we don't contact anyone if we know they don't want us to. We take our supporters' requests and the protection of their personal data very seriously. All of our supporters can choose to opt-out of our communications at any time, and we never swap or sell their data.

## Governance structure and Board membership – 1 April 2016 to 31 March 2017

### **FOUNDER**

Robert Baden-Powell, OM,  
First Baron Baden-Powell of Gilwell

### **PATRON**

Her Majesty The Queen

### **PRESIDENT**

His Royal Highness The Duke of Kent,  
KG, GCMG, GCVO

### **VICE PRESIDENTS**

The Rt. Hon. The Earl of Airlie,  
KT, GCVO, PC

Lord Baden-Powell

John Beresford, CBE

Wayne Bulpitt

Peter Duncan

Sir William Gladstone, 7th Baronet,  
KG, JP, DL

George Purdy, CBE

### **CHIEF SCOUT**

Lt Cdr (Hon) Bear Grylls RN

## The Board of Trustees

The percentages indicate the number of eligible Board meetings each member attended.

- 1= Finance Committee Member
- 2= Operations Committee Member
- 3= Nominations and Governance Committee Member
- 4= Staffing, Salary and Remuneration Committee Member
- 5= Risk Committee Member

### Trustees (voting)

Gordon Boyd,  
Treasurer (100%) 1, 4

Wayne Bulpitt,  
UK Chief Commissioner and Deputy  
Chief Scout (100%) 2, 3  
(to September 2016)

Jack Bullon (100%) 3  
(from September 2016)

Sally Cantello (100%) 4  
(to September 2016)

Byron Chatburn (100%) 2

Frances Craven (100%) 2  
(from September 2016)

Gareth Davies (100%) 1

Fiona Durrant (75%) 2

Nicola Gamlen (100%) 1,3

Nigel Hailey (100%) 2

Stuart Howells (100%) 5

Liz Jack (100%) 5

John Kennedy (100%) 1, 3

Hannah Kentish (100%) 2,3  
UK Youth Commissioner

Colin Lammey (75%) 2

Dr Ann Limb CBE DL,  
Chair of the Board (100%) 3

Kieron Moir (75%) 3

Jake Myatt (100) 1  
(to September 2016)

Ashley Russell (100%) 2

Lexie Sims (75%) 3,4

Jane Simpson (75%) 2,5

Tim Kidd (100%) 2,3  
UK Chief Commissioner

Matt Hyde,  
Chief Executive (100%) 3

### Right of attendance (non-voting)

The Chief Scout, the Deputy Chief  
Scout, the International Commissioner,  
any Country/Regional/County/Area  
Commissioner or Chair and Chief  
Commissioners

### Invited to attend (non-voting)

David Hamilton  
Director of Communications

Mark Hislop  
Director of Commercial Services

Ross Maloney  
Director of Scouting Operations 2

Deirdre Robertson  
Interim Chief Financial Officer (from  
August 2016 to January 2017) 1

Yvonne Smithers  
Chief Financial Officer and  
Company Secretary (from March 2017) 1

In addition to its trustee members as indicated above, each Board Committee, except the Nominations and Governance Committee, has one or more non-trustee members appointed for their specialist skills and at least one member who is under the age of 25 years.

## Our advisors

### Auditors:

BDO LLP  
2nd Floor, 2 City Place  
Beehive Ring Road  
Gatwick  
West Sussex RH6 0PA

### Bankers:

Barclays Bank plc  
1 Churchill Place  
London E14 5HP

### Investment managers:

Cazenove Capital Management  
12 Moorgate  
London EC2R 6DA

### Pension advisers:

Barnett Waddingham  
Port of Liverpool Building,  
Pier Head  
Liverpool L3 1BW

### Solicitors:

Bates Wells Braithwaite  
10 Queen Street Place  
London EC4R 1BE

Kennedys  
25 Fenchurch Avenue  
London EC3M 5AD

## Our thanks

The Association would like to thank all our volunteers and supporters for their commitment and contributions over the last year. Special thanks go to those mentioned here.

### **Fundraising**

With thanks to our valued partners  
BEAR Nibbles (Urban Fresh Foods Ltd)  
British Army  
Cotswold Outdoor  
CrossCountry Trains  
Halfords  
Heathrow Airport  
Hobbycraft  
GO Outdoors  
Institution of Engineering and Technology  
KidZania  
Kingswood – Inspiring Learning  
Macmillan Publishers  
Merlin Entertainments  
National Express  
ODEON  
Pets at Home  
RAC  
Royal Air Force  
Rolls-Royce  
Royal Navy  
Shanly Foundation  
Swimming Teachers Association (STA)  
Tesco  
UK Space Agency  
Victorinox (UK)  
Virgin Money Giving  
Vodafone  
What Uni  
Wrap  
Zoological Society of London (ZSL)

Gifts in Kind (GIK) and pro bono support go a long way towards supporting our aims and objectives and directly benefitting the Movement.

The total value of GIK for 2016/17 is **£396,517** and includes gifts such as valuable training, building development, resources and facilities for which we are all enormously grateful.

### **Life Friends and Supporters of Gilwell Park**

International Volunteer Lodge  
The Jack Petchey Foundation  
The Heathcote Family

### **Appreciation goes to all our valued Funders:**

The Alpkitt Foundation  
The Blagrave Trust  
The Department of Education  
The Eric Frank Trust  
The Four Acre Trust  
John Lyon's Charity  
London Gang Show Fellowship  
The Masonic Charitable Foundation  
Pears Foundation  
The Royal Institute of Chartered Surveyors  
The Royal Navy  
Trinity House  
The Worshipful Company of Shipwrights  
Youth United Foundation (YUF)

### **Scout ambassadors**

Anita Rani  
Chris Evans  
Ed Stafford  
Ellie Simmonds OBE  
Helen Glover MBE  
Julia Bradbury  
Megan Hine  
Steve Backshall

A special thank you to UK Scout Fellow,  
Richard Harpin.

'EVERY CHILD  
HAS THE RIGHT TO  
AN ADVENTURE.  
LIFE IS ABOUT GRABBING  
OPPORTUNITIES.  
THE PRIZES DON'T  
ALWAYS GO TO  
THE BIGGEST,  
THE BEST  
AND THE STRONGEST...  
THEY GO TO THOSE  
WHO PERSEVERE.  
THESE ARE SIMPLE LIFE  
SKILLS THAT SCOUTING  
TEACHES.'  
- BEAR GRYLLS

Company number: RC 000547

Registered charity numbers: 306101 (England and Wales) and SC038437 (Scotland)