

Company no 1792921
Charity no 515060

LOCAL SOLUTIONS

ANNUAL REPORT
AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2008

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REPORT OF THE TRUSTEES

For the year ended 31 March 2008

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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
Mumin Khan
A T Robert Macfarlane - Treasurer
David A Mathieson
Shelagh McGrath
Robert T H Owen - Chairman
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
Horton House Drury House
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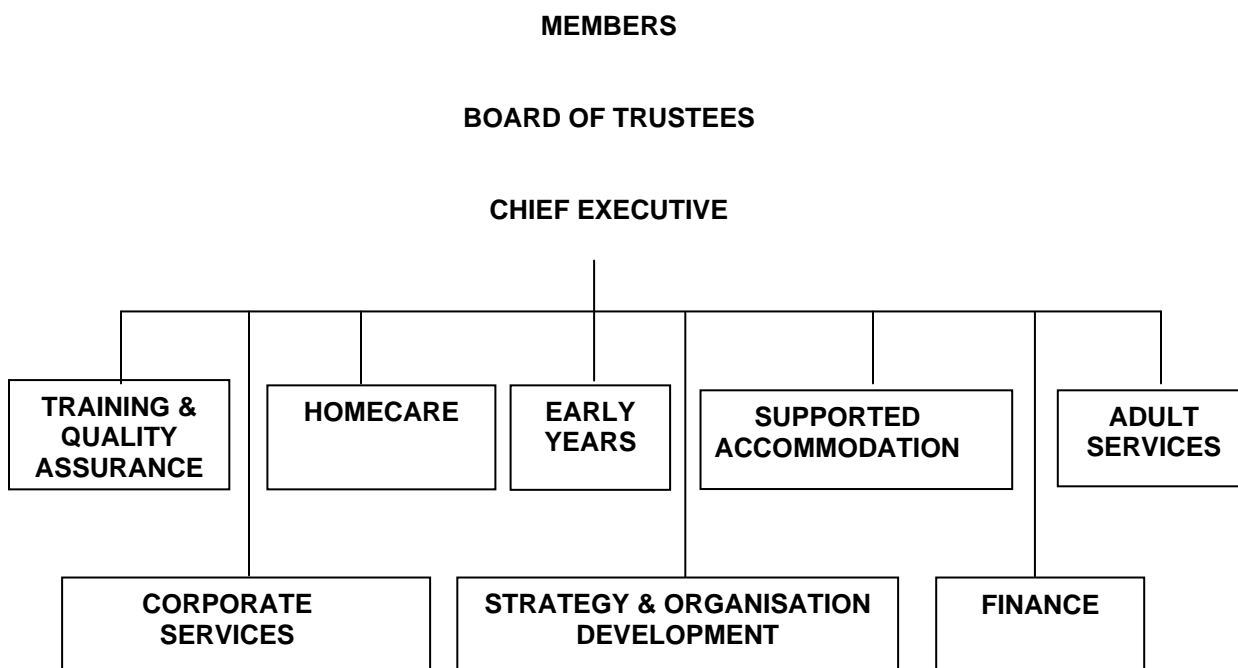
The Trustees (who are directors of the charity for the purposes of the Companies Act 1985) present their report together with the financial statements for the year ended 31 March 2008.

Structure, governance and management

The Trustees meet as a Board six times a year. 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.

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.

The following chart represents the organisation's structure:



Risk management

Both the Trustees and the senior managers carry out a formal review of the Risk Register annually.

The register covers governance and management, operational, financial, environmental and compliance aspects of the activities of Local Solutions and covers:

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- The risks that the organisation may face
- The steps and control procedures in place to mitigate those risks, and an ongoing review of existing systems and procedures.

Local Solutions is exposed to a number of financial risks, principally in relation to its day-to-day activities. The credit risk associated with cash is limited as the charity manages its Treasury function by investing cash assets safely and profitably and has access to an overdraft facility. The principal credit risk arises therefore from its operating debtors. 90% of debtors are public sector bodies for which there is a low level of credit risk. The balance of the debtors are mainly private individuals, for whom the risk is higher. The credit limits are reviewed regularly taking into account debt ageing and collection history.

The Trustees created a post of Internal Auditor during the year to assist with assessing the internal procedures of the organisation. The Internal Auditor role is kept separate from Finance by reporting directly to the Chief Executive, Chairman and Trustees. The Internal Auditor has access to all departments to evaluate the robustness of financial practices and to produce regular reports. The Internal Auditor then reports directly to the Trustees' meetings biannually.

Trustees

The Trustees, who served on the Board throughout the year unless otherwise stated, are listed on page 1. The Trustees are kept up to date with developments within the organisation through the Trustee Meeting papers, newsletters and other communications and visits.

The Trustees regularly seek to review Board membership 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. In relation to this, the Board identified that due to the growing size and complexity of Local Solutions additional Trustees may be required. In February 2008 the Trustees in conjunction with some of the senior managers of the organisation held an away day to consider aspects of the Board including membership and board reporting.

A review of processes is ongoing and new procedural documentation relating to Trustee recruitment and induction is being devised with the aim of a formal recruitment process within the next period. Presently new Trustees are inducted through a visit to 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.

The Trustees also considered board reporting and decided to implement changes that reflect the updated reporting processes within the organisation. This work will continue within the next period and governance, board membership, induction and performance is to be kept under regular review.

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.

The statements of Vision, Mission and Values are as follows:

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

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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 present a review of the year and examples of ways in which Local Solutions in all its activities demonstrates public benefit.

STRATEGY AND ORGANISATION DEVELOPMENT

Following consultative work undertaken by the Senior Management Team in November 2007 the organisation's strategy was reviewed. This work focused on organisational effectiveness and the development of core strategic objectives that could be of benefit to the whole organisation.

The outcome of that work was the identification and a commitment to increase focus in order to deliver three Big Goals.

The three Big Goals are: building a strong **Reputation**, delivering significant **Growth**, and gaining greater **Independence**.

These goals have been established to provide impetus that will assist in the progress and advancement of Local Solutions and to shape the future direction of the organisation. There is a significant amount of continuing work to be undertaken in order to ensure that these goals are placed in an operational context for each service area so that every department can make a relevant contribution to the Big Goals.

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Underpinning the achievement of these goals will be series of key enablers that Local Solutions must deliver in order to achieve the Big Goals. These are, in turn, a second order set of goals in themselves and focus on the People Perspective - developing the capability of employees; the Process Perspective - developing the capability for efficient and effective business; and the Service User Perspective - developing the capability to know the needs of customers and to plan to meet those needs in the future. This has been reflected in our 2008/9 Business Plan and subsequent reporting processes at all levels of the organisation.

Communications and Fundraising

During the year Local Solutions has continued to increase its profile in our area of benefit. 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 HRH The Princess Royal, Francis Maude, Shadow Minister for the Cabinet Office, the Archbishop of Liverpool, the Bishop of Liverpool, the Chief Constable of Merseyside, the Deputy Lord Mayor of Liverpool as well as senior figures from health and social care. Equally, senior managers have been involved in meetings and committees with the Prime Minister, Gordon Brown and the Secretary of State for Communities and Local Government, Hazel Blears.

Local Solutions held a Public General Meeting on Friday 12 October 2007 in conjunction with the Annual General Meeting. The Public Meeting was attended by over 120 people including staff, service users, commissioners and guests. Local Solutions was delighted to welcome His Grace, the Most Reverend Patrick Kelly, Archbishop of Liverpool who delivered the keynote address. In addition, a new DVD was shown that highlighted personal stories of service users.

The Public General Meeting also saw the launch of the new Local Solutions brochure. The publication is designed to give an overview of the entire organisation. The experience and personal stories of service users are prominently featured within the brochure in addition to core statements of Local Solutions' Vision, Mission and Values.

The Communications and Fundraising department secured donations and contributions in excess of £307k 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.

The Communications and Fundraising Department continued to raise the profile of the organisation's services through the production and distribution of press releases to the media. In the reporting period, 96 media successes were achieved which resulted a range of services receiving positive media coverage. These included the prestigious visit by HRH The Princess Royal to Liverpool Carers Centre, free watersports sessions at Merseysport, the Malmaison respite initiative for carers and Liverpool University Children's Centre celebrations for Liverpool's 800th birthday. Staff also provided support at awareness events including the Voice '08 Social Enterprise conference, Liverpool Business Fayre, Carers Week and Winter Survival Campaign. A range of promotional literature was produced including newsletters, leaflets and posters to further raise awareness of the diverse services available within the organisation.

The department has also been instrumental in assisting the organisation produce consistency within its message and branding; this has included the production of posters describing the organisation's Vision, Mission and Values. A fundraising and communications strategy will be developed to incorporate clear guidelines on the use of logos and design to maintain this consistency of approach. Work has commenced on the redesign of the company website that receives over 8,000 visits each month. The site is proving to be an invaluable promotional tool with many people accessing the

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internet for information on services and employment opportunities. Part of this development will involve the team working towards achieving a site accessible quality mark. The information screen in the headquarters' reception continued to provide service users and visitors with examples of recent achievements and future events.

HEMOCARE

Homecare, which is a major contributor to the organisation, continued to work in partnership with the various Local Authorities in delivering care support to over 1,400 vulnerable clients across Liverpool, Knowsley, Sefton and Wirral.

At the beginning of the reporting year, Homecare was successful in securing the Liverpool Social Services contract to deliver domiciliary care services for a four-year period until 2011. The contract commenced in July 2007.

In addition to growth of existing contracts, the department had some work transferred from other organisations who were not continuing to deliver domiciliary care services. In such situations staff and service users transfer between agencies.

Once again, Homecare was subject to rigorous inspections through Local Authorities and the Commission for Social Care Inspection. The inspections are put in place to establish whether providers are meeting national minimum standards and we are pleased to report that at the end of the year we received very positive outcomes with the Homecare Wirral and Knowsley branches both being awarded a Three Star 'Good' grade. This is the second highest ranking achievable.

Throughout the year we held regular carer service group meetings. We also held a number of service user consultation days. These have been an excellent way for us to gain feedback on the service from all those involved to enable us to implement improved systems and ensure that we continually develop our operation.

Three Homecare workers and a care co-ordinator were selected for the role of Ambassadors under the Care Ambassadors scheme that was developed by Skills for Care. This new initiative is aimed at promoting the social care sector within schools, community groups and colleges to explain how the sector works and highlight potential career progression within social care.

The continued success of the Homecare department has increased confidence in its ability to seek new work. Homecare has been successfully involved in the initial stages of tendering for a major contract for Manchester City Council to deliver domiciliary care support.

ADULT SERVICES

Carers Support

The Carers centre continued to provide invaluable support and services to unpaid carers from across the city and enjoyed a successful relationship with the commissioners, Liverpool City Council, who provide the contract to facilitate the delivery of services.

There are over 3,000 carers who regularly receive support to help them in their caring role and improve their general health and well-being. This includes information via quarterly newsletter, the

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carers emergency card and home from hospital support. Designated staff members are available to support carers looking after dependents with mental health issues, older people, people with learning disabilities and carers from ethnic minority groups. In the year, Carers Centre staff carried out over 2,800 one-to-one support sessions.

Thanks to generous funding from John Moores Foundation and Duchy of Lancaster Benevolent Fund, a rolling programme of activities has been delivered that includes Tai Chi, Reiki and training courses in personal safety and first aid. These activities allow carers to have the chance to be themselves and to develop their self-identity, reduce stress levels and relieve isolation.

In October, the project received a prestigious visit from HRH The Princess Royal, who came to mark the first anniversary of the Liverpool Carers Centre's operation. Her Royal Highness met with Local Solutions' Chair and Chief Executive before speaking to Carers Centre staff and 45 carers who conveyed how valuable the resource has been for them. Following the visit Local Solutions received a letter from Buckingham Palace praising the organisation and its work, "The Princess Royal has asked me to write to thank you so much for escorting her during her visit to Local Solutions' Open Day for carers. Her Royal Highness was delighted to meet and talk with so many Carers and to hear about the wonderful work being undertaken by Local Solutions in this way".

A number of events were organised throughout 2007/08 one of which included the annual citywide consultation and information day for carers, which took place during National Carers Week in June. The event which was held at St. George's Hall was opened by the Lord Mayor and saw over 60 agencies represented. The event provided a showcase for Local Solutions to demonstrate its leading role in the provision of support for unpaid carers within the city.

An exciting and unique initiative was developed between the Malmaison Hotel, Liverpool and the carers project. After discussions with the carers team, the hotel agreed to provide a free one night, fully inclusive stay per fortnight for a carer to have some respite and take time out and enjoy the hotel's facilities. The initiative was piloted in February 2008 with significant publicity for all parties involved.

We continued to provide support for Carers from Black and Racial Minorities (BRM) through funding from the Big Lottery. This enabled the project to ensure that it is more inclusive in assisting those from marginalised communities. Additionally we received funding from Liverpool City Council to expand the service available to people with learning disabilities.

Mental Health

The Patients' Council continued to provide a listening and advocacy service to patients on the five acute wards within the Broadoak Unit, part of Mersey Care (NHS) Trust. The service is providing the patients with an opportunity to comment on all aspects of their care, which has resulted in many improvements to services. The Patients' Council staff listen and act on patients' concerns to give them a 'voice' in dealing with medical and social care issues in an attempt to improve 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. The service delivered over 900 one-to-one patient contacts and ran 118 ward sessions for patients at Broadoak.

The team assisted in securing a 'sacred space' for patients - this is a multi-faith room that patients can use during their stay at the hospital. The team were also involved in consultation with service users on the single sex ward proposal. This was a long process of consultation that culminated in the first all female ward at Broadoak Hospital.

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Shopmobility

Shopmobility supports people of all ages who have a mobility restriction by providing them with the freedom and independence to access amenities in Liverpool city centre through the hire of mobility equipment. The service is available to everyone who has a mobility restriction which can be due to age, disability or injury. In the reporting period Shopmobility dealt with over 2,100 enquiries relating to access and hired out over 600 mobility aids.

During the year, Liverpool Shopmobility was preparing for the move to new premises within the Liverpool One retail and leisure complex, the major £1bn city centre development. Local Solutions is proud that Shopmobility is at the heart of the development, and has been working with the developers, Grosvenor, as well as stakeholders including Liverpool City Council and Merseytravel to ensure an enhanced Shopmobility service. The launch will take place in June 2008 and will coincide with Liverpool's year as European Capital of Culture.

The new facility will provide a range of modern and easy to use mobility equipment for hire, including wheelchairs, power chairs and power scooters. Staff are at hand to offer information about local amenities, accessible shops, disability issues and mobility equipment. Shopmobility is a service that relies on the goodwill and commitment of volunteers and we anticipate that this spirit of volunteering will play an equally strong role within the new facility.

The Project has seen a great deal of change since its inception and has now evolved into a One Stop Shop, which has been promoted on all advertisements and documentation. The project has developed a whole range of initiatives, including a freephone helpline, a Cyber Café to encourage people with disabilities to engage in new technology and 'Shopmobility Friendly' stickers - a campaign that has had a marked effect on improving access and services to an often-excluded group in our society.

Regular service user group meetings were held throughout the year to allow us to obtain feedback from our clients, which will hopefully improve and develop services.

Welfare Benefits Advice

The work of the Welfare Rights Service focused on helping people understand the complexity of the benefits system. The service ensures that people are receiving appropriate benefits; this work can make a significant difference in the quality of people's lives, many of whom are marginalised and living in relative poverty.

We welcomed our continued partnership with Liverpool City Council and the Legal Services Commission to help us to sustain this service. The period saw substantial changes for Welfare Rights with regards to its contract with the Legal Services Commission. The change reflected nationwide alterations to legal aid work funding. The new systems include the introduction of fixed fees instead of payment for casework hours, a peer review system for future audits and the emergence of a preferred supplier scheme. The new system came into effect in October 2007. All targets specified in our contract with the Legal Services Commission (LSC) were met and we hope that this consolidates the security of our contract. In the year the team dealt with over 800 enquiries and obtained over £1,250,000 in benefits for Liverpool residents. The Welfare Rights Service represented clients in 126 appeals within the reporting period.

Our regular outreach surgeries proved successful in helping people who are unable to attend the office for consultation; these include housebound people, those with mental health problems and

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people from ethnic minority backgrounds who may find it difficult to communicate due to language and cultural barriers. Our specialist team member, who has multilingual skills and is able to overcome language barriers, held regular sessions in different community centres providing help to people from different cultural backgrounds.

Weekly sessions continued to be held in the Linda McCartney Centre to assist cancer patients and at the Broadoak Unit to provide support to mental health service users.

Case Study

One example of help provided by the advice team is of a 58 year old Everton man with extensive health problems, including right lower leg amputation and left mid foot amputation who had claimed Disability Living Allowance. Unfortunately, his claim was disallowed after the Decision Maker obtained advice from an Approved Disability Analyst working within the Medical Services of the Department of Work and Pensions. With our help the decision was referred to an Appeal Tribunal. On providing medical evidence confirming the extent of the client's problems the Decision Maker revised the decision prior to the appeal hearing and awarded him the higher rate of the mobility component and middle rate of the care component for an indefinite period. As a result of this decision he was entitled to an extra £90 per week in benefit and approximately £2,500 in arrears.

Keep Safe and Warm

The Keep Safe and Warm (KSW) project continued to tackle fuel poverty through the installation of home energy efficiency measures. Loft insulation and cavity wall insulation was carried out in over 1,350 properties benefiting thousands of residents in Liverpool.

Specific groups are particularly vulnerable to fuel poverty, these include older people, low-income householders, lone parents, disabled people and the unemployed. It can result in poor health, debt and excess winter deaths, especially in older people. The effective energy efficiency measures delivered by the KSW team have consequently had a profound effect in improving the quality of life for many disadvantaged people.

The project continues to enjoy a successful relationship with Liverpool City Council (LCC) and is into the second contractual year for the provision of energy conservation measures. Also in this reporting period KSW entered into its first contractual year of the Handyperson service for the over 50s. Under the LCC contract, the team provides painting and gardening work to vulnerable people. The Handyperson service carried out work in over 280 homes.

Once again KSW participated in the annual Winter Survival Campaign, organised by Liverpool City Council. The 2007/8 Campaign began with an Information Fair at St George's Hall, which was a huge success and was attended by over 400 people. A number of events were organised during the winter months across the city offering advice on keeping warm and energy efficiency measures and also a range of information regarding access to grants and benefits.

KSW also distributed packs consisting of useful winter items including blankets, cold alarms, thermos flasks and warm clothing to some of our most vulnerable clients. This initiative was made possible through generous support from a range of charitable donations.

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KSW has been working closely with Merseyside Police carrying out reactive work in an endeavour to protect vulnerable people in their homes. Occupants in Liverpool who have been under threat of personal attack due to domestic violence issues or racial harassment have been given protection through a range of security measures. The KSW team have visited 400 properties to carry out work that has included changing locks on doors and windows and equipping homes with fire bags, which are fitted to the back of letterbox to absorb any attempts to ignite through pouring petrol.

Merseysport and Mobex

Merseysport is situated within Liverpool's high profile city centre dock system and provides opportunities to experience a range of watersports activities. The period was one of success for Merseysport; there were in excess of 15,500 user hours spent at the facility and the project delivered 185 governing body qualifications in watersports activities. Members of Merseysport include family groups, people with disabilities, children from inner city groups and disadvantaged groups who participated in the canoeing, sailing and windsurfing sessions on offer.

Over 2,800 school children benefited from free taster sessions made possible through funding secured from Liverpool City Council's Culture Company as part of the Sail Training Initiative. Merseysport delivered six four-day sailing courses for young people from Liverpool schools throughout the reporting period. This initiative was funded by Inner City Sailing, a new charity venture set up by Liverpool based overseas property company 7BestInvest. The programme was piloted this year for fifty young people with the aim of increasing throughput in subsequent years.

Merseysport also added rowing to its portfolio of activities through a collaboration with the Mersey Rowing Club and the Amateur Rowing Association to commence a junior rowing programme. We are grateful to the Henley Stewart Trust, who will fund a coaching post for two years to work with schools. The initiative is aimed at stimulating interest in the sport among young people.

The Mobex project continued to offer outdoor pursuits and experiential learning opportunities. The project works with disadvantaged groups, including young homeless people, those suffering from mental health problems and pupils excluded from mainstream education. During the reporting period Mobex delivered 247 activity days to this client group.

The project works across a range of activities including climbing, abseiling, canoeing, kayaking, orienteering, hill walking, navigation, mountain biking, archery and team tasks and games. Courses are tailored to meet the individual needs of the client group. They encourage positive personal development, social interaction and team work and can play a large part in breaking the cycle of drugs, crime, poverty and anti-social behaviour.

Mobex commenced an innovative programme working with young offenders within HMP Altcourse. The pilot initiative is funded through the Rank Foundation and the Mobex Network. The Mobex team worked with eight participants delivering a Leadership in the Community (LinC) Course Level 1. The further aim of the project is to engage participants to undertake a LinC Level 2 course post-release. The project is being independently evaluated by Manchester University. The project also secured a significant grant from the Ellerdale Trust that enabled Mobex to deliver training courses to over 80 homeless young people.

Mobex secured a £20k contract with Greater Merseyside Connexions under the Positive Activities for Young People (PAYP) programme. This programme provided young people at risk, disaffected or excluded from mainstream provision with challenging activities during the school holidays. As a result, the group had a busy summer period predominantly working with groups from Connexions and

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the Probation Service. This included a series of summer camps and a residential with a group from Probation in preparation for an 80 mile backpacking trek over four days in Scotland. This trip helped to determine candidates who will be accepted as Liverpool '08 visitor guides.

SUPPORTED ACCOMMODATION

Youth Homelessness

Local Solutions has had a significant impact in helping young homeless people through its two pioneering services: Merseyside Accommodation Project (MAP), which provides family style accommodation and support to homeless teenagers age 16 and 17 and Homeground, our hostel providing combined accommodation and support for homeless people between the ages of 16 and 35.

Both Local Solutions' Homelessness services are into their 6th contractual year under the Supporting People Programme. MAP, operating across the boroughs of Liverpool, Sefton, Wirral and Knowsley and St. Helens, had a successful year supporting 160 homeless teenagers. Homeground provided accommodation and support services to 102 young people in need.

Local Solutions was delighted to develop a new MAP initiative by replicating the model within Denbighshire, North Wales. In February 2008 the project entered into a formal Supporting People contract with Denbighshire Council. An office has been established in Denbigh and we are pleased to report that the first young people have been placed with local householders. There are 8 placements within the contract and householder recruitment, accreditation and training is ongoing.

MAP Liverpool received six Grade B's in the validation visit conducted by Liverpool Supporting People Team in September 2007. The evaluation system allocates grades for service provision between A and D with A being the highest achievable. This was the latest of the MAP projects to be validated and shows that processes which have been developed as a result of previous inspections have culminated in improved grades.

In December 2007 Homeground celebrated its 15th birthday. Many former residents enjoyed the opportunity to return to the project to mark the occasion and reflect on how the hostel had helped them overcome personal and situational barriers.

The work on the Homeground roof was completed with the assistance of CRASH, the construction industry charity that helps homelessness projects improve their premises. Over £30,000 was received to carry out both remedial work and sustainable improvements to the structure and fabric of the roof. The suitability of the Homeground building to house a hostel in the long term remains under review and we have commenced some exploratory discussions with a Registered Social Landlord in relation to a new purpose built premises.

A group of young people from Homeground completed an innovative dance project that culminated in a public performance on 1 December at a Liverpool city centre venue, attended by over 100 guests. The young people performed several dances and took part in discussions about the initiative. The event concluded with the showing of a DVD that told how the project evolved. The work was supported by the Comino Foundation and devised in conjunction with Liverpool John Moores University's JumpStart Dance Company.

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The resettlement services at both supported accommodation projects continued to prove effective in assisting young people gain independence. Project workers liaise closely with each young person who is ready for independent living to help them find suitable accommodation; they also ensure relevant networks of support are in place and assist the young person to secure full time work, education or training. This resettlement work is generously supported by Charitable Trusts. The period saw the final grant of a three-year commitment from The Henry Smith Charity who support MAP's resettlement project. During the three-year period, 94 young people were supported and 42 were successfully moved into independent accommodation. The Homeground resettlement project, which is funded by the Comino Foundation has been a success and in the reporting year 14 young people were placed in independent accommodation, with ongoing support from the team.

Vulnerable Persons Helplines

The Worst Kept Secret (WKS) and BullyBusters continued to play a key role in meeting the needs of people who are experiencing domestic violence and bullying. This was achieved through our two free telephone helplines and additional services. The need for these vital services has been demonstrated by the demand of calls received; the WKS received in excess of 1,900 calls in the reporting period and BullyBusters received in over 800 calls from people seeking help.

The Worst Kept Secret project has continued to deliver the Independent Domestic Violence Advisor (IDVA) service for Liverpool City Council following an initial pilot programme. This work is part of a wider governmental initiative to improve services for women affected by domestic violence and seeks to assist victims, coordinate multi-agency responses and increase convictions for perpetrators through pro-active support during the legal process. It is anticipated that there will be a formal process of tendering for the long term future of this service within the next reporting period.

A new initiative, supported by the Lloyds TSB Foundation, involved staff from WKS working in schools with 13 – 19 year olds in a project designed to 'break the cycle' of domestic violence. The aim of the educative programme is to explore the nature of relationships and to help young people identify the signs of unhealthy or abusive situations.

WKS was the official primary sponsor for the 2007 Liverpool Women's 10k race. Over 2,500 entrants took part in the run, which was celebrating its 21st year. A BullyBusters One Mile Fun Run for under 18s also took place on the day as part of the event. Increased publicity in the event helps to raise awareness of the issues and enhance sponsorship for the projects. Warren Bradley, leader of Liverpool City Council, was in attendance and presented medals to the winning runners.

The BullyBusters project continued to develop effective partnership working with schools across Merseyside to deliver a comprehensive anti-bullying message. The project coordinator for BullyBusters is funded through a grant by Comic Relief. Over 6,000 young people received training and awareness sessions in the reporting period and the project's brand remains high with over 75,000 visits recorded to the BullyBusters website.

As part of the national anti-bullying week in November 2007, BullyBusters took a lead role in coordinating local activities. These included young person's consultation events, workshops, peer mentoring schemes and interviews on local radio stations. The activities took place across the boroughs that support the initiative – Liverpool, Sefton, Knowsley and Wirral. In addition, BullyBusters played a key role in the development and launch of the Liverpool Anti-Bullying Strategy.

BullyBusters was involved in the development of a pilot programme of peer mentoring in schools within the boroughs of Sefton and Liverpool. The programme trains pupils to be anti-bullying advisors

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and act as identifiable figures within the school environment for pupils to contact and seek advice if experiencing a concern with bullying.

Case Study

A 12 year old boy contacted BullyBusters following the project's promotion on a local radio programme. This began regular contact through the helpline as the boy was concerned about bullying due to personal issues involving his sexuality. He was given advice and strategies to help him deal with his situation and options to talk to another person he trusted were explored. In one subsequent call to the helpline the boy made very concerning comments about ending his life. The helpline worker kept him engaged for one hour and forty minutes discussing a range of positive aspects of his life. By the end of the call the worker was granted permission by the boy to speak to another member of his family and the boy asked his mother to come to the phone. Since this intervention the boy has explored his situation and feelings more openly with his immediate family and this has been extended to particular teachers at school. As a consequence the boy is beginning to deal with his sexuality and emotional issues in a more positive manner.

TRAINING AND QUALITY ASSURANCE

Lifelong Learning

We continued to meet the needs and aspirations of a wide client group through our training and employment initiatives. Contracts were secured through a range of organisations and funding streams and included Further Education Franchised Provision, the Early Years Partnership, Skills for Care and Care Connect. This allowed us to continue to deliver our programmes ranging from pre-vocational and entry-level courses and work preparation tuition to higher-level training such as teacher training in adult education. Training in Early Years Care and Education, Playwork, IT and Horticulture were some of the modules on offer. We also delivered courses to 292 clients funded through the Neighbourhood Learning in Deprived Communities within Knowsley, Sefton and Liverpool.

We were also pleased with the continued performance on inspections of our training provision. Within the reporting period we were awarded 'A' grades at External Verification visits for Early Years Care and Health and Social Care and Learning and Development qualifications, with an A/B grade for Playwork.

Following a verifier visit from the British Computer Society, the Department achieved a Grade A for the delivery of the new Information Technology Qualification and Grade B for delivery of the European Computer Driving Licence. Also in the reporting year, the childcare training achieved Grade 1 – exemplary performance in meeting standards. This feedback was received following the CACHE Standards Moderation report on Diploma in Home Based Childcare.

Alternative Curriculum

The Alternative Curriculum project continued to deliver specialist training for over 40 young people who were excluded or at risk of exclusion from school. The period saw a development of this service to a new cohort of young people - children missing from education. These young people are identified through Connexions and other statutory agencies and have specific vulnerabilities as often they are

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REPORT OF THE TRUSTEES

For the year ended 31 March 2008

not even on a school roll or they have been missing from mainstream education for substantial periods.

Dyslexia

The Henry Smith Foundation and KPMG Foundation have continued to provide generous funding to the Dyslexia service. This has allowed us to continue to provide assessments, screenings and tuition to service users accessing our programmes who are experiencing difficulties with their courses and particularly classroom based learning. Clients have been referred from various services within the organisation and include young homeless people, carers, care support workers and students accessing training courses. Within the period 326 Dyslexia screenings and 76 assessments were carried out.

We were pleased to launch a DVD Guide about Dyslexia for teachers and parents that features workshops, practical activities and interviews with parents and teaching staff. This guide was produced in partnership with the British Dyslexia Association, Liverpool John Moores University and Liverpool City Council. The DVD will be useful for children with dyslexia but also act as a valuable resource for schools and will help staff to develop their practice and adapt their teaching to support varied learning styles.

Horticulture

Our Horticulture and Environmental Training Unit continued to perform well. Our partnership with 'IN Environmental Services' was strengthened and resulted in a number of areas in Liverpool being completely transformed through learners on our programmes cleaning, maintaining grounds and landscaping numerous derelict sites. In addition we worked in collaboration with 'IN Environmental Services' to engage with ex-offenders as part of our commitment to overcome barriers to social exclusion. As a result, we employed a number of members of staff via the probation service as part of the initiative. The employees have been working on the Mersey Basin project and other urban regeneration initiatives within Merseyside.

In the reporting period, the Horticulture project worked with local residents in Northwood, Knowsley to enhance allotments by transforming their plots in an initiative funded through the Neighbourhood Learning in Deprived Communities Fund. A new Home Swap service was also introduced, this initiative involves environmental rangers providing cleaning and maintenance services for newly refurbished social housing properties prior to their occupation.

Disability Training Initiatives

Local Solutions disability training initiatives - Ability First, New Deal for Disabled People (NDDP) and Work Preparation – continued to provide essential support for people with disabilities to help them to re-enter the workplace. The individually tailored programmes operate across the North West, delivering services to people in Merseyside, Lancashire, Greater Manchester, Cumbria and Cheshire. Through these initiatives service users can enhance their training and employment opportunities through work placements, motivational sessions, CV writing and interview techniques.

The New Deal for Disabled People programme on Merseyside had a very successful year. We achieved 306 starts and secured 189 full-time jobs and 27 part-time jobs on behalf of customers.

Unfortunately, we were unsuccessful in the initial bidding stage for the New Deal for Disabled People contracts that come into force in 2008. The contracts were awarded to nationally based organisations.

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For the year ended 31 March 2008

The Department of Work and Pensions (DWP) allocated up to £100k for the Local Solutions project until the end of June 2008. NDDP will continue with negotiations to attempt to secure a subcontract from July 2008. This was a disappointing result due to the DWP confirming that, in the first half the financial year, Local Solutions was the highest performer in Merseyside for the NDDP programme for both achievement of job outcomes against profile and for conversion rate of registrations to jobs. Overall Local Solutions was third in the country for performance and fourth for conversation rate.

Both the NDDP and Work Preparation Programmes received 'Full Assurance' following the Financial Appraisal and Monitoring (FAM) Audit which is a top level award.

The Ability First Programme delivered 50 group-based work preparation programmes throughout the North West, with a total of 418 customers attending the courses.

The Work Preparation Programme provided 117 work placements for people with disabilities. We were pleased that the Work Preparation and Ability First contracts were extended until October 2009.

The training department was involved in the launch of 'Employability', a new initiative aimed at encouraging small and medium enterprises to employ more disabled people. This high profile event was held in the Marriott Hotel in Liverpool and opened by Ann McGuire, MP, Minister for Disabled People.

Care Training Unit

The Care Training Unit (CTU) continued to deliver a range of services that supported Homecare including training and human resources for new and existing staff. The CTU also delivered a small number of external contracts. During the reporting period 1,100 induction training days were delivered and 575 specialist courses were run for homecare staff. The unit also assisted 84 staff members gain their NVQ Level 2 qualification.

The CTU continued to provide a rigorous and structured programme of in-house quality assurance to the Homecare branches. This internal inspection framework aims to support the work of all branches in ensuring that they are prepared for both notified and unplanned Commission for Social Care inspections. The CTU gained the prestigious Migrant Workers Quality Mark, an award given by Oxfam for best practice.

Quality Assurance

The delivery of high quality services is a consistent focus for Local Solutions. Many of the existing services are regulated by outside bodies and undergo robust external inspections whilst other areas of operation are not required to adhere to any formal regulatory frameworks. In order to ensure that the quality of service delivery is consistently high across the organisation, Local Solutions has developed a specialist Quality Assurance Team. The team will take the lead role in devising systems for continuous improvement across all service areas including internal departments. This will help to ensure quality is standardised across the organisation. It is anticipated that this will assist in enhancing our reputation and facilitate our potential for growth.

The team received funding from Skills for Care to form an Innovation in Participation Group with staff, volunteers and service users represented from across the organisation with the aim to improve services in the social care sector. An action plan outlines the group's objectives that incorporate reviewing current policies, the recruitment and induction process and developing new ideas. Group

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For the year ended 31 March 2008

representatives received an award from Skills for Care in recognition of the work achieved through the project.

EARLY YEARS

Early Years continued to meet a range of needs for families in the region; this included nursery provision, wrap around childcare, before and after school provision and holiday playschemes. The children in our care are provided with facilities for them to enjoy the building blocks of educational life skills within a happy and safe environment. Over 300 children accessed our Early Years provision during the year.

Quality of provision and staff were on the agenda for Early Years: the Mosscroft Children's Centre secured a 'Good' in their OFSTED inspection. Two Early Years staff members received particular recognition this year. The Manager of the University Children's Centre won a prestigious national lifelong achievement award in recognition of her 40 years service to the sector. One of our nursery nurses won Child Care Worker of the Year Award in the Toddler Age Group category judged by the Liverpool Early Years department. This was in recognition of the work she has carried out with a child who has extensive special needs.

Early Years were successful in securing funding to run a project through the Liverpool City Council's Little Acorns scheme as part of the Capital of Culture celebrations. The project was designed for pre-school aged children who were able to experience sessions in storytelling, den making, Indian dancing and poetry aimed at encouraging children to gain a wider appreciation of the world around them.

Early Years received an award from the Radio City Charitable Trust's 'Making a Difference' campaign. The grant has helped to develop an outdoor education and play area at the Whiston Willis Children's Centre. The resource will provide the children with an opportunity to enjoy learning about the environment.

During the summer holiday period Early Years playschemes provided excellent facilities and events for over 120 children within Knowsley and Liverpool. The playschemes were an embodiment of the diversity of the service users within Early Years with children attending from families from Australia, China and Iran. The playschemes also accommodated children who have emotional or behavioural difficulties, their participation enabling some parents and carers to obtain valuable respite.

The Early Years sector continued to experience a challenging financial situation. A substantial increase in the number of Children's Centres in Knowsley in previous years had led to an over-supply compared to the actual needs of the local demography. As reported in the 2006/7 report, within certain nurseries occupancy was not growing sufficiently to ensure that the nurseries were financially viable and meeting wider strategic objectives. Local Solutions has continued to liaise with Knowsley Metropolitan Borough Council to explore solutions which included financial assistance, mergers of provision and some closures. The viability of the existing provision is under ongoing review.

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For the year ended 31 March 2008

CORPORATE SERVICES

Conference Centre

The Northern Conference Centre (NCC) continued to provide high quality conferencing and catering services to external and internal customers. The centre has enjoyed a busy year with over 8,000 delegates accessing the centre. NCC users have expressed a high level of satisfaction with the quality of the service and demonstrated this by continued loyalty. Customers have included Mersey Care NHS Trust, the Youth Offending Service, Stonham Housing Association and the Liverpool Primary Care Trust Community Reference Group. The NCC also hosted 2 public enquiries.

Within the reporting period the centre commenced delivery of external training on a range of Health and Safety courses following consultation with regular customers.

The NCC worked closely with internal departments to assist them in running events to showcase their services, these included Homecare recruitment days, NDDP Open day, HRH Princess Royal Visit to the Carers Centre and the Public General Meeting.

Estate Management

Managers within the organisation received a wide range of support from the internal Estate Management team which included full Health and Safety and Disability Discrimination Act inspections across all bases. The team has also continued to work with departments in relation to procurement and audits, contracts and leases. The system of approved lists of suppliers and contractors introduced last year continued to prove successful in generating procurement savings across the organisation.

A range of training was delivered to staff, with in-house courses including Health and Safety at Work, Fire Awareness, Fire Marshal, Risk Assessment and the new Corporate Manslaughter legislation.

The issue of premises continued to present challenges for the future. Discussions have continued with the Liverpool Archdiocese in relation to Local Solutions' headquarters at Mount Vernon Green, Liverpool. The Archdiocese owns the site and we have entered dialogue exploring the potential redevelopment of the site with Local Solutions as the primary occupier.

Human Resources

The Human Resources Department continued to play a very significant role in supporting staff across Local Solutions by providing a comprehensive service in relation to recruitment issues, training procedures, staff development and company policies. Human Resources were instrumental in delivering essential related training programmes across the organisation.

Human Resources also developed the Foundation for Leadership course in collaboration with Royal and SunAlliance. This course is aimed at managers and leaders within the organisation in order to develop talent, enhance leadership capabilities and consider individual contribution to the organisation. It proved to be a very successful and popular course with over 40 participants involved during the year.

The Cultural Diversity Group that was established last year developed a range of events and projects. This included a series of summer talks to mark Liverpool's 800th Birthday. Speakers included the Rt

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For the year ended 31 March 2008

Rev James Jones, Bishop of Liverpool and David Fleming, Director of National Museums Liverpool who addressed audiences consisting of Trustees, staff, volunteers and guests.

Local Solutions staff members participated in Faith Diversity training run by a multi-faith organisation 'Community Spirit'. This course involved introductions to world religions and faiths as well as visits to prominent local places of worship.

We continued to work in conjunction with union representation and in particular Unite who represent a cohort of staff members. We worked in a consultative manner on many aspects of policy development and human resource considerations. We continue to welcome their contribution to these matters. In the next reporting period, Local Solutions will seek to develop a more comprehensive approach to develop staff representation throughout the organisation.

Investors in People

Local Solutions was delighted to retain its Investors in People (IiP) status in January 2008. The feedback received was extremely positive especially in relation to the core organisational values and the culture of training and development. The inspection evidenced some areas of organisational and workforce development that would benefit the organisation. Senior Managers met the lead IiP inspector in February 2008 to consider ways in which we can improve our planning and ensure that the culture of training is more strategically focused.

Disabled employees and employee involvement

Local Solutions is committed to providing appropriate training, career development and promotion opportunities for all its employees. 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. Due to the organisation's 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, departmental and other special interest meetings. A communications group helps to ensure that information is made available to employees, and a regular newsletter is produced.

Achievements and performance

In the previous Annual report we identified various objectives that we would pay particular attention to during the 2007/8 period. We are pleased to report the following progress on these objectives:

Homecare has developed opportunities for new market entry and gained significant additional work through their responsiveness and partnership approach following an existing provider in Liverpool being unable to continue operating. Homecare has also been pro-active in tendering for work in new areas and has successfully negotiated several stages of tendering for domiciliary care work for Manchester City Council.

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For the year ended 31 March 2008

The Care Training Unit has been developed to provide assistance to the whole organisation through the development of a specialist Quality Assurance Team.

Local Solutions has continued to explore a move for the Homeground hostel to new purpose built premises. Initial discussions are underway with a Registered Social Landlord in relation to identifying a site and producing a viable financial package.

The Carers Centre has successfully sourced funding from both statutory and charitable sectors to enhance the holistic package of training initiatives for unpaid carers.

In addition, the commencement of the Denbighshire Supported Lodgings initiative was a significant achievement for Local Solutions. This is the first major project we have delivered in Wales.

Financial Review

Income and expenditure

The overall surplus for the year was £325k, which resulted in a further increase of reserves.

Total income increased from £15.17m to £15.45m, a rise of 2%. This is less than last year's growth of 4%, highlighting the financial constraints under which we operate. Whilst there was a decrease in the turnover in Early Years there were increases in Homecare, Supported Accommodation and Keep Safe and Warm and Training activities.

Balance sheet

There was a reduction in the net book value of the fixed assets from £286k at the start of the year to £222k at the end of the year represented by an overall depreciation charge for the year of £71k and offset by a capital spend during the year of £7k on motor vehicles.

The most significant movement on the balance sheet is the increase of the debtors figure from £1,876k last year to £2,152k this year. This increase is due to a rise in operating debtors. Since the year-end credit control has been reviewed and a significant proportion of the operating debtors at the year-end have been collected by the date of this report.

At the end of the year the cash at bank and in hand figure was £713k, an increase of £104k. This represents a consistent level of funds with the bank and on deposit during the year. The charity's working capital remains under constant review.

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 of £3m, equivalent to three months running costs, should be created. Unrestricted Reserves at present are £1.8m. This is below our desired figure by £1.2m. Our budget for 2008/2009 predicts a modest surplus, which will enable us to reduce this "free reserves" shortfall.

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REPORT OF THE TRUSTEES

For the year ended 31 March 2008

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.

Public Benefit

Our activities in 2007/8 demonstrated, in all accepted definitions, that Local Solutions provides charitable services that are of public benefit. Right across the age spectrum through engagement, enablement and enhancement we have served the public with our dynamic and responsive activities. We will continue to hold the delivery of public benefit as the key driver of our work.

Plans for future periods

Following our strategic review and additional organisational development work carried out within the reporting period, we have established a range of objectives for the next period.

In 2008/9 we will:

- Continue to focus on the three big goals of Reputation, Growth and Independence as key drivers to enhance the organisation's effectiveness;
- Promote Quality throughout the organisation and develop the work of the Quality Assessment Team;
- Collaborate where appropriate, with other third sector organisations to deliver an enhanced service portfolio;
- Continue to engage with the public sector and commissioners to deliver services that are flexible, responsive and add value to the service user experience;
- Expand our reach to the most vulnerable within our area of benefit;
- Explore mechanisms to ensure greater staff representation throughout the organisation;
- Increase the number and scope of volunteers within the organisation;
- Develop into an authentically regional organisation.

LOCAL SOLUTIONS

REPORT OF THE TRUSTEES

For the year ended 31 March 2008

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 there under. 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".

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.

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REPORT OF THE TRUSTEES

For the year ended 31 March 2008

We held Long Service Awards in June for 7 members of staff who had served more than 15 years. We were pleased to recognise the dedication and commitment that these employees have demonstrated to Local Solutions.

We supported the Chief Executive, Stephen Hawkins, in the signing of the national government initiative - The Skills Pledge - on behalf of Local Solutions in September 2007 maintaining a commitment to our staff that they will be supported and encouraged to access continuous development and qualifications.

Finally, we were delighted with the introduction of the Employee of the Year awards with three categories of Equality of Opportunity, Team of the Year and Outstanding Service Delivery. The awards presented in December gave an opportunity to showcase the work of many individuals who demonstrated an exceptional contribution to Local Solutions and the people that it serves across the region.

ON BEHALF OF THE TRUSTEES

Robert T H Owen
Chairman

16 July 2008

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 2008, 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 2008 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 2008.

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

2008

LOCAL SOLUTIONS

PRINCIPAL ACCOUNTING POLICIES

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 re-valued 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

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.

The company capitalises all individual items of fixed assets in excess of £1,000.

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

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.

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STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME & EXPENDITURE ACCOUNT

For the year ended 31 March 2008

	Note	Unrestricted Funds £	Restricted Funds £	Total 2008 £	Total 2007 £
Income					
Incoming resources	1				
<i>Income in furtherance of the charity's objects</i>					
Donations and gifts		46,667	260,585	307,252	359,701
Project income including Grants		14,266,927	851,086	15,118,013	14,798,122
Investment income	3	20,823	-	20,823	15,821
Total incoming resources		<u>14,334,417</u>	<u>1,111,671</u>	<u>15,446,088</u>	<u>15,173,644</u>
Expenditure					
Resources expended	2				
Direct charitable expenditure		13,965,498	1,111,671	15,077,169	14,811,946
Governance costs		44,392	-	44,392	36,095
Total resources expended		<u>14,009,890</u>	<u>1,111,671</u>	<u>15,121,561</u>	<u>14,848,041</u>
Net incoming resources for the year being the surplus of income over expenditure		324,527	-	324,527	325,603
Total funds brought forward at 1 April 2007	11	1,517,570	-	1,517,570	1,191,967
Total funds carried forward at 31 March 2008	10	<u>1,842,097</u>	<u>-</u>	<u>1,842,097</u>	<u>1,517,570</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.

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BALANCE SHEET AT 31 MARCH 2008

	Note	£	2008 £	£	2007 £
Fixed assets					
Tangible assets	6		221,671		286,896
Current assets					
Stock	7	33,864		44,115	
Debtors	8	2,151,658		1,875,667	
Cash at bank and in hand		<u>713,022</u>		<u>609,315</u>	
		2,898,544		2,529,097	
Creditors: amounts falling due within one year	9	<u>(1,278,118)</u>		<u>(1,298,423)</u>	
Net current assets			1,620,426		1,230,674
Net assets			<u>1,842,097</u>		<u>1,517,570</u>
Funds					
Restricted	10		-		-
Unrestricted	10		<u>1,842,097</u>		<u>1,517,570</u>
			<u>1,842,097</u>		<u>1,517,570</u>

The financial statements were approved by the Board of Trustees on 16 July 2008, and signed on their behalf by:

Trustee

LOCAL SOLUTIONS

CASH FLOW STATEMENT

For the year ended 31 March 2008

	Note	£	2008 £	£	2007 £
Net cash inflow/(outflow) from operating activities	12		88,028		(233,825)
Returns of investments and servicing of finance					
Interest received		20,823		15,821	
Interest paid		(124)		-	
Net cash inflow from returns on Investments and servicing of finance			20,699		15,821
Capital expenditure					
Purchase of tangible fixed assets		(7,500)		(50,067)	
Sale proceeds of tangible fixed assets		2,480		1,050	
Net cash outflow from capital expenditure			(5,020)		(49,017)
Increase/(Decrease) in cash	13		103,707		(267,021)

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

1 ANALYSIS OF INCOMING RESOURCES

	2008 £	2007 £
Donations deferred at 1 April 2007	144,233	44,714
Donations receivable in the year	247,940	459,220
Credit for the year	<u>(307,252)</u>	<u>(359,701)</u>
Donations deferred at 31 March 2008	<u>84,921</u>	<u>144,233</u>

	£	£
Project income deferred at 1 April 2007	235,698	263,959
Project income receivable in the year	15,116,796	14,769,861
Credit for the year	<u>(15,118,013)</u>	<u>(14,798,122)</u>
Project income deferred at 31 March 2008	<u>234,481</u>	<u>235,698</u>

	£	£
Analysis of income		
Project income for charitable services provided	15,118,013	14,798,122
Donations	307,252	359,701
Investment income	<u>20,823</u>	<u>15,821</u>
	<u>15,446,088</u>	<u>15,173,644</u>

Income is analysed by projects as follows:

	£	£
Training & QA	1,887,205	1,809,470
Homecare	7,769,183	7,388,130
Early Years	1,548,543	1,885,562
Supported Accommodation	2,410,258	2,370,927
Adult Services	1,436,188	1,287,309
Central services	<u>66,636</u>	<u>56,724</u>
	<u>15,118,013</u>	<u>14,798,122</u>

Project income is derived from various funding sources including Liverpool, Sefton, Knowsley, Wirral and St Helens Local Authorities.

Restricted Grants within Project Income

	£
Knowsley Metropolitan Borough Council	308,620
Liverpool City Council	384,706
Health Authorities/Trusts	15,000
NRF	60,000
John Moores Foundation	2,500
Big Lottery Fund	29,248
Others	<u>51,012</u>
	<u>851,086</u>

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

1 ANALYSIS OF INCOMING RESOURCES (CONTINUED)

Investment income comprises income from:

	2008 £	2007 £
Bank deposits	<u>20,823</u>	<u>15,821</u>

2 ANALYSIS OF RESOURCES EXPENDED

	Staff costs £	Other costs £	Depreciation £	2008 £	2007 £
Direct charitable expenditure	12,094,831	2,911,539	70,799	15,077,169	14,811,946
Governance costs	23,963	20,429	-	44,392	36,095
	<u>12,118,794</u>	<u>2,931,968</u>	<u>70,799</u>	<u>15,121,561</u>	<u>14,848,041</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 £1,460,972, which figure includes fundraising costs of £113,311.

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

	2008 £	2007 £
On bank overdraft	124	-
Other interest receivable and similar income	<u>(20,823)</u>	<u>(15,821)</u>
	<u>(20,699)</u>	<u>(15,821)</u>

4 EMPLOYEES

Staff costs during the year were as follows:

	2008 £	2007 £
Wages and salaries	11,084,915	10,645,436
Social security costs	889,534	856,328
Other pension costs	144,345	141,606
	<u>12,118,794</u>	<u>11,643,370</u>

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

4 EMPLOYEES (CONTINUED)

The average number of full time equivalent employees during the year was 729 (2007: 688).

	2008	2007
	Number	Number
Project staff	715	674
Fund raising and publicity	3	3
Management and administration of the charity	11	11
	729	688

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

	2008	2007
	Number	Number
£70,001 to £80,000	<u>1</u>	<u>1</u>

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

	2008	2007
	£	£
Pension contributions to money purchase schemes	<u>5,127</u>	<u>4,351</u>

During the year one higher paid employee (2007: one higher paid employee) 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 £151 were reimbursed to one trustee (2007: £90) 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 2008

6 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Leasehold improvements £	Motor vehicles £	Fixtures fittings and equipment £	Total £
Cost or valuation					
At 1 April 2007	170,000	142,487	129,129	597,181	1,038,797
Additions	-	-	7,500	-	7,500
Disposals	-	-	(8,500)	-	(8,500)
At 31 March 2008	<u>170,000</u>	<u>142,487</u>	<u>128,129</u>	<u>597,181</u>	<u>1,037,797</u>
Depreciation					
At 1 st April 2007	25,180	102,932	100,856	522,933	751,901
Provided in the year	3,396	8,568	21,383	37,452	70,799
Eliminated on disposals	-	-	(6,574)	-	(6,574)
At 31 March 2008	<u>28,576</u>	<u>111,500</u>	<u>115,665</u>	<u>560,385</u>	<u>816,126</u>
Net book amount at 31 March 2008	<u>141,424</u>	<u>30,987</u>	<u>12,464</u>	<u>36,796</u>	<u>221,671</u>
Net book amount at 31 March 2007	<u>144,820</u>	<u>39,555</u>	<u>28,273</u>	<u>74,248</u>	<u>286,896</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	
	2008 £	2007 £
At cost	3,404	3,404
At valuation	<u>166,596</u>	<u>166,596</u>
	<u>170,000</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 no material difference between the accounts carrying value and the current value, on an existing use basis.

7 STOCK

	2008 £	2007 £
Materials	<u>33,864</u>	<u>44,115</u>

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

8 DEBTORS

	2008 £	2007 £
Accrued income	712,573	699,077
Operating debtors	1,310,054	1,060,331
Other debtors	8,695	7,445
Prepayments	120,336	108,814
	<u>2,151,658</u>	<u>1,875,667</u>

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Operating creditors	147,081	180,039
Social security and other taxes	321,141	330,365
Accruals	490,493	408,088
Deferred income	319,403	379,931
	<u>1,278,118</u>	<u>1,298,423</u>

10 FUNDS

	Restricted fund £	Unrestricted fund £	Total £
At 1 April 2007	-	1,517,570	1,517,570
Incoming resources	-	15,446,088	15,446,088
Resources expended	-	(15,121,561)	(15,121,561)
	<u>-</u>	<u>1,842,097</u>	<u>1,842,097</u>

11 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Total £
Tangible fixed assets	221,671
Current assets	2,898,544
Current liabilities	<u>(1,278,118)</u>
Net assets	<u>1,842,097</u>

The above analysis is in respect of Unrestricted Funds.

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

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

	2008 £	2007 £
Net incoming resources	324,527	325,603
Depreciation	70,799	80,832
Surplus on sale of tangible fixed assets	(554)	(201)
Decrease /(Increase) in stock	10,251	(17,553)
Increase in debtors	(275,991)	(564,849)
Decrease in creditors	(20,305)	(41,836)
Net interest received	(20,699)	(15,821)
Net cash inflow/(outflow) from operating activities	<u>88,028</u>	<u>(233,825)</u>

13 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2008 £	2007 £
Increase/(Decrease) in cash in the year	103,707	(267,021)
Net funds at 1 April 2007	<u>609,315</u>	876,336
Net funds at 31 March 2008	<u>713,022</u>	<u>609,315</u>

14 CAPITAL COMMITMENTS

	2008 £	2007 £
Contracted for but not provided in these financial statements	<u>-</u>	<u>-</u>

15 CONTINGENT LIABILITIES

There were no Contingent Liabilities at 31 March 2008 (31 March 2007 – none).

16 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 2008

17 LEASING COMMITMENTS

Operating lease payments amounting to £200,120 (2007: £207,720) are due within one year. The leases to which these amounts relate expire as follows:

	Leasehold properties 2008 £	Leasehold properties 2007 £
In one year or less	61,964	61,964
Between one and five years	138,156	145,756
In five years or more	-	-
	<u>200,120</u>	<u>207,720</u>