

Company no 1792921  
Charity no 515060

**LOCAL SOLUTIONS**

ANNUAL REPORT  
AND  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2007

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# LOCAL SOLUTIONS

## REPORT OF THE TRUSTEES

For the year ended 31 March 2007

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#### LEGAL AND ADMINISTRATIVE DETAILS

Local Solutions is a Company Limited by Guarantee and a registered charity governed by its Memorandum and Articles of Association. The directors of the charity are its Trustees for the purposes of charity law and throughout this report are collectively referred to as the Trustees.

Company registration number: 1792921

Charity registration number 515060

Registered office: Mount Vernon Green  
Hall Lane  
Liverpool  
L7 8TF

Directors and Trustees:

Rev Steven Brookes	
J Ross Duggan	- Vice Chairman (to13.3.07)
Mumin Khan	
A T Robert Macfarlane	- Treasurer
David A Mathieson	- Chairman to 18 January 2007
Shelagh McGrath	
Robert T H Owen	- Chairman from 19 January 2007
Geoffrey Russell	- Vice Chairman
Neil Scales	
Richard M White	
Barbara H Wood	- Vice Chairman

Chief Executive: Stephen Hawkins

Company Secretary: Malcolm Pearson

Bankers: National Westminster Bank plc  
22 Castle Street  
Liverpool  
L69 2BE

Solicitors:

Brabners Chaffe Street	Mace & Jones
1 Dale Street	Drury House
Liverpool	19 Water Street
L2 2ET	Liverpool
	L2 ORP

Auditor: Grant Thornton UK LLP  
1st Floor  
Royal Liver Building  
Liverpool  
L3 1PS

Email: info@localsolutions.org.uk  
Website: www.localsolutions.org.uk

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The Trustees (who are directors of the charity for the purposes of the Companies Act 1985) present their report together with the financial statements for the year ended 31 March 2007.

#### **Structure, governance and management**

The reporting period has been a time of considerable change in the structure, governance and management of Local Solutions.

The Lord Lieutenant of Merseyside, Alan Waterworth, retired from his position in September 2006. In this role he was also the President of Local Solutions. The organisation was delighted that the new Lord Lieutenant, Dame Lorna Muirhead, was willing to fulfil the role of Local Solutions President. Dame Lorna visited the organisation in December 2006 and met with Trustees, staff, volunteers and service users.

David Mathieson, the Local Solutions Chairman, retired from the position in January 2007. David had served as Chairman for seven years and had guided the organisation through a period of significant change and growth. We would like to place on record our sincere thanks to David for his experience, generosity and invaluable contribution to Local Solutions. We are delighted that David has agreed to stay on as a Trustee and welcome his continued involvement.

The Trustees, who are directors for the purpose of company law and Trustees for the purpose of charity law, are listed in the legal and administrative details on page 1. One third of the Trustees retire each year and they may stand for re-election. Their election is determined by the membership of the company that comprises a mixture of organisations and individuals.

The Board of Trustees meets six times a year. Between meetings items that need to be brought to the attention of the Trustees are referred to the Chairman or Treasurer for appropriate action. Sub-committees or working parties are formed from time to time to address specific matters with terms of reference agreed by the Board. Within the Board there is a wide range of expertise and experience available.

A Chief Executive is appointed by the Trustees to manage the day-to-day operations of the organisation. The Chief Executive is supported by the management team and the organisation has a comprehensive set of policies and procedures in place in relation to finance, operations, human resources and health and safety. Performance is regularly reviewed and reports received by the Board of Trustees.

Following a comprehensive recruitment process Stephen Hawkins was appointed as the new Chief Executive and took up the post on 29 May 2006. Stephen had previously been an Assistant Chief Executive. During this period of change, the other Assistant Chief Executive, Pat Devlin, took her planned early retirement. Pat had served the company since 1989. We would like to place on record the thanks of the Trustees for her considerable contribution to the development of the organisation.

Following these significant changes within the executive management, the new Chief Executive carried out a review of the senior management structure and personnel. The review led to the implementation of a new flat structure with a team of eight senior managers. These changes were concurrent with a reorganisation of the service delivery areas. Some significant changes were made to line and senior management responsibility and projects that had a greater natural fit in terms of service users, delivery objectives or funding sources were brought together. Due to financial considerations some service areas were amalgamated and rationalised.

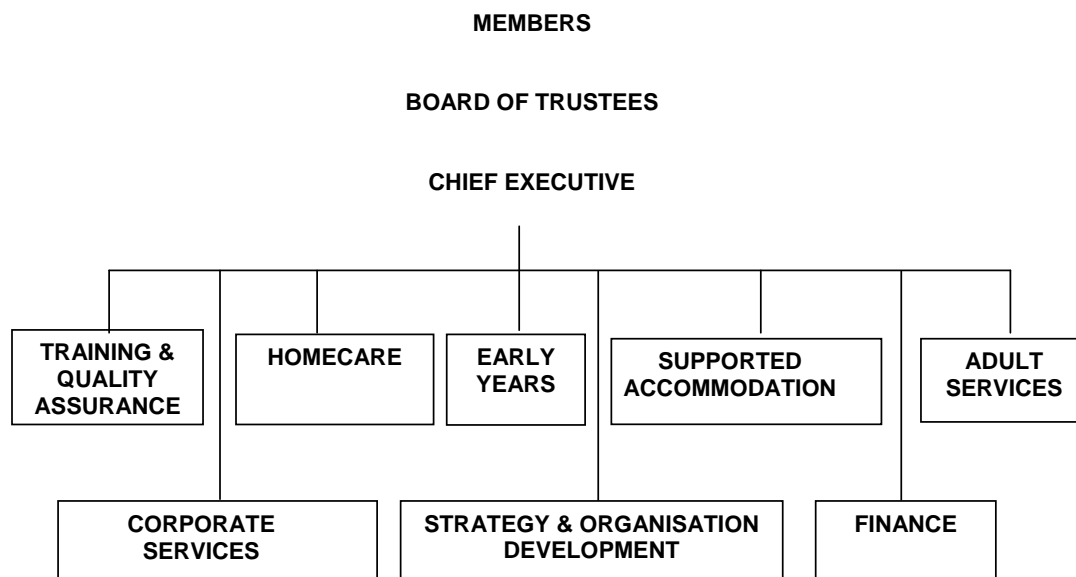
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The following chart represents the organisation's new structure:



#### Risk management

The Trustees are aware of their responsibilities regarding risk management and keep major strategic, business and operational risks under review. They are confident there is a positive and proactive attitude towards risk management throughout the organisation.

There is a detailed Risk Register in place that is reviewed regularly by both the Trustees and the managers. At their annual review of the register during the year, the Trustees noted particularly the additional risks associated with the increased usage and reliance on Information Technology systems. There was also greater consciousness in relation to the potential negative effects that an unsatisfactory outcome on one of the many official inspections that the organisation undergoes (such as Ofsted or the Commission for Social Care) may have on the organisation's reputation.

The charity uses various financial instruments; these include cash and various items such as operating debtors and operating creditors that arise directly from its charitable operations. The main purpose of these financial instruments is to raise finance for the charity's operations.

The existence of these financial instruments exposes the charity to a number of financial risks, which are described in more detail below.

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The main risks arising from the charity's financial instruments are credit risk and liquidity risk. The Trustees review and agree policies for managing each of these risks. These policies have remained unchanged from previous years.

The organisation seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The charity's principal financial assets are cash and operating debtors. The credit risk associated with cash is limited as the charity manages its Treasury function within funding limits and has access to an overdraft facility. The principle credit risk arises therefore from its operating debtors.

In order to manage credit risk the trustees set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

It was noted that there had been improvements in the risks associated with cash flow from the previous reporting period.

We are conscious that the register is a living document and that as circumstances change we need constantly to be reviewing our control systems throughout the organisation.

#### **Trustees**

The Trustees, who served on the Board throughout the year unless otherwise stated, are listed on page 1.

The Trustees seek to ensure that within their number they have an appropriate range of relevant expertise and, should a gap be identified, seek to make an appropriate appointment.

New Trustees visit the office so they can receive a full briefing on the organisation, meet staff and see some of the work we undertake. They are also encouraged to visit off-site operations. They are kept up to date with developments within the organisation through the Trustee Meeting papers, newsletters and other communications and visits.

#### **Objectives and activities**

The objects of the organisation are set out in the Memorandum and Articles of Association. The main areas of activity are the promotion of charitable purposes in the fields of education, social welfare and recreation.

In 2006/7 we took on an exercise to review our organisational 'essence' – the way in which we describe ourselves. It was decided that Local Solutions would describe itself as a social enterprise. Local Solutions is a complex and diverse organisation and it is naturally difficult to determine a single description that encapsulates the work that we do. However our spirit, history and activity could be best described through the phrase 'social enterprise'.

The review also included a timely revisiting and re-evaluating of our statements of Vision, Mission and Values. It was decided that some changes were required to update these statements and ensure that they truly reflected the work and ethos of Local Solutions and took into account our aspirations and ambitions for the future. These changes are outlined below:

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**Local Solutions is a unique and dynamic social enterprise that improves the quality of people's lives.**

#### Our Vision:

- A society where all people can make a positive contribution, try new experiences, lead fulfilled lives and unlock their potential.
- A society where all people can live in dignity; feel safe and secure, free from fear, intolerance, poverty and oppression.
- A society where we value, respect and celebrate our differences whilst understanding our individual rights and responsibilities.

#### Our Mission:

- To deliver high quality services that are inclusive and accessible;
- To provide a uniquely diverse portfolio of services that reflects the demography and needs of the region;
- To apply innovation, responsiveness and creativity to delivering solutions and developing opportunities;

#### We Value:

- The dignity of every human being;
- The diversity of the services we offer the people of the region;
- Our independence and autonomy;
- Our charitable status and heritage;
- Our ability to take measured risks, to demonstrate an entrepreneurial spirit in order to tackle unsolved problems;
- Our inclusive approach, ensuring access to our services to all members of society;
- Working collaboratively with others;
- Our service users, we will strive to ensure that they receive an excellent service and are fully engaged and consulted;
- All our people – Trustees, staff and volunteers, their talent, contribution and their continuous development.

We achieve our mission by working closely with a wide variety of partners in the public, private and voluntary sectors. Within the public sector our partners include national bodies and local authorities. We seek to be an innovative and responsive organisation.

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The overall surplus for the year was £325k, which resulted in the replacement of reserves which were depleted the previous year. Equally, we were successful in working through a re-structure that has led to greater cohesion and strategic direction and is producing positive outcomes in terms of service delivery and the development of opportunities.

We now look in detail at the various aspects of our activities; these are described within their service area groupings in the new organisational structure:

#### **Strategy and Organisational Development**

Local Solutions has developed a strong ethos of service delivery but it was felt that the organisation would benefit from an increased coherence and enhanced strategic approach to reflect the complex nature of the organisation and the interface with collaborative bodies. There has subsequently been a greater emphasis on strategic planning and the department has been a key driver of significant and positive changes made to the Business Planning and Budgeting cycle. This included increased involvement of the internal departments in the development of the Business Plan and Budget.

During the year Local Solutions has sought to increase its profile within Merseyside. We have been delighted to welcome some high profile visitors who have gained an understanding of the size, scope and ambitions of the organisation. These visits have included the Leader of Liverpool City Council, the Chief Constable of Merseyside, the Archbishop of Liverpool, as well as senior figures from health, social care and criminal justice.

#### **Communications and Fundraising**

The Communications and Fundraising department secured donations and contributions in excess of £359k from a wide range of charitable sources during the reporting period. This funding has allowed us to maintain and enhance specific service areas within the organisation.

Work continued on raising the profile of the diverse programmes within Local Solutions through regular distribution of press releases to local media, which attracted publicity for various initiatives. These included the Merseysport free activities sessions in conjunction with Liverpool's Culture Company, Early Years play schemes and the new Carers Centre at Mount Vernon Green, which was officially opened by Radio Merseyside presenter Roger Phillips.

During the summer, two new members of staff were welcomed to the team; this followed the departure of the previous press and publicity officer and the retirement of a long serving volunteer.

Various promotional materials were produced including leaflets, posters and newsletters that have helped to raise awareness of services. Promotion of our programmes was also enhanced through the company website, which receives over 8,000 visits per month. The team regularly update the site to include news stories and developments. A Virtual Suggestion Box has been added to the website to encourage people visiting the site to provide us with feedback. A new screen has been placed in the reception area of the head office that informs visitors of recent achievements and future events.

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#### Homecare

Homecare is a major contributor to Local Solutions; it is a significant operation working with over 1,400 service users, delivering nearly 700,000 hours of care and approximately one million home visits annually.

The Homecare department produced encouraging results during 2006/07. The operating activity we forecast for the year was exceeded, particularly in the Liverpool and Wirral branches.

The quality of the service has also continued to develop and improve over the past 12 months. This is evidenced by the strong performance of internal and external reports and audits we have experienced. The Commission for Social Care Inspection has awarded the Wirral and Liverpool branches with 3 Star quality rating, the second highest rating achievable.

In addition to growth of existing contracts, we have had some work transferred to Local Solutions from other organisations who were not continuing to deliver domiciliary care services. In such situations staff and service users transfer between agencies. All factors have contributed to the performance of Homecare during 2006/7.

As we stated in the 2006 report, we would pay particular attention to quality of service. The re-structure carried out last year continued to produce benefits in terms of delivering growth and quality. Homecare has strong performance on client satisfaction, an effective methodology for tracking complaints and has achieved good ratings on inspections.

We have continued to develop and enhance our links with Job Centre Plus and the Local Authorities in assisting with the recruitment and training needs of individuals entering into posts in social care.

Throughout the year we held regular service group and carer service group meetings; we also held a number of service user consultation days. These have been a successful way for us to gain feedback on the service we deliver and ensure that there is a culture of continuous quality development.

#### Case Study

*One example of our work is the experience of TP. TP was 18 years old, enjoyed a busy social life, had a good job and had recently become a new mum.*

*One evening whilst she was out with friends, she fell down a set of stairs and was severely injured. She suffered brain injuries and spent the next few years in hospital and rehabilitation. The injuries she experienced meant that she had to use mobility aids including a wheelchair, and had lost all the life skills of a young adult, including walking, feeding and dressing. Her level of communication also suffered and with that she became depressed.*

*Local Solutions has provided 24 hour care and support to TP for approximately 6 years in her own home. We have supported her with all everyday living tasks as well as emotional and cognitive support. Gradually TP's level of independence and personal capabilities showed improvement. Eventually, Local Solutions supported TP to attend college and this has assisted in developing her social skills.*

*With the level of support TP has received from Local Solutions, she has now been able to undertake the parental support of her young child, now 8 years old. Local Solutions*

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*will support TP to spend time with her daughter, initially a few hours per week but gradually increasing the amount of contact time.*

#### **Adult Services**

##### **Carers Support**

The project continued to work in partnership with Liverpool City Council (LCC) in establishing a wide range of support services to carers citywide. This includes the Carers Newsletter, Carers Emergency Card, Information Points, Home from Hospital Support and Mental Health Carers Development Work. The project delivered over 3,000 one-to-one support sessions and received nearly 700 new referrals.

The project secured funding to open the first official Carers Centre in Liverpool. The centre, opened in November 2006, is dedicated to the support of Carers and provides a holistic range of services on a one-stop-shop principle. These include practical sessions of advice and guidance as well as leisure activities including complementary therapies, massage and tea dances.

The project took part in the National Carers Week citywide event at Liverpool Football Club. The highly successful event was well attended by carers and representatives from voluntary and statutory partners.

We have continued to provide support for Carers from Black and Racial Minorities (BRM) with funding for an additional post secured through Big Lottery Funding. This is enabling the project to ensure that it is more inclusive and assisting those from marginalised communities. Additionally with ongoing Liverpool City Council funding we were able to enhance our support to carers of older people and those with a disability.

##### **Mental Health**

We continued to provide support to the Patients Council, which promotes the rights and well being of patients at the MerseyCare NHS Trust's five acute psychiatric wards based within the Broadoak Unit. Our two members of staff co-ordinate patients' concerns and aim to give them a voice in dealing with medical and social care issues in an attempt to improve the quality of their stay on the wards. The Women and Ethnic Minority Worker continued to address the needs of patients in relation to gender specific and ethnic minority issues.

##### **Shopmobility**

Shopmobility provides services for people with mobility restrictions by providing equipment including manual and electric wheelchairs and electric powered scooters. Shopmobility is one of Local Solutions' projects that relies on the commitment and dedication of a team of volunteers to maintain its service provision.

The project, which has nearly 300 members, has developed the concept of a one-stop-shop for service users and continued to deliver a range of initiatives. Shopmobility has continued to benefit from core funding through the 2<sup>nd</sup> year of a grant from Liverpool City Council.

Pedestrian fingerpost signs and increased signage were installed in Liverpool city centre helping people locate the Shopmobility project.

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The Cyber Café is now fully operational with service users being able to use information technology through adapted computers. The service user group meets regularly and has developed its remit to include activities sessions such as arts and crafts sessions and a book club.

The project continues to award 'Shopmobility friendly' stickers to retail establishments to be displayed in the shop window. This ensures that shoppers with a disability know they can enter awarded stores with confidence. This improves access and assists in ensuring that retailers consider their responsibilities to a variety of user groups.

Shopmobility has continued to engage with the BRM community in order to try to promote and encourage the use of the service.

The Shopmobility project continued to have discussions with the Grosvenor 'Liverpool One' project developers, responsible for the new major retail development and regeneration in Liverpool, to discuss viability of being the provider of Shopmobility services within the complex that is anticipated to open in 2008.

#### **Welfare Benefits Advice**

The work of the Welfare Benefits team includes helping people understand the complexity of the benefits system and assists in all stages of the processes. During the year the project dealt with over 2,400 enquiries and participated in 117 appeals. The project continues to have a broad base of clients but delivers a great many services to older people, carers, and those with a disability.

We are delighted to continue our partnership with the Legal Service Commission (LSC) and Liverpool City Council (LCC) in delivering a quality welfare benefits advice service to Liverpool residents. 2006/7 was the second year of a three-year contract with LCC. The LSC awarded an extension to the previous contract prior to revised contracts being negotiated in the next period.

The landmark of £1m income maximisation was secured in January 2007; this work is vital in ensuring that people are receiving the correct benefit entitlement. The additional benefits can make a significant difference in peoples lives, many of whom are marginalised and living in relative poverty.

We continued to provide a range of outreach surgeries within various hospitals and day centres; these are particularly useful for patients whose health condition prevents them from travelling to our headquarters. Additionally, we continued working in BRM communities where a team member with multi lingual skills helps to overcome language barriers and deliver key services.

Our Home Visiting Service is now receiving over 30 enquiries per week from people who are completely housebound; 90% of these are referrals from hospitals, social services or outside support agencies.

#### **Keep Safe and Warm**

As part of the wider re-structure two projects, Target Hardening and Keep Warm went through an amalgamation and there was rationalisation process in order to ensure the continuation of the projects and to maximise their efficiency and effectiveness in being able to deliver services in the future. During the process the two projects moved to new, joint fit-for-purpose premises.

The Target Hardening project that provides security measures to victims of crime and other vulnerable people continued its vital work delivering increased security in 600 properties. The activity

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is commissioned through the Merseyside Police Authority. This includes both proactive work in specific identified communities and responsive work to assist victims of crime and those most vulnerable to feel more secure in their dwellings. Occupants in Liverpool who have been under threat of arson attack due to domestic violence issues, or racial harassment, have been given added protection through specific security measures. This includes homes being equipped with fire bags, which are fitted to the back of a letterbox to absorb any attempts to ignite through pouring in petrol.

The project has been delivering the first year of a new three-year contract with Liverpool City Council to deliver energy conservation measures to mixed tenure dwellings throughout Liverpool. Specific groups are particularly vulnerable to fuel poverty. These include older people, low-income householders, lone parents, disabled people and the unemployed. The project has delivered services in over 2,500 properties.

With the help of two generous donations, the project organised winter survival packs for 25 of their vulnerable clients who do not have the means to heat their homes adequately. The packs contained various essential items to help clients through the critical cold spell in winter. Packs were also donated to eligible clients from the Carers and Shopmobility projects.

Once again the Project participated in the annual Winter Survival Campaign, organised by Liverpool City Council. This year, one of the key events was hosted by Local Solutions at its headquarters.

The project has begun to pilot a new venture, a 'HandyPerson' service. The initiative is based on Local Solutions values of helping marginalised groups by offering low cost, good quality services. The project offers simple repairs, decorating and gardening work by members of a team who are trusted by vulnerable people. The initiative will look to develop and widen the scope of this service in the next period.

#### **Merseysport**

Merseysport has continued to be a popular attraction, increasing awareness of, and participation in, watersports and promoting an active and healthy lifestyle. The fully qualified staff provide tuition in sailing, canoeing and windsurfing to a broad section of the community including disabled people, the unemployed, children from inner city schools and disadvantaged groups. Merseysport recorded nearly 40,000 user hours and has a membership of 400.

During the reporting period and re-structure the Mobex project relocated to Merseysport and began the process of amalgamation under one senior management structure. It is anticipated that this will lead to mutual benefit and ensure that the projects are well placed to expand and diversify their offer to individuals and groups.

Two thousand Liverpool school children participated in free watersports sessions and a series of accredited sailing courses run under the Liverpool Culture Company Sail Training Initiative.

We received funding from the Dulverton Trust for the replacement of ageing equipment including new canoes and dinghies. The project has continued to benefit from funding from both the Peter Harrison Foundation and The Henry Smith Charity.

#### Merseysport Case Study

*MG started to attend Merseysport when he was 10 years old. He was a regular truant from school and was not coping well with the separation of his parents. MG's Local*

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*Education Authority originally provided him with sessions at Merseysport to help him reintegrate into mainstream education. At 14, he used Merseysport for his school work experience and then began to help out as a volunteer every weekend. At 16, MG is now a qualified trainee Level 2 Kayak coach and will be completing his GSCE's this year. Although he is not able to gain a higher coaching grade until he turns 18, MG is keen to continue to volunteer at Merseysport and act as a role model and advocate for young people who use the centre.*

#### **Mobex**

The Mobex project continued to offer outdoor pursuits and experiential learning opportunities for a wide range of groups including those who are disadvantaged or at risk. The project works across a range of activities including climbing, abseiling, canoeing, kayaking, orienteering, hill walking, navigation, mountain biking and team tasks and games.

The project works with agencies to design tailor made courses that play a key role in developing personal and social skills for specific client groups that the project works with including young homeless people, those suffering from mental health problems and pupils excluded from mainstream education.

Mobex has continued to build on its success in developing key partnerships with outside bodies. It has delivered a major project for the Probation Service and the Drug and Alcohol Action Team. Mobex has also benefited from working with Greater Merseyside Connexions in delivering the Positive Activities for Young People and Activity Agreement Pilot programmes.

#### **Supported Accommodation**

The Supported Accommodation service area encompasses both Homeground and the Merseyside Accommodation Project (MAP) and other programmes designed to assist vulnerable people.

Homeground and MAP are now into their 5<sup>th</sup> contractual year under the Supporting People initiative. This national programme addresses the accommodation and support needs of vulnerable people and has consolidated funding for our work in this field.

Homeground has had another successful year; it maintained occupancy levels above 90%. In the reporting period 87 young people were accommodated and supported.

Young people at the MAP and Homeground projects were involved in the development of a short film entitled 'My Voice: Experience of Youth Homelessness on Merseyside'. The young people gave an insight into their experiences outlining how they became homeless initially, how they viewed services available to them and described what they wanted to achieve in the future.

Homeground received funding from CRASH, the construction industry charity to carry out a full survey on the state of the roof at the project. Efforts are underway to obtain funding to carry out remedial work and resolve longer term structural concerns on the roof to ensure the most effective use of the building.

Homeground and MAP continued to provide effective resettlement services. Project workers liaise closely with each young person who is ready for independent living and help to find suitable accommodation; they also ensure relevant networks of support are in place and aim to secure full

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time work, education or training. Ongoing support is provided until it is felt that the young person is capable of living independently. MAP continued to benefit from the grant award from The Henry Smith Charity for the Resettlement work of the project whilst Homeground benefited from an award from the Comino Foundation.

MAP has had a successful year, during which 190 homeless teenagers were accommodated and provided with much needed advice and support. Partnerships have strengthened with all the local authorities, with established centres in Liverpool, Sefton, Wirral and Knowsley, which covers the St. Helens area. Following negotiations the Supporting People contract for St. Helens has been increased, raising the capacity of the project from twelve to thirteen units.

Discussions have continued with Denbighshire Supported Lodgings in order to replicate the MAP initiative within the authority. Accreditation has now been received and will allow Local Solutions to hold a Supporting People contract in Denbighshire. Five householders in Denbighshire have been recruited and the project is anticipated to start with six placements and a small staff team.

The Lord Mayor of Liverpool was present at a celebratory luncheon for MAP in July 2006. The event recognised the 20<sup>th</sup> anniversary of the project and the substantial achievement of assisting and supporting over 17,000 young people across Merseyside. The luncheon was held at Liverpool Town Hall and was attended by civic heads, Local Solutions Trustees, management and MAP householders and clients.

In October 2006 Homeground and MAP were involved in the development of a conference 'Supported Housing and Resettlement: The Way Forward' at the Lace Conference Centre in Liverpool. The conference, organised in conjunction with Liverpool John Moores University and the Comino Foundation, was attended by eighty delegates. Experienced practitioners and policy makers gave a series of presentations describing the national and local perspective. The event also gave delegates an opportunity to share good practice, review research and hear the views from service users.

#### MAP Case Study

*Two weeks before his sixteenth birthday MH was referred to the project as homeless due to a marked breakdown in his family relationships. MH was placed with householders in Liverpool, and he soon settled into his new environment with the support of his key worker at MAP. His main ambition in life is to follow in his Dad's footsteps and join the army as an Irish Guardsman. Now aged seventeen, MH has realised his dream serving on sentry duty at Buckingham Palace with the Irish Guards. At eighteen MH will join his regiment in Iraq and will be involved operationally. MH has re-established a positive relationship with his immediate family.*

#### **Vulnerable Persons Helplines**

We have continued our vital work of providing a service for those affected by bullying and domestic violence through our two free telephone helplines. In the year over 2,500 called our helplines to ask for assistance. The projects also provide direct services and training. Following a period of financial uncertainty there has been a turnaround and the project has appointed a new full time manager and additional staff members.

During the reporting period, the Worst Kept Secret (WKS), established to reduce domestic violence and enhance support for survivors, received 2,200 telephone calls from people seeking help and our

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Bully Busters project, which provides support to children and families affected by bullying, received over 900 calls.

The work to provide additional services and training for women from Black and Racial Minorities and Faith communities continued with funding provided by Liverpool City Council. We continued to promote the issue of domestic violence within these communities through a number of initiatives including the dissemination of information in the core community languages specific to the local demography.

The Worst Kept Secret project was delighted at the award of the contract to deliver the Independent Domestic Violence Advocate (IDVA) service from Liverpool City Council. This pilot programme, initially for six months, is part of a wider governmental initiative to improve services for women affected by domestic violence and seeks to assist victims, co-ordinate multi-agency responses and increase convictions for perpetrators through pro-active support during the legal process.

The Worst Kept Secret has produced its first formal Inter-Agency Monitoring Report. The report contains statistical information that is provided by agencies across Merseyside and collated by WKS. The report specifies the level and nature of domestic abuse and underlines the impact of interventions that are currently in place, equally it highlights gaps in provision. The report was distributed to relevant agencies across Merseyside that are involved with domestic violence prevention. It is anticipated that this will become an annual activity.

The Worst Kept Secret was the official primary sponsor for the annual Liverpool Women's 10k race. In a new development an inaugural BullyBusters Fun Run took place as part of the event. The one-mile run started an hour prior to the main race and gave children under the age of eighteen an opportunity to participate. Over 350 children took part in the event and it is anticipated that this will now form an integral part of the day's proceedings.

The Bully Busters project continued to develop effective partnership working with schools across Merseyside to deliver a comprehensive anti-bullying message based on the principles of acceptance and respect. The project coordinator, funded through a grant by Comic Relief, has worked in schools and youth groups within the region and has been involved in developing specific projects including coordinating a local response to the annual Anti-Bullying Week. This included special projects and events across the Merseyside region within the boroughs that support the project.

### **Training and Quality Assurance**

#### **Lifelong Learning**

The department continued to deliver a wide range of provision from pre-vocational entry-level courses and work preparation tuition to higher-level training such as teacher training in adult education. We continued to provide training in Child Care, Learning and Development, Care, Playwork, Horticulture and IT. Much of the provision is funded through further education franchise agreements with Liverpool Community College and Knowsley Family and Community Education Service. We also received funding via the Neighbourhood Learning in Deprived Communities initiative in Liverpool, Knowsley and Sefton. Building on the success of the partnership with Kirkby Unemployed Centre, we have developed relationships with Northwood Community Centre and Kirkby Fire Service for the delivery of training.

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As part of the restructuring exercise within the organisation, the delivery of training and quality assurance to support the Home Care Department is now managed by the Training Department.

The contract to deliver the grounds maintenance service at Alder Hey Hospital ended on 31 May 2006. We delivered this service for more than 10 years. The Horticulture training service continued to deliver work through environmental regeneration projects, such as IN Environmental Services. This expanded the volume and geographical area of delivery this work. The staff on this initiative clean and maintain grounds, as well as landscaping derelict sites within inner city areas of Liverpool. The work is instrumental in reducing crime and anti-social behaviour associated with these areas. Subsequently the local residents have been left feeling safer and increasingly secure within their neighbourhood.

To support these initiatives we secured a contract with Liverpool City Council to deliver the Transitional Employment Programme (TEP), which is aimed at recruiting, training and preparing long-term unemployed and other disadvantaged individuals secure and sustain employment in horticulture/environmental regeneration projects.

Although we continued to meet the training and employment needs of a wide group of customers throughout the region through our training and employment initiatives, the financial year 2006/07 was one of great change. The Learning and Skills Council, as part of a restructuring exercise, decided to terminate our contract to deliver the Apprenticeship programme in July 2006. This marked a watershed moment in the history of Local Solutions, as the company had delivered programmes on behalf of the LSC and its predecessors such as Merseyside TEC for almost 30 years.

As a consequence of the loss of the LSC provision, the Training Department underwent a restructuring exercise. It was decided that the department could no longer support the provision of sports programmes.

Our Dyslexia service has gone from strength to strength. The project, which received continuation funding from KPMG Foundation, also received a grant from The Henry Smith Charity. This has enabled us to enhance the service by providing us with the means to employ a member of staff who provide IT support to learners. It has also resulted in an increase in the number of dyslexia screenings and assessments, as we have been able to offer the service to external agencies.

#### **Disability Training Initiatives**

Local Solutions continued to promote equality for people with disabilities through the delivery of three programmes: Ability First, New Deal for Disabled People (NDDP) and Work Preparation. The individually tailored programmes cover the whole of the North West, delivering services to people in Merseyside, Lancashire, Greater Manchester, Cumbria and Cheshire. These successful initiatives have enhanced training and employment opportunities for people with disabilities through a range of services including work placements, motivational sessions, CV compilation, guest speakers and interview techniques.

The Ability First Programme delivered 50 group-based work preparation programmes throughout the North West, with a total of 349 customers attending the courses.

The Work Preparation Programme no longer covers Manchester Central and Manchester West, but focuses on Inner Mersey, Greater Mersey and Cheshire. Placements were found for 88 customers.

## LOCAL SOLUTIONS

### REPORT OF THE TRUSTEES

For the year ended 31 March 2007

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The New Deal for Disabled People programme on Merseyside had a very successful year. We achieved 281 registrations, and secured 154 full-time jobs and 19 part-time jobs on behalf of customers. The sub-contract for NDDP in Bolton and Salford exceeded targets, but our delivery of the service ended in December 2006, after a successful working relationship since NDDP's inception in 1999.

#### **Quality Assurance**

In the reporting year our training programmes across all occupational areas were externally assessed in their delivery and monitored by Awarding Bodies' external verifiers, the Adult Learning Inspectorate (ALI) and other auditors, who identified examples of good practice. We are pleased to report that most of the programmes achieved 'A' grades from the awarding bodies.

We constantly seek to improve the quality of our provision and, as part of this process, we use an Assessment Board to monitor attainment and achievement against targets. A Performance Tracker is now fully operational and updated on a weekly basis. Quarterly meetings took place throughout the year at which tutors presented the Board with a range of documentation. This included schemes of work, lesson plans, progress tracking charts, individual learning plans, observation of teaching and learning reports, candidates' portfolios and risk assessments, which include learner risk assessments. The Assessment Board provided regular feedback from these meetings to the Quality Assurance Panel who addressed identified issues as appropriate. This process is now integral to the department's self-assessment procedure.

Local Solutions is examining ways that the Quality Assurance team can play a more significant internal inspection role across the entire organisation.

#### **Early Years**

The Early Years sector experienced a difficult year financially. The new Chief Executive initiated a review of all aspects of the Early Years provision. It became apparent that the substantial increase in the number of Neighbourhood Nurseries in Knowsley had led to an over-supply compared to the actual needs of the local demographic.

Within certain nurseries occupancy was not growing at a sufficient rate and it became clear that some urgent remedial work needed to be undertaken to rectify the situation. Local Solutions worked in close collaboration with Knowsley Metropolitan Borough Council to work towards a range of solutions, these included financial assistance, the mergers of provision and some closures. At the end of the review period there was an overall reduction in provision. The sector now comprises seven nurseries, one in Liverpool and six in Knowsley. The occupancy figures in the existing provision have increased greatly. We anticipate that the most pressing financial concerns facing the Early Years sector have now been rectified.

In spite of the difficult financial circumstances, Early Years continued to offer high quality care and support to children and families across Liverpool and Knowsley. This was in the form of childcare and 'wrap around' care covering not only the children but the whole family. One nursery was successful in achieving £40k funding to continue running two family rooms. These provide a holistic approach to working with families many of whom face disadvantage, are at risk, and require a significant level of support.

## **LOCAL SOLUTIONS**

### **REPORT OF THE TRUSTEES**

For the year ended 31 March 2007

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The Early Years department continued to demonstrate strong performance on the three Ofsted inspections which took place during the reporting period.

#### **Corporate Services**

##### **Conference Centre**

The Northern Conference Centre (NCC) has enjoyed a busy year with over 10,000 delegates accessing the centre for a range of training and conference needs. Centre users have expressed a high level of satisfaction with the quality of the service and demonstrated this by continued loyalty. Customers include Merseyside Connexions, Liverpool University Health Research and Development and MerseyCare NHS Trust.

The Centre gained Preferred Provider status from Liverpool City Council and as a result of this has hosted four major Public Enquiries.

##### **Estate Management**

Managers within the organisation received a wide range of support from the Estate Management team, this incorporated full Health and Safety and Disability Discrimination Act inspections across all bases. The team has also developed a more pro-active approach to service procurement and audits, contracts and leases.

A range of training was delivered to staff, with in-house courses including Health and Safety at Work, Fire Awareness, Fire Marshall and Risk Assessment.

Work relating to the Disability Discrimination Act (DDA) proceeded, as well as regular Portable Appliance Testing. The department also carried out general maintenance and repairs to Local Solutions bases as appropriate.

A new system of approved lists of suppliers and contractors proved to be successful in generating procurement savings across the organisation.

The reporting period has been one of some uncertainty in terms of the two main sites from which Local Solutions operates – Mount Vernon Green and Homeground. The head office tenancy at Mount Vernon Green is potentially affected by the redevelopment of the Royal Liverpool University Hospital or via the proposed new strategic gateway to the city centre. Equally there has been some concern of how the regeneration of the area surrounding the Homeground site may affect the future use of the building. Local Solutions will pay close attention to these premises challenges.

Local Solutions have been significantly involved in discussions and consultation relating to these major projects in order to ensure that the organisation's views are represented and that any change will result in positive outcomes and opportunities for Local Solutions.

As part of the ongoing review of the effective use of physical resources, and subsequent financial benefits, several projects and departments have moved into the Homeground site during the reporting period.

## **LOCAL SOLUTIONS**

### **REPORT OF THE TRUSTEES**

For the year ended 31 March 2007

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#### **Human Resources**

The Human Resources Department continued to play a very significant role in supporting staff across the organisation and providing a complete quality service to the organisation in relation to recruitment issues, training procedures, staff development and company policies.

Internal training courses were delivered to management and staff and included Disciplinary and Grievance Training, Capability Procedures, Equal Opportunities Awareness, Recruitment and Selection and Customer Service.

Three staff focus groups have been established this year. The Staff Survey group concentrated on issues raised within the survey to focus on producing positive outcomes where concerns had been expressed. The Recruitment Focus group looked at all aspects of recruitment and redesigned the application form. The most recent is the development of the Cultural Diversity Group who will be delivering a three year programme of events reflecting culture and diversity.

A dedicated 'Quiet Room' was opened in early 2007. The room is designed to give staff, volunteers and service users a quiet and personal space to pray, reflect or just take time out.

Local Solutions Investor in People (IiP) status was achieved in June 1997 and successfully re-assessed in December 2000 and October 2003. A re-assessment was carried out in 2006. Local Solutions requested to undertake the more complex Profile Assessment. The inspection identified some standards in which Local Solutions need to achieve to ensure full compliance. This has left the organisation with some work to carry out to ensure that we maintain our IiP accreditation in a re-inspection in January 2008. The organisation is confident of meeting those requirements.

#### **Disabled employees and employee involvement**

Local Solutions operates a policy of equal opportunities regardless of sex, sexual orientation, race, colour, nationality, religion, ethnic or national origins, disability or marital status, in respect of the people to whom it provides a service, its salaried staff and voluntary workers, job applicants for both salaried and voluntary posts and members of its Board of Trustees.

Local Solutions is very much aware of the needs of disabled people and reviews ways in which practical assistance can be given by alteration to work sites. Care is taken to ascertain from new disabled employees, or from employees who may develop disabilities, what assistance they may require to enable them to fulfil their duties. Because of Local Solutions' commitment to disabled people, all Local Solutions' advertisements for staff are eligible to carry the words "Local Solutions is working towards being an equal opportunities employer".

Employees are encouraged to participate actively in the running of Local Solutions via project, divisional and other special interest meetings. A communications group helps to ensure that information is made available to employees, and a regular newsletter is produced.

Local Solutions is committed to providing appropriate training, career development and promotion opportunities for all its employees.

## **LOCAL SOLUTIONS**

### **REPORT OF THE TRUSTEES**

For the year ended 31 March 2007

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#### **Achievements and performance**

At the beginning of the year we set ourselves various objectives. One of these was to pay particular attention to our quality assurance and viability. While this work continues we feel that we have achieved significant results in delivering robust strategies and practices that underpin the quality demands in many of our service areas. This has been demonstrated in our positive outcomes of a variety of inspections including Ofsted, the Adult Learning Inspectorate and the Commission for Social Care Inspection.

In many respects it has been a challenging year and tough decisions were made in order to fulfill our objective of improving value for money. All areas of the organisation have been involved in the process of ensuring that their work areas are providing both an effective and efficient service. We feel the hard work in the reporting period and the consolidation of our work programmes means that Local Solutions is ideally placed to develop, expand and enhance services in the future.

Local Solutions has ensured that we have expanded programmes that deliver services specifically targeted to Black and Racial Minorities. There have been several appointments made that have a explicit focus on developing links with particular communities. Local Solutions track record for engagement with all minority groups has always been strong, but these new developments have added an additional impetus in assisting to raise the performance of the entire company in ensuring that diversity is at the core of our ethos and the charity continues to deliver high quality services for the public benefit.

#### **Financial Review**

##### **Income and expenditure**

The overall surplus for the year was £325k, which resulted in the replacement of reserves, which had depleted the previous year.

Total income increased from £14.57m to £15.17m, a rise of 4%. This is behind last year's growth of 7.5%. This highlights the fact that this has been a consolidating year in the services we are providing. Whilst there was a decrease in the turnover in Lifelong Learning, Early Years and Keep Safe and Warm there were significant increases in our Supported Accommodation and Homecare activities.

##### **Balance sheet**

During the year we spent £50k on motor vehicles and other equipment, mainly various fixtures, fittings and equipment with an overall depreciation charge for the year of £80k resulting in a reduction in the net book value of our fixed assets from £318k at the start of the year to £286k at the end of the year.

The most significant movement on the balance sheet is the increase of the debtors figure from £1,311k last year to £1,876k this year. This increase is partly due to an increase in operating debtors but also in accrued income. Due to our improved credit control procedures significant operating debtors at the year end have been collected at the date of this report.

## **LOCAL SOLUTIONS**

### **REPORT OF THE TRUSTEES**

For the year ended 31 March 2007

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There has been a further reduction in the year-end creditors figure due to significantly lower operating creditors balances.

At the end of the year the cash at bank and in hand figure was £609k, which whilst not at the same level as the previous year, represents a consistent level of funds with the bank and on deposit during the year. The charity's working capital management remains well under control.

#### **Reserves policy**

As part of a policy of good financial management, the charity holds reserves in its unrestricted funds, in order to establish an appropriate level of working capital and to protect the future operations of the charity from the effects of any unforeseen variations in its income streams. The Trustees have considered the level of free reserves required to ensure that the charity has sufficient resources available should the charity suffer from a material reduction in its income stream. They have decided, after undertaking an assessment of the charity's needs based upon the likely costs associated with such a reduction, that a reserve equivalent to three months running costs of £3m should be created. Reserves at present are £1.5m. This is below our desired figure by a further £1.5m. Our budget for 2007/2008 predicts a modest surplus, which will enable us to reduce this "free reserves" shortfall. The Trustees are aware of the need to ensure the reserves are appropriate for the size of the organisation.

#### **Investment policy**

The Memorandum and Articles of Association sets out the company's powers of investment. The financial position means that it is not prudent to hold any long-term investments. Short term surplus funds are placed in cash deposit investment schemes with the company's bankers, and the Trustees are satisfied with the return achieved, bearing in mind the limited funds available for investment and the period of time for which they were available.

#### **Funding**

The Trustees remain satisfied that the charity's assets attributable to each of its individual funds are available and adequate to fulfil its obligations in relation to those funds.

#### **Plans for future periods**

During the last period there has been substantial work carried out in terms of defining the organisation. Additionally the re-structure has helped strengthen the areas of service delivery. The organisation has become more outward facing and is looking to explore new ventures whilst underpinning all future activity with its core values. We are keen to engage fully in discussions with the public service delivery agents to explore how Local Solutions can be involved in future delivery. We will look to new partnership arrangements in health, social care and education that reflect the wider agenda to engage the third sector in developing services that are flexible, responsive and add value to customer experience. We also plan to replicate some of our provision into new geographical areas and increase the volume of work undertaken in many service areas. We will also look to explore opportunities for collaboration with complementary organisations within our region in order to make us stronger, more efficient and effective in producing outcomes whilst it strives to continue its activities achieving public benefit.

Our Business Plan also identifies work that we are planning to undertake within the next three to five years on these key objectives:

## **LOCAL SOLUTIONS**

### **REPORT OF THE TRUSTEES**

For the year ended 31 March 2007

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- Homecare to develop opportunities for new market entry including the development of new services, moving into adjacent markets and taking existing services into new sectors or territories;
- Care Training Unit to assist in providing a flexible and pro-active Quality Assurance and Training function to all social care departments within Local Solutions;
- Homeground hostel to explore a move to purpose built accommodation;
- Carers and Mental Health Project to develop opportunities for carers and source funding to deliver a holistic package of training initiatives;

#### **Trustees' responsibilities for the financial statements**

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of financial activities of the charitable company during the year and of its financial position at the end of the year. In preparing those financial statements, the Trustees follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the charitable company and which enable them to ascertain its financial position and to ensure that the financial statements comply with the Companies Act 1985, the Charities Act 1993 and regulations thereunder. They are also responsible for safeguarding the assets of the charitable company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In respect of each director who was a director when the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware;
- they have taken all steps they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of this information.

#### **Status**

The company is a registered charity (number 515060).

The company is limited by guarantee and permission has been obtained from the Registrar of Companies to dispense with the use of the word "Limited".

## **LOCAL SOLUTIONS**

### **REPORT OF THE TRUSTEES**

For the year ended 31 March 2007

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#### **Auditor**

Grant Thornton UK LLP offer themselves for reappointment as auditor in accordance with section 385 of the Companies Act 1985.

#### **Acknowledgement**

No report on the work of the organisation would be complete without an expression of heartfelt thanks to all those who made our achievements possible. We have many who support us in different ways, our partners and funders for example. But in particular, mention must be made of our staff and volunteers who contribute so significantly to the success of Local Solutions.

In common with many other charities, the willingness of volunteers to give their time and energy freely plays an important part in the running of the organisation. I would like to thank them for their contribution in ensuring that so many of our projects can deliver such a high quality of service.

ON BEHALF OF THE TRUSTEES

Robert T H Owen  
Chairman  
19 July 2007

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**

### **LOCAL SOLUTIONS**

We have audited the financial statements of Local Solutions for the year ended 31 March 2007, which comprise the principal accounting policies, the statement of financial activities, the balance sheet, the cash flow statement and notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, or for the opinions we have formed.

#### **Respective responsibilities of the trustees and auditors**

The responsibilities of the trustees, who are directors of the charity for the purposes of company law, are responsible for preparing the annual report and financial statements in accordance with United Kingdom Law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Trustees' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Trustees' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

#### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**

**LOCAL SOLUTIONS**

**Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with the United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 March 2007 and of its incoming resources and application of resources, including its income and expenditure, for the year ended:
- have been properly prepared in accordance with the Companies Act 1985:and
- the information given in the Trustees' Report is consistent with the financial statements for the year ended 31 March 2007.

**GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS  
LIVERPOOL**

**2007**

## LOCAL SOLUTIONS

### PRINCIPAL ACCOUNTING POLICIES

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#### **BASIS OF PREPARATION**

The financial statements have been prepared in accordance with applicable accounting standards and follow the recommendations in the Statement of Recommended Practice: Accounting by Charities (SORP 2005) and in accordance with the Companies Act 1985. They have been prepared under the historical cost convention except that certain freehold properties are shown at their revalued amounts.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

#### **INCOMING RESOURCES**

##### **Donations and gifts**

All monetary donations and gifts are included in full in the statement of financial activities when receivable, provided that there are no donor-imposed restrictions as to the timing of the related expenditure, in which case recognition is deferred until the pre-condition has been met.

Legacies are included when the charity is advised by the personal representative of an estate that payment will be made and the amount involved can be quantified. They are included in the statement of financial activities.

Gifts-in-kind are accounted for at the trustees' estimate of value to the charity or sale value as follows:

assets received for distribution by the charity are recognised only when distributed

assets received for resale are recognised, where practicable, when receivable or otherwise when sold

gifts of fixed assets for charity use or funds for acquiring fixed assets for charity use are accounted for (as restricted funds) immediately on receipt.

Intangible income, which comprises donated services, is included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. An equivalent amount is charged as expenditure. No income is recognised when there is no financial cost borne by a third party. Voluntary help is not included as income.

Donations under Gift Aid together with the associated income tax recoveries are credited as income when the donations are received.

##### **Grants receivable**

Revenue grants are credited as incoming resources when they are receivable provided conditions for receipt have been complied with, unless they relate to a specified future year, in which case they are deferred.

Grants for the purchase of fixed assets are credited to restricted incoming resources when receivable. Depreciation on the fixed assets purchased with such grants is charged against the restricted fund.

## LOCAL SOLUTIONS

### PRINCIPAL ACCOUNTING POLICIES

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#### RESOURCES EXPENDED

Expenditure, which is charged on an accruals basis, is allocated between:

- expenditure incurred directly to the fulfilment of the charity's objectives (direct charitable);
- expenditure incurred directly in the effort to raise voluntary contributions (fundraising and publicity);
- and
- expenditure incurred in the management and administration of the charity (support costs).

#### FUND ACCOUNTING

Restricted funds are to be used for specified purposes laid down by the donor. Expenditure for those purposes is charged to the fund, together with a fair allocation of overheads and support costs.

The charity has projects for which funding consists of Restricted and Unrestricted income. The charity's policy is to apply Restricted income against expenditure in priority to unrestricted income to meet the conditions attaching to the Restricted funds.

Unrestricted funds are donations and other incoming resources received or generated for expenditure on the general objectives of the charity.

Designated funds are unrestricted funds, which have been designated for specific purposes by the Trustees.

#### TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

All items of capital expenditure incurred prior to 1 April 1990, whether purchased or donated, were charged against income in the year in which they were acquired. Subsequent to 1 April 1990 the company has capitalised all individual items of fixed assets in excess of £1,000 acquired after that date.

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their estimated useful economic lives. The rates generally applicable are:

Freehold properties	2% on valuation
Leasehold improvements	Remaining life of leases
Motor vehicles	25% on cost
Fixtures, fittings and equipment	25% on cost

#### ASSET RESERVE

Where donors specify that their donation is for a restricted purpose, income received from donors for the purchase of fixed assets is transferred from the income and expenditure account to the asset reserve. The income is released to the income and expenditure account on the same basis as the depreciation charge, and is included in grants and donations. The asset reserve is a restricted fund.

#### STOCK

Stock is stated at the lower of cost and net realisable value.

## LOCAL SOLUTIONS

### PRINCIPAL ACCOUNTING POLICIES

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#### VALUE ADDED TAX

The company is partially exempt from VAT and all irrecoverable VAT is shown in direct charitable expenditure.

#### RETIREMENT BENEFITS

##### Defined Contribution Pension Scheme

The pension costs charged against the operating surplus are the contributions payable to the scheme in respect of the accounting year.

#### LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the statement of financial activities over the year of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the statement of financial activities on a straight-line basis over the lease term.

#### CHANGES IN ACCOUNTING POLICIES

In preparing the financial statements for the current year, the company has adopted the following Financial Reporting Standards:

- FRS 21 'Events after the Balance Sheet date (IAS 10)'; and
- The presentation requirements of 'FRS 25 'Financial Instruments: Disclosure and Presentation (IAS 32)''

*FRS 25 'Financial Instruments: Disclosure and Presentation (IAS 32)'*

The adoption of this accounting standard has resulted in no changes being made to the financial statements.

## LOCAL SOLUTIONS

### STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME & EXPENDITURE ACCOUNT

For the year ended 31 March 2007

	Note	Unrestricted Funds £	Restricted Funds £	Total 2007 £	Total 2006 £
<b>Income</b>					
<b>Incoming resources</b>	1				
<i>Income in furtherance of the charity's objects</i>					
Donations and gifts		76,645	283,056	<b>359,701</b>	337,556
Project income including Grants		13,760,600	1,037,522	<b>14,798,122</b>	14,207,310
European Social Fund		-	-	-	15,939
Investment income	3	15,821	-	<b>15,821</b>	9,871
<b>Total incoming resources</b>		<u>13,853,066</u>	<u>1,320,578</u>	<u><b>15,173,644</b></u>	<u>14,570,676</u>
<b>Expenditure</b>					
<b>Resources expended</b>	2				
Direct charitable expenditure		13,491,368	1,320,578	<b>14,811,946</b>	14,815,022
Governance costs		36,095	-	<b>36,095</b>	14,145
<b>Total resources expended</b>		<u>13,527,463</u>	<u>1,320,578</u>	<u><b>14,848,041</b></u>	<u>14,829,167</u>
<b>Net incoming/(outgoing) resources for the year being the surplus of income over expenditure</b>					
		325,603	-	<b>325,603</b>	(258,491)
Total funds brought forward at 1 April 2006					
		1,191,967	-	<b>1,191,967</b>	1,450,458
<b>Total funds carried forward at 31 March 2007</b>					
	12	<u>1,517,570</u>	<u>-</u>	<u><b>1,517,570</b></u>	<u>1,191,967</u>

All of the principal activities of the charity are continuing.

There were no other recognised gains or losses other than the result for the year.

## LOCAL SOLUTIONS

### BALANCE SHEET AT 31 MARCH 2007

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	Note	£	2007 £	£	2006 £
<b>Fixed assets</b>					
Tangible assets	6		<b>286,896</b>		318,510
<b>Current assets</b>					
Stock	7	<b>44,115</b>		26,562	
Debtors	8	<b>1,875,667</b>		1,310,818	
Cash at bank and in hand		<b>609,315</b>		876,336	
			<b>2,529,097</b>	2,213,716	
<b>Creditors: amounts falling due within one year</b>	9	<b>(1,298,423)</b>		<b>(1,340,259)</b>	
<b>Net current assets</b>			<b>1,230,674</b>		873,457
<b>Net assets</b>			<b>1,517,570</b>		<b>1,191,967</b>
<b>Funds</b>					
Restricted	10		-		-
Unrestricted	10		<b>1,517,570</b>		<b>1,191,967</b>
			<b>1,517,570</b>		<b>1,191,967</b>

The financial statements were approved by the Board of Trustees on 19 July 2007, and signed on their behalf by:

Trustee

## LOCAL SOLUTIONS

### CASH FLOW STATEMENT

For the year ended 31 March 2007

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	Note	£	2007 £	£	2006 £
<b>Net cash (outflow)/inflow from operating activities</b>	12		<b>(233,825)</b>		513,891
<b>Returns of investments and servicing of finance</b>					
Interest received		<b>15,821</b>		9,871	
Interest paid		<u>-</u>		<u>(4,254)</u>	
<b>Net cash inflow from returns on Investments and servicing of finance</b>			<b>15,821</b>		5,617
<b>Capital expenditure</b>					
Purchase of tangible fixed assets		<b>(50,067)</b>		(13,824)	
Sale proceeds of tangible fixed assets		<u>1,050</u>		<u>2,951</u>	
<b>Net cash outflow from capital expenditure</b>			<b>(49,017)</b>		(10,873)
<b>(Decrease)/Increase in cash</b>	14		<u><b>(267,021)</b></u>		<u>508,635</u>

## LOCAL SOLUTIONS

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

#### 1 ANALYSIS OF INCOMING RESOURCES

	2007 £	2006 £
Donations deferred at 1 April 2006	44,714	110,305
Donations receivable in the year	459,220	271,965
Credit for the year	<b>(359,701)</b>	<b>(337,556)</b>
Donations deferred at 31 March 2007	<u>144,233</u>	<u>44,714</u>

	£	£
Project income deferred at 1 April 2006	263,959	531,293
Project income receivable in the year	14,769,861	13,939,976
Credit for the year	<b>(14,798,122)</b>	<b>(14,207,310)</b>
Project income deferred at 31 March 2007	<u>235,698</u>	<u>263,959</u>

	£	£
Analysis of income		
Project income for charitable services provided	14,798,122	14,207,310
European Social Fund	-	15,939
Total project income	<u>14,798,122</u>	<u>14,223,249</u>
Donations	359,701	337,556
Investment income	15,821	9,871
	<u>15,173,644</u>	<u>14,570,676</u>

Income is analysed by projects as follows:

	£	£
Training & QA	1,809,470	1,940,562
Homecare	7,388,130	6,225,436
Early Years	1,885,562	1,893,904
Supported Accommodation	2,370,927	2,324,267
Adult Services	1,287,309	1,782,016
Central services	56,724	57,064
	<u>14,798,122</u>	<u>14,223,249</u>

Project income is derived from various funding sources including Liverpool, Sefton, Knowsley, Wirral and St Helens Local Authorities, the Safer Merseyside Partnership and Job Centre Plus.

#### Restricted Grants within Project Income

	£
Knowsley Metropolitan Borough Council	462,761
Liverpool City Council	424,921
Skills for Care/LASCP	35,537
Health Authorities/Trusts	10,000
Big Lottery Fund	32,875
Others	71,428
	<u>1,037,522</u>

## LOCAL SOLUTIONS

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

#### 1 ANALYSIS OF INCOMING RESOURCES (CONTINUED)

Investment income comprises income from:

	2007 £	2006 £
Bank deposits	<u>15,821</u>	<u>9,871</u>

#### 2 ANALYSIS OF RESOURCES EXPENDED

	Staff costs £	Other costs £	Depreciation £	2007 £	2006 £
Direct charitable expenditure	11,624,732	3,106,382	80,832	<b>14,811,946</b>	14,815,022
Governance costs	18,638	17,457	-	<b>36,095</b>	14,145
	<u>11,643,370</u>	<u>3,123,839</u>	<u>80,832</u>	<u><b>14,848,041</b></u>	<u>14,829,167</u>

Within Direct charitable expenditure other costs represents all direct and indirect charitable activity costs covering the various projects operated by the charity and certain support costs.

Support costs covering Management, Finance, IT support and HR including ancillary costs amount to £1,279,417, which figure includes fundraising costs of £79,102.

Governance costs relate to the general running of the charity. They include external audit costs and costs associated with constitutional and statutory requirements.

#### 3 NET INTEREST (RECEIVABLE)/PAYABLE

	2007 £	2006 £
On bank overdraft	-	4,254
Other interest receivable and similar income	<u>(15,821)</u>	<u>(9,871)</u>
	<u>(15,821)</u>	<u>(5,617)</u>

#### 4 EMPLOYEES

Staff costs during the year were as follows:

	2007 £	2006 £
Wages and salaries	<b>10,645,436</b>	10,257,462
Social security costs	<b>856,328</b>	809,079
Other pension costs	<b>141,606</b>	138,268
	<u><b>11,643,370</b></u>	<u>11,204,809</u>

## LOCAL SOLUTIONS

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

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#### 4 EMPLOYEES (CONTINUED)

The average number of full time equivalent employees during the year was 688 (2006: 617).

	<b>2007</b>	2006
	<b>Number</b>	Number
Project staff	<b>674</b>	600
Fund raising and publicity	<b>3</b>	2
Management and administration of the charity	<b>11</b>	15
	<b>688</b>	617

The emoluments of higher-paid employees fell within the following ranges:

	<b>2007</b>	2006
	<b>Number</b>	Number
£50,001 to £60,000	-	2
£60,001 to £70,000	-	1
£70,001 to £80,000	<b>1</b>	-

During the year the following amounts were paid in respect of money purchase pension schemes:

	<b>2007</b>	2006
	<b>£</b>	£
Pension contributions to money purchase schemes	<b>4,351</b>	12,238

During the year one higher paid employee (2006: three higher paid employees) participated in a money purchase pension scheme.

#### 5 TRANSACTIONS WITH TRUSTEES AND OTHER RELATED PARTIES

No trustee or person with a family or business connection with a trustee received remuneration in the year, directly or indirectly, from either the charity or an institution or company controlled by the charity. Travel expenses of £90 were reimbursed to one trustee (2006 no expenses reimbursed) during the year. There were no related party transactions in the year.

## LOCAL SOLUTIONS

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

#### 6 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Leasehold improvements £	Motor vehicles £	Fixtures fittings and equipment £	Total £
Cost or valuation					
At 1 April 2006	170,000	142,487	138,829	574,397	1,025,713
Additions	-	-	2,000	48,067	50,067
Disposals	-	-	(11,700)	(25,283)	(36,983)
At 31 March 2007	<u>170,000</u>	<u>142,487</u>	<u>129,129</u>	<u>597,181</u>	<u>1,038,797</u>
Depreciation					
At 1 <sup>st</sup> April 2006	21,784	94,364	90,229	500,826	707,203
Provided in the year	3,396	8,568	21,488	47,380	80,832
Eliminated on disposals	-	-	(10,861)	(25,273)	(36,134)
At 31 March 2007	<u>25,180</u>	<u>102,932</u>	<u>100,856</u>	<u>522,933</u>	<u>751,901</u>
Net book amount at 31 March 2007	<u><b>144,820</b></u>	<u><b>39,555</b></u>	<u><b>28,273</b></u>	<u><b>74,248</b></u>	<u><b>286,896</b></u>
Net book amount at 31 March 2006	<u>148,216</u>	<u>48,123</u>	<u>48,600</u>	<u>73,571</u>	<u>318,510</u>

All tangible fixed assets were used for charitable purposes.

The figures stated above for cost or valuation include a valuation as follows:

	Freehold land and buildings	
	2007 £	2006 £
At cost	3,404	3,404
At valuation	<u>166,596</u>	<u>166,596</u>
	<u><b>170,000</b></u>	<u>170,000</u>

The freehold land and buildings were valued on 10 February 1999 by Messrs Thomson & Moulton, Chartered Surveyors, Liverpool. The basis of the valuation used was open market value, existing use basis.

The Trustees have adopted this valuation as surrogate cost for the purpose of compliance with FRS15 and are of the opinion that there is not material difference between the accounts carrying value and the current value.

#### 7 STOCK

	2007 £	2006 £
Materials	<u><b>44,115</b></u>	<u>26,562</u>

## LOCAL SOLUTIONS

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

#### 8 DEBTORS

	2007 £	2006 £
Accrued income	699,077	511,471
Operating debtors	1,060,331	714,139
Other debtors	7,445	5,897
Prepayments	108,814	79,311
	<u>1,875,667</u>	<u>1,310,818</u>

#### 9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Operating creditors	180,039	293,060
Social security and other taxes	330,365	350,219
Accruals	408,088	388,307
Deferred income	379,931	308,673
	<u>1,298,423</u>	<u>1,340,259</u>

#### 10 FUNDS

	Restricted fund £	Unrestricted fund £	Total £
At 1 April 2006	-	1,191,967	1,191,967
Incoming resources	1,320,578	13,853,066	15,173,644
Resources expended	(1,320,578)	(13,527,463)	(14,848,041)
	<u>-</u>	<u>1,517,570</u>	<u>1,517,570</u>

All assets in the restricted fund are used for charitable purposes within projects as specified by the donor.

#### 11 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Total £
Tangible fixed assets	286,896
Current assets	2,529,097
Current liabilities	<u>(1,298,423)</u>
Net assets	<u>1,517,570</u>

The above analysis is all in respect of Unrestricted Funds.

## LOCAL SOLUTIONS

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

#### 12 RECONCILIATION OF CHANGES IN RESOURCES TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2007 £	2006 £
Net incoming/(outgoing) resources	325,603	(258,491)
Depreciation	80,832	124,715
Surplus on sale of tangible fixed assets	(201)	(2,949)
Increase in stock	(17,553)	(787)
(Increase)/Decrease in debtors	(564,849)	1,094,824
Decrease in creditors	(41,836)	(437,804)
Net interest received	(15,821)	(5,617)
Net cash (outflow)/inflow from operating activities	<u>(233,825)</u>	<u>513,891</u>

#### 13 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2007 £	2006 £
(Decrease)/Increase in cash in the year	(267,021)	508,635
Net funds at 1 April 2006	<u>876,336</u>	<u>367,701</u>
Net funds at 31 March 2007	<u>609,315</u>	<u>876,336</u>

#### 14 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2006 £	Cash flows £	At 31 March 2007 £
Cash at bank and in hand	<u>876,336</u>	<u>(267,021)</u>	<u>609,315</u>

#### 15 CAPITAL COMMITMENTS

	2007 £	2006 £
Contracted for but not provided in these financial statements	<u>-</u>	<u>15,000</u>

#### 16 CONTINGENT LIABILITIES

There were no Contingent Liabilities at 31 March 2007 (31 March 2006 – none).

#### 17 RETIREMENT BENEFITS

##### Defined Contribution Pension Scheme

The company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

## LOCAL SOLUTIONS

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

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#### 18 LEASING COMMITMENTS

Operating lease payments amounting to £207,720 (2006: £150,601) are due within one year. The leases to which these amounts relate expire as follows:

	<b>Leasehold properties 2007 £</b>	Leasehold properties 2006 £
In one year or less	<b>61,964</b>	63,287
Between one and five years	<b>145,756</b>	36,564
In five years or more	-	50,750
	<b><u>207,720</u></b>	<b><u>150,601</u></b>