

Company no 1792921  
Charity no 515060

# **LOCAL SOLUTIONS**

ANNUAL REPORT  
AND  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2011



# LOCAL SOLUTIONS

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For the year ended 31 March 2011

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## LOCAL SOLUTIONS

### LEGAL AND ADMINISTRATIVE DETAILS

For the year ended 31 March 2011

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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  
Mumin Khan  
Nigel S Lanceley - from 13.07.2010  
A T Robert Macfarlane - Treasurer  
Sir Bert Massie CBE  
David A Mathieson  
Shelagh McGrath  
Robert T H Owen - Chairman  
Geoffrey Russell - Vice Chairman  
Aileen E M Shepherd - from 20.01.2011  
Richard M White

Chief Executive: Steve Hawkins

Company Secretary: Malcolm Pearson

Bankers: National Westminster Bank plc  
Commercial Banking  
10<sup>th</sup> Floor, The Plaza  
100 Old Hall Street  
Liverpool  
L3 9QJ

Solicitors: Brabners Chaffe Street LLP Weightmans  
Horton House India Buildings  
Exchange Flags Water Street  
Liverpool Liverpool  
L2 3YL L2 OGA

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

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## LOCAL SOLUTIONS

### REPORT OF THE TRUSTEES

For the year ended 31 March 2011

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### REPORT OF THE TRUSTEES

The Trustees (who are Directors of the charity for the purposes of the Companies Act 2006) present their report together with the financial statements for the year ended 31 March 2011.

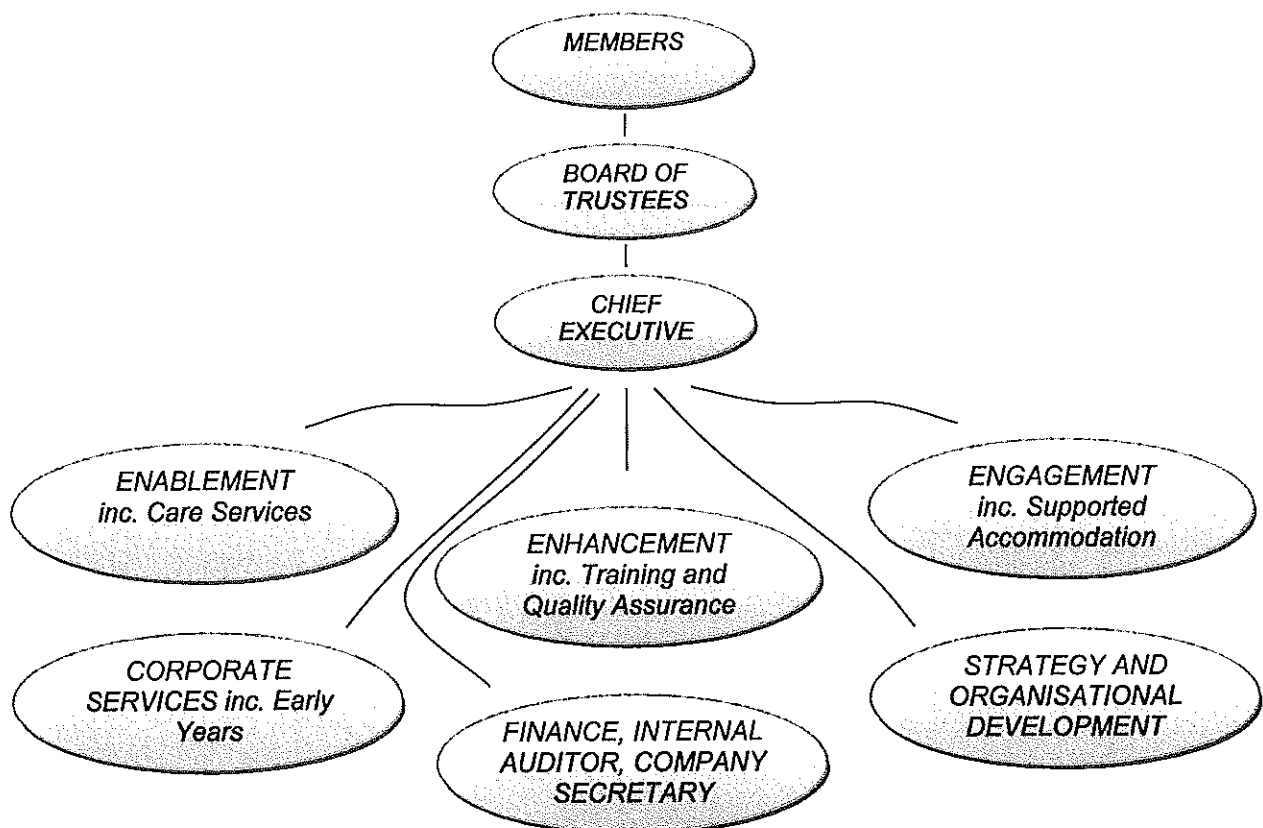
#### Structure, Governance and Management

The Trustees meet as a Board six times each 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 charity which comprises 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 Senior Management Team (SMT). The organisation has a comprehensive set of policies and procedures in place in relation to finance, operations, human resources, risk management and health and safety. Performance is regularly reviewed and reports received by the Board of Trustees.

The remuneration of the Chief Executive is set by the Trustees via a remuneration committee. The Chief Executive sets the remuneration of the SMT and the rest of the organisation in consultation with the appropriate Senior Manager and the Financial Controller.

The following chart represents the organisation's structure:



#### 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 that include a Chief Executive's Report, Key Performance Indicators and Finance Report.

## LOCAL SOLUTIONS

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For the year ended 31 March 2011

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Trustees receive other regular communications including newsletters and are invited to attend organisational events as appropriate.

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. Presently new Trustees are inducted through a visit to headquarters so they can receive a full briefing on the organisation, meet staff and see the work we undertake. They are also encouraged to visit off-site operations.

We were pleased to appoint two new Trustees to the Board during the year - Nigel Lanceley and Aileen Shepherd. Nigel is the Regional Director of Investec Wealth & Investment and a Fellow of the Institute of Chartered Accountants; Aileen has had a distinguished career that has been focused on rehabilitation of offenders and young people through the Probation Service and is the former Head of Liverpool's Youth Offending Service. These two new Trustees are excellent additions to our Board and we feel confident that they will make a significant contribution to the work of Local Solutions in the forthcoming years.

The Trustees have continued their commitment to carry out appropriate review of governance, leadership and strategy. The Trustees, Chief Executive and members of the SMT attended an Away Day in October 2010; the session allowed Trustees to reflect on the work of the organisation and the challenges ahead within the sector. Following that session, these objectives emerged as focus for the forthcoming period:

- A sustained emphasis on the role of volunteers within the organisation. Local Solutions to consider ways to create and develop new initiatives that add value to existing services but that could be delivered through a mix of paid and voluntary posts;
- A commitment to the broadest concept of the 'Big Society', both in terms of recognising Local Solutions as a contributor to social action and to ensure that we continue to innovate and develop services using different structures and arrangements;
- An understanding that, within the right circumstances and parameters and with Board approval, Local Solutions could 'incorporate' a smaller organisation if a situation arose that both parties deemed as advantageous and there was sufficient compatibility;
- A principle that the organisation should continue to extend its geographical reach whilst ensuring that it focuses on the consistency of management and the core message of the organisation;
- A requirement for Local Solutions to develop its strategic intelligence towards the changes to social care where service users will become customers of a service through personalisation, direct payments and individual budgets;
- A greater emphasis on developing programmes that can assist ex-offenders become rehabilitated and make a positive contribution to society;
- A commitment to increase the profile of the Trustees across the organisation.

One of our objectives within this reporting period, as outlined in the previous Annual Report, was to carry out a Governance Review. This was completed by a group of Trustees and the review was completed in 2010 with recommendations adopted by the Board; the process of implementation will continue over the coming period.

#### **Objectives and Activities**

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

## LOCAL SOLUTIONS

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At the Board Away Day in 2010, a commitment was made to refine the organisation's statements of Vision, Mission and Values. Following work carried out within the organisation we present the amended version:

Our **Vision** is of a society where all people can live with dignity, lead fulfilled lives and realise their full potential.

Our **Mission** is to **improve the quality of life** by delivering effective, responsive services that meet people's needs and aspirations.

The principal **Values** we hold:

The dignity of every human being

Our inclusivity and accessibility

The diversity of the services we deliver

Our capacity to take risks to meet need

Our independence and autonomy

Our entrepreneurial spirit

Our charitable status and heritage

The talent and contribution of all our people

In order to deliver our Mission, Local Solutions is driven by three principal objectives:

- Building a strong **Reputation** – through the quality and innovation of our work and our relationships with service users, commissioners, stakeholders and the wider public;
- Extending our **Reach** – by developing services to meet the needs of vulnerable people in our area of benefit (North West England and North East Wales);
- Ensuring our **Independence** – by having autonomy and self-determination and demonstrating leadership in our relationship with stakeholders and commissioners.

#### **Serious Incidents**

The Trustees confirm that they are conversant with the requirements to report serious incidents to the Charity Commission and will use the appropriate channels to report such incidents in the event of any occurrence. In relation to this Local Solutions has developed and implemented robust Health and Safety, Financial, and Disaster and Contingency Planning policies to assist the organisation in minimising the risk of serious incidents and having appropriate strategies in place in the event of an incident.

#### **Public Benefit**

The Trustees of Local Solutions confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning strategy and future activities. Our activities in 2010/11 demonstrated, in all accepted definitions, that Local Solutions provides charitable services that are of public benefit through the delivery of our dynamic and responsive services. We continue to hold the delivery of public benefit as the key driver of our work.

## **LOCAL SOLUTIONS**

### **REPORT OF THE TRUSTEES**

For the year ended 31 March 2011

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#### **Risk Management**

Local Solutions continues to take a robust approach to managing risks and risk management is embedded in the organisational culture. Local Solutions produces a Risk Register to assess our activities and operational risks and to agree any necessary action for mitigation and control. The Risk Register is formally reviewed by the Trustees and SMT annually. The register considers governance and management, operational, financial, reputational, environmental and compliance aspects of the activities of Local Solutions and covers:

- 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.

Our systems of internal controls are designed to identify, manage and, where possible, eliminate the risks to achieving our policies, aims and objectives. Risk assessment and management is a continuing issue raised at both Board and Senior Management meetings and the risk register is viewed as a live document that is amended in the light of operational activities.

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. Cash flow is carefully managed using cash flow forecasting and control of cash on a daily basis. The charity has an overdraft facility available to cover any short-term liquidity issues but has not needed to access this during the last year. The facility is due for renewal on 1 August; there has been a delay in the process. The Trustees do not anticipate any problems in renewing the 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.

During the reporting period the Trustees continued to benefit from the work of the Internal Auditor. This post was created in addition to the normal external audit commitments to ensure that operational, financial, risk and management processes were robustly and independently reviewed. The Risk Register is used as the foundation for the work of the Internal Auditor, who has access to all departments and reports directly to the Board of Trustees and Treasurer, with the day-to-day line management applied by the Chief Executive.

#### **PROJECTS AND SERVICES**

2010-11 has been a remarkable and dynamic year for Local Solutions. The period has been naturally shaped by the external factors of political change and economic transformation as the funding for the public services has significantly reduced. Although we deliver services across the North West, our work in Liverpool remains a key driver and the city was affected by the largest level of public funding cuts. Local Solutions has lost considerable levels of funding across several service areas and the process and speed of change has been a real challenge.

However, in light of these tests, Local Solutions has had an exceptional year – extending our geographical reach, expanding our service offer and assisting more people than ever before. We are pleased to present a review of the year and examples of ways in which Local Solutions in all its activities has provided public benefit and assisted us to deliver our Mission of ‘improving the quality of people’s lives’.

#### **ENABLEMENT**

##### **Homecare**

During 2010-11 Homecare continued to deliver a range of interventions for vulnerable adults who require support due to their age, ill health or disability. The diverse range of services includes domiciliary care,

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For the year ended 31 March 2011

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supported living and community support services, Telecare home response services and personal support within extra care schemes. In addition, Homecare has been delivering a number of reablement and hospital discharge services aimed at helping people return to their homes following accident, illness or disability. Services are delivered to clients within their own homes, shared accommodation or within a community setting. During the year:

- 2,176 people, on average, received care services from Homecare every month;
- Homecare delivered more than 1,041,000 hours of care, support and supported living tasks.

Homecare was pleased to reach the landmark of providing over 1m hours of support within the region, which was testament to a further period of extending the reach of the service in both geographical terms and the range of delivery models. Within the year Homecare was successful in securing a new contract to deliver Domiciliary Care in East Salford; this was the seventh local authority to employ Local Solutions to carry out social care.

In 2009 Homecare commenced delivery of a new specialist 24-hour on-site service delivering personal support to people living within an extra care scheme on the Wirral. Following the success in embedding this contract, Local Solutions has secured two further extra care contracts on the Wirral in 2010-11. Homecare was also successful in being awarded a contract to deliver supported living tasks for people with mental health needs and learning disabilities on the Wirral. In Knowsley, Homecare secured a renewal of its principal domiciliary care contract, also securing approved provider status to provide specialist dementia care and end-of-life care for people who are terminally ill.

Homecare has been consistently reviewed by Local Authorities and maintains a 2-star 'Good' rating across all its areas of operation. On internal quality inspections 92% of service users rated the service as 'Excellent' or 'Good'.

As a provider within the voluntary sector, Homecare has always ensured that it maintains an outward focus on supporting initiatives that enhance care for vulnerable people. An example of this is Homecare conducting a range of dignity audits with staff and service users throughout Halton, which was highlighted as best practice to the Care Quality Commission when Halton Borough Council received their inspection. Subsequently, the council invited Local Solutions to be involved in the 'High Impact Actions Group' which was established to look at improving nutrition and hydration for elderly people. We were also asked to represent the Domiciliary Care Providers on Halton's 'Emotional Health and Wellbeing Group' which is focused on identifying any depression or mental health experienced by service users due to isolation through living on their own.

#### **Carers Support**

It is estimated that there are 5.2m unpaid carers in England and Wales. The Liverpool Carers Centre, run by Local Solutions, continued to provide a significant range of support services to unpaid carers in the city and the opportunity to access information and advice from one central location. During the year:

- There were over 4,500 visits to the centre by carers or home visits provided by the centre;
- The centre delivered 4,000 one-to-one contacts and telephone support calls for unpaid carers.

Raising the profile of carers in Liverpool is one of the principal objectives of the Carers Centre and we were once again pleased to work with the City Council in delivering events for National Carers week, culminating in a Carers Day at the prestigious St George's Hall, Liverpool. The event is key to raising awareness of carers' issues and for carers to obtain advice from the many agencies involved. The event also assists people to recognise that they are a carer; this year the Carers Centre has received more than 780 new referrals to the project.

The Carers Centre was pleased to secure a grant from the Lottery to deliver a Carers Health and Wellbeing project. The funding is for three years commencing in 2011; this is a vital boost for the Centre, which has had funding from statutory sources reduced.

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#### **Mental Health**

We continued to provide support to mental health in-patients through the Patients Council. This service is delivered across the four wards within the Broadoak and Windsor House Units, which are part of Mersey Care NHS Trust. Consultation with patients was ongoing throughout the year to enhance service provision on the wards. During the reporting period:

- 338 patients used the Patients Council for advice and guidance;
- The service delivered 669 patient contact sessions to discuss concerns with in-patients.

Unfortunately, due to funding reductions, Local Solutions could not continue to deliver this service after April 2011. Service users continue to be entitled to statutory access to an Independent Mental Health Advocate that ensures that there is provision to help and support patients to understand and exercise their legal rights.

#### **Shopmobility**

Local Solutions' Shopmobility offers a facility for people with mobility restrictions to access shops and amenities within Liverpool through the hire of wheelchairs and electric-powered scooters. Shopmobility is located in the heart of the city centre within the Liverpool One retail and leisure complex. Within the year:

- There were 4,054 scooter/wheelchair hires to people with mobility restrictions;
- Shopmobility provided a service to 715 new customers.

Shopmobility has re-established a user group at the facility who meet on a regular basis to network socially and to provide feedback, advice and ideas relating to Shopmobility services and access issues within the city centre.

## **ENGAGEMENT**

#### **Youth Homelessness**

Local Solutions delivers accommodation and support to young homeless people through the Homeground project, which is a hostel located in Liverpool accommodating up to 30 young people, and through Supported Lodgings, a service that provides family-style accommodation for homeless teenagers aged 16 and 17. Supported Lodgings operates across 7 local authority areas – Liverpool, Sefton, Knowsley, Wirral, St. Helens, Denbighshire and Flintshire. In the reporting period:

- 101 young people received support and accommodation at the Homeground project;
- 246 young people received support and accommodation through Supported Lodgings;
- 92 young people moved into the community through our resettlement programmes.

Following the extension of our reach last year in North East Wales to incorporate Denbighshire and Flintshire we are pleased that the service continues to develop and capacity has increased to 17 service users across the boroughs. Local Solutions has also received investment into our work from the Dulverton Trust, who supported a new programme delivering personal development programmes to young people accessing our service in addition to other young people in need.

Within the reporting period we secured a further three-year contract to continue to deliver Supported Lodgings in Liverpool. The contract will come into force in September 2011 and will increase the number of service users from 36 to 40 whilst we will receive a reduction in funding for this service.

Local Solutions was pleased to continue to receive investment from charitable foundations to support our innovative work with the 'hardest-to-reach' young homeless people through our Intense Support Mentor (ISM) Programme. This initiative provides intensive interventions, built on the principle of responsiveness to need, and is delivering impressive outcomes in significantly improving people's lives. Investment from

## **LOCAL SOLUTIONS**

### **REPORT OF THE TRUSTEES**

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the J Paul Getty Jnr Trust, Comino Foundation and Rowan Trust has been essential in the development of this programme.

#### **Domestic Violence Services**

Domestic violence accounts for between 16% and 25% of all recorded violent crime. Our Domestic Violence Services continued to meet the needs of people affected by domestic abuse through three initiatives - the Independent Domestic Violence Advisory (IDVA) Service, Addressing Barriers to Change (ABC) Service and the Worst Kept Secret (WKS). This year:

- The IDVA service supported, on average, 91 clients at any one time and delivered 7,000 hours of support for service users considered to be 'high risk';
- The ABC project supported, on average, 35 clients at any one time and delivered over 3,000 contacts and support calls;
- 872 support calls were made to and from our Worst Kept Secret helpline, assisting people needing generalised advice and support regarding domestic abuse situations.

Our WKS project created a partnership arrangement with a firm of Liverpool Solicitors to provide free legal advice sessions for clients of all of our Domestic Violence services.

Local Solutions was pleased to secure work in extending the reach of the IDVA service to include a new initiative that is specifically targeted at young people aged 16-24. This important new service is being piloted for 6 months and involves elements of research to ascertain why so many young people are being affected by domestic abuse.

#### **Bullybusters**

It was a very busy period for our Bullybusters service, which delivered holistic interventions to young people affected by, or at risk of, bullying. The work included direct specialist support through a helpline and a dedicated website, as well as awareness sessions for young people in schools, aimed at recognising bullying and breaking the cycle of abuse. During the year:

- 12,800 young people attended one of over 290 Bullybusters training or awareness sessions;
- There were over 130,000 visits to our Bullybusters website.

Bullybusters was involved in a series of events in schools to mark national Anti-Bullying Week in November 2010 across the four local authorities that provide funding to support our work – Liverpool, Sefton, Knowsley and Wirral. The week also included appearances on local radio shows to promote Bullybusters and discuss issues associated with this year's theme – 'The Role of the Bystander'.

#### **Liverpool Watersports Centre**

The Liverpool Watersports Centre (LWC) continued to demonstrate its wider public benefit remit by delivering free and low-cost water sports and activities to socially-isolated groups including people with disabilities, those who are unemployed, children from inner city schools, those within, and at risk of involvement in, the criminal justice system and people on a low income. The specialist Centre is located in the docks system in the heart of Liverpool. This year:

- 8,735 people participated in over 25,000 hours of water sports activity in sailing, canoeing and windsurfing;
- Over 120 participants achieved National Governing Body qualifications.

The LWC continued to diversify its activity offer to include stand-up paddleboards and bike hire from the centre for people to access the Liverpool waterfront. In addition, the LWC also opened a new coffee bar on-site to enhance the experience of Centre users.

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#### **Mobex**

Mobex provides training and personal development programmes utilising the outdoors and through environmental education. Our work is primarily targeted at people who are vulnerable and 'at risk' to develop personal and social skills to assist them to become active members in the community. Mobex is part of a national network of centres; the Merseyside Mobex focuses on delivering courses for schools, probation, drugs rehabilitation projects, homelessness agencies and community organisations. In the year:

- 2,656 people participated in Mobex activities and personal development programmes;
- Mobex delivered 22,784 hours of activity for service users.

Mobex was pleased to continue its working association with Merseyside Probation Trust by delivering personal development programmes aimed at supporting and training ex-offenders as part of a wider strategy to increase rehabilitation and reduce reoffending. One notable event was the completion of the Offa's Dyke Challenge, a 4-day intensive course in Wales; this was the culmination of ongoing outdoor experiential learning in which participants gained nationally recognised qualifications.

#### **ENHANCEMENT**

##### **Disability Training Initiatives**

Local Solutions continued to deliver two initiatives - Ability First and the Work Preparation programme - to provide opportunities for people with disabilities to gain the skills and confidence to enter the workplace. In 2010-11:

- 265 people participated in 30 Ability First three-week motivational work preparation programmes;
- 88 people participated in Work Preparation during 548 work experience placements weeks.

Due to changes in Government programmes to support disabled people to get into work, both these initiatives came to an end in 2010. Local Solutions is proud of its record of delivering these programmes with significant outcomes for participants achieving further employment, training or education.

##### **Future Jobs Fund**

Youth unemployment continues to be a key issue at individual and community levels. Local Solutions provided young people with opportunities to undertake a six-month paid work placement through the Future Jobs Fund. The placements were within the social enterprise and social care sectors, both internally within Local Solutions and with external providers in Liverpool and Merseyside. In the period:

- 463 young people were recruited to Local Solutions' programmes;
- There was a 98% retention rate for participants during their employment;
- 24% of young people had achieved job outcomes six weeks after programme completion.

In March 2011 we recruited the last tranche of participants to the Future Jobs Fund. This was due to the ending of the programme by the Coalition Government; the new Government has replaced many of the existing welfare-to-work initiatives with the new Work Programme that will be implemented in 2011. Local Solutions was pleased to secure a new sub-contracting arrangement to deliver aspects of the Work Programme, continuing our long record since the 1970s of supporting unemployed and disabled people gain skills and qualifications to re-enter the workplace.

##### **Lifelong Learning / Care Training**

Local Solutions has a long track record of delivering accessible and diverse training courses at varied levels aimed at increasing skills and employability and work progression. The Lifelong Learning department continued to work in partnership with statutory, voluntary and educational agencies within Liverpool, Sefton and Knowsley to deliver tailored programmes in Childcare, Horticulture, Information Technology, Health and Social Care, Business Administration and Customer Service. The Care Training

## **LOCAL SOLUTIONS**

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Unit delivered specialised training courses in social care to both internal Homecare staff and external social care organisations. In the reporting period:

- 66 people achieved a national Vocational Qualification award;
- We maintained a 96% retention rate on our lifelong learning courses;
- 45 people were awarded diplomas.

#### **Next Step**

The Next Step programme is designed to provide a range of advice services for adults, including careers information, signposting and referrals, assistance to progress in work and job search activities including help with applications and CV writing. The programme promotes aspiration by giving individuals the power to improve their skills and make positive changes in their lives. Local Solutions was pleased to secure a contract, working in partnership with Connexions, to deliver the Next Step programme in Greater Merseyside. In this initial year:

- 661 initial assessments were undertaken leading to an action plan;
- 308 service users progressed into learning and training or sustained employment.

#### **Welfare Benefits Advice**

The Welfare Rights Service continued to improve the lives of Liverpool residents living in poverty, particularly older people, those with disabilities and unpaid carers, by ensuring that they are in receipt of appropriate benefit entitlement. During the period:

- Welfare Rights secured £1,287,000 of unclaimed benefits for service users;
- 860 individuals were provided with a one-off advice session;
- 360 Legal Aid cases were opened for service users.

The period was one of transition for the service; there was the loss of one significant grant through the widespread funding reductions affecting the sector but Local Solutions was pleased that the service was successful in securing a new Legal Aid contract through the Legal Services Commission. The new contract will be delivered through a consortium with three other providers to deliver a wider range of interventions including welfare rights, debt and housing advice.

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

The creation of better living environments and the alleviation of fuel poverty are the key drivers of our Keep Safe and Warm (KSW) project. The team of energy conservation staff continued to provide draught proofing, loft and cavity wall insulation in the homes of vulnerable people in the community, and the service is of particular benefit to older and disabled service users, who are at greater risk of ill-health during the winter months. This year:

- 1,238 properties benefited from increased energy efficiency through the fitting of insulation measures.

The outlook for the project remains a concern, with anticipated reductions in grant funding and a necessity to alter the delivery mechanism through a mixture of new partnership work and commercial activity.

KSW project also continued to support vulnerable people through its 'Handyperson Service', delivering free and low-cost DIY, maintenance and gardening services. The work is supported through grants and individual contributions. This reporting period:

- The handyperson service delivered services to 685 residents in the community.

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#### **Environmental Initiatives**

Environmental Initiatives continued to work with local authorities and agencies in the Liverpool Housing Market Renewal Initiative (HMRI) boundary to improve housing renewal strategies and deliver horticultural programmes within communities. This work has included the Liverpool City Council's HMRI 'Home Now' scheme, in which properties are acquired and refurbished to a 30-year life/decent homes standard prior to being valued and offered for sale. During the reporting period:

- 380 properties were maintained;
- 188 days were spent on Home Now sites.

We were pleased to be involved in the delivery of a Transformation Fund Project in partnership with Knowsley Council and KPAC; the project involved the renovation of derelict sites in Whiston, Halewood, Kirkby and Huyton. This involved the installation of polytunnels and portacabins and the creation of raised beds at each site to enable the community to grow their own plants. The transformation also included the introduction of sensory gardens and walkways with seating; over 100 local people participated in the scheme, which has created a legacy for the community to utilise and enjoy.

#### **Quality Assurance**

The Quality Assurance team continued to assist departments to evaluate and improve their service delivery. The work of the team has enabled Local Solutions to develop complex and robust quality assurance systems to enable it to manage contracts efficiently and adopt best practice, while also ensuring value for money. A new organisation-wide Quality Assurance Policy was introduced and the team was also instrumental in developing customer and employee satisfaction questionnaires. The feedback from these is then used to inform service delivery innovation, communications and to assist Local Solutions in becoming a better employer.

In the year, the Quality Assurance team assisted departments to meet and exceed quality standards with a wide range of awarding bodies including the Care Quality Commission, City & Guilds, the Department for Work and Pensions and the Legal Services Commission.

#### **EARLY YEARS**

The University of Liverpool Children's Centre (ULCC) continued to provide day care and holiday provision for children whose parents/carers are employees or students of the University of Liverpool; the ULCC also offers a number of external places. The Centre is committed to considering the needs of families and the wider community by ensuring the children are looked after in a safe and happy environment with our team of qualified staff.

The quality of services of the ULCC was recently evaluated by Liverpool City Council's Early Years Quality Improvement Support Programme. We are pleased to report that the ULCC was given a 'green' rating; this is the highest rating a setting can achieve and reflects the effective and consistent implementation of the Early Years' Foundation Stage.

#### **CORPORATE SERVICES**

##### **Northern Conference Centre**

The Northern Conference Centre (NCC) provided conferencing and meeting room facilities internally and externally offering a wide range of cost-effective services and facilities. The NCC principally serves public sector and third sector organisations. The NCC continued to add to the portfolio of learning and development events they offer, responding to internal needs and also increasingly attracting external attendees; in addition, the NCC has diversified its services by offering external off-site catering.

## **LOCAL SOLUTIONS**

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#### **Estate Management**

During the reporting period the Estate Management team has continued to provide support services to managers at all Local Solutions' bases across our geographical footprint. This has included full Health and Safety inspections and ongoing advice and training with all health and safety and fire safety issues. In addition, inspections were carried out to ensure organisational compliance in terms of the Disability Discrimination Act and internal training on Disability Awareness and Asbestos has been introduced.

Local Solutions was pleased to achieve a Royal Society for the Prevention of Accidents (RoSPA) Bronze standard award as a result of its commitment to health and safety across the organisation.

Estate Management continued to keep a proactive interest and contribution in terms of the future of the headquarters at Mount Vernon Green. This is undertaken within the context of wider regeneration programmes within the locale likely to affect the long term viability of the existing headquarters premises.

#### **Human Resources**

Our Human Resource Department plays a key role within the organisation supporting departments with a broad range of traditional HR services including job advertising, interviewing, induction and learning and development.

Local Solutions has an ongoing commitment to achieving a more diverse workforce. This was again verified through a successful re-assessment from Job Centre Plus against the five commitments of the 'two ticks' Disability Symbol. The symbol is awarded to employers who demonstrate a positive attitude to job applications and employees who have a disability.

The Employee Consultative Forum, formed from employees from across the organisation, senior management and union representatives, continued to play a role in the development of Local Solutions' policies, procedures and future development.

Local Solutions gained the Workplace Wellbeing Charter, awarded by Liverpool Primary Care Trust. The process tested the organisation on leadership, physical activity, healthy eating, health and safety, smoking policies and mental health awareness. Local Solutions achieved an 'Excellent' rating in all categories.

Local Solutions also became a Mindful Employer and joined other organisations nationally to commit ourselves to proactive management of mental health issues.

#### **Corporate Social Responsibility**

Local Solutions continued its commitment to deliver wider public benefit, beyond our service delivery, through a commitment to Corporate Social Responsibility. Examples of this commitment within the reporting period include:

- Fundraising activities for external charities including CRASH, the construction industry charity, and Macmillan Cancer Support;
- Managers in the organisation donating their time to support other agencies in the community and to carry out roles within civil society;
- Signing the 'Third Sector Declaration for Climate Change', committing ourselves to take what action we can to reduce carbon emissions, recycle and ensure sustainability throughout our services and supply chain;
- Acquiring the funding for, and organising the distribution of, Winter Survival Packs to vulnerable service users in the community.

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## STRATEGY AND ORGANISATIONAL DEVELOPMENT

### Communications

Local Solutions is an outward-facing organisation; we are committed to enhancing our reputation among commissioners and stakeholders. In light of this we welcomed a number of notable visitors during the year including Luciana Berger - MP for Liverpool Wavertree, Louise Ellman - MP for Liverpool Riverside, Esther McVey - MP for Wirral West, Cllr Joe Anderson - Leader, Liverpool City Council, Jon Murphy - Chief Constable, Merseyside Police and Cynthia Bowers - Chief Executive, Care Quality Commission.

It is imperative that Local Solutions continues to promote its valuable work and our Communications team has continued to produce and distribute a range of publications and press releases across various media; this ensures that our target audiences are being kept up-to-date regarding our services and success stories. In the period:

- Quarterly newsletters were distributed to 800 key individuals and stakeholders;
- 45 project-specific promotional leaflets were produced and 36 specific events were organised;
- 160 news articles were posted on our website and reception information points.

### Fundraising

The Fundraising Team has continued to approach a wide range of charitable sources to secure funding and investment to support our activities and to create and develop new practices and models of service delivery. Approaches to charitable trusts continue to provide Local Solutions with opportunities to take measured risks to meet need. This year the team raised a significant level of funding including targeted grants to help young homeless people resettle into independent living and funding towards winter assistance packs to help our more vulnerable and older service users during the cold spell. During the year:

- 230 funding bids were submitted to a wide range of sources;
- £180,663 was secured from corporate sponsors and charitable trusts.

### Achievements and Performance

We report the progress made on our specific objectives described in the previous Annual Report and Financial Statements and progress towards our longer-term, service specific plans:

#### Objective:

- Increase the number of volunteers in Local Solutions.

#### Achievement:

- Following a focus on this area we have increased the number of volunteers by 45 in roles supporting our work across the organisation; the emphasis on increasing voluntary contribution and enhancing the experience of volunteers continues.

#### Objective:

- Increase participation and enhance the role of the Service User Forum.

#### Achievement:

- The forum has continued to support the organisation; however, it has been recognised that a full review of service user engagement should take place in 2011 to establish how we can have a more effective interface with service users across our scope of delivery.

## LOCAL SOLUTIONS

### REPORT OF THE TRUSTEES

For the year ended 31 March 2011

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Objective:

- Extend the Intense Support Mentor Programme.

Achievement:

- Through securing investment from charitable trusts we have significantly developed this project; a second worker has been recruited to deliver services and we have been able to implement a personal development programme to assist participants gain skills. The project has also undertaken an evaluation to assess the feasibility of developing the model to support other hard-to-reach groups.

Objective:

- Explore the feasibility of running and rolling out charity shops.

Achievement:

- Local Solutions opened its first Charity Shop in the Old Swan district of Liverpool on 6 April 2011.

Objective:

- Extend the Supported Lodgings model within the region.

Achievement:

- We have extended the number of placements within two branches in North Wales - Flintshire and Denbighshire. We have also been successful in securing a new contract to deliver Liverpool Supported Lodgings; the contract, which will come into force in autumn 2011, extends the number of service users.

Objective:

- Extend our delivery of Welfare-to-Work initiatives.

Achievement:

- Local Solutions has secured a sub-contracting arrangement to deliver the Government's new Work Programme, which will commence in autumn 2011 and replace a range of other welfare-to-work initiatives.

Objective:

- Review the Premises Strategy for Mount Vernon Green and to deliver a fit for purpose, new headquarters.

Achievement:

- Outline planning application for a new build has been submitted and the organisation is within the consultation process; the architects for the proposed new build have been appointed.

### Plans for future periods

The Trustees are aware that the charitable sector is facing challenging times and an interesting future. There has been, and we anticipate will continue to be, a significant reduction in traditional resources in terms of funding for the sector. Meanwhile, we continue to deliver services in some of the most disadvantaged parts of the country and those that have been the most affected by reductions in public funding. The Trustees are also aware that there will be continuous pressures to reduce both the size and the impact of the 'State' as the primary vehicle to deliver services to citizens.

Local Solutions is a resilient organisation; that has been demonstrated throughout its history. It has a desire and willingness to lead change and it is responsive to altering circumstances at both the individual and societal level. It is receptive to individual need, creating and developing services where gaps are identified and where previous interventions have been unsuccessful. Equally, it is responsive as an organisation; as we face reductions in some forms of funding, Local Solutions adapts to the new landscape. Subsequently, the organisation continues to seek solutions to societal challenges through developing new ways of co-design and delivery, often working with similar-minded organisations from the public, private and voluntary sectors. Local Solutions has also developed new ways of generating income from commercial activities including our first charity shop in Liverpool and a coffee bar at our Watersports Centre. Surpluses from these ventures are reinvested to assist us to deliver our Mission to 'improve the quality of life'.

## LOCAL SOLUTIONS

### REPORT OF THE TRUSTEES

For the year ended 31 March 2011

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The Trustees are aware of the localism agenda and the wider context of devolving power to citizens; this is combined with a future where increasingly services will be delivered through individual transactions rather than through 'block' contracts. The Trustees will remain vigilant in relation to both these significant risks and opportunities and ensure that Local Solutions continues to innovate and deliver services that meet the future demands and aspirations of service users, local authorities and key funders.

Following our strategic review the organisation has established three principal areas in which it feels there will be significant opportunities to develop our work. These are:

1. Unemployment and worklessness;
2. Social care for an increasingly older population;
3. The rehabilitation of offenders.

It is within these areas of service delivery that Local Solutions will commit to specific focus in the forthcoming period.

#### **Financial Review**

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

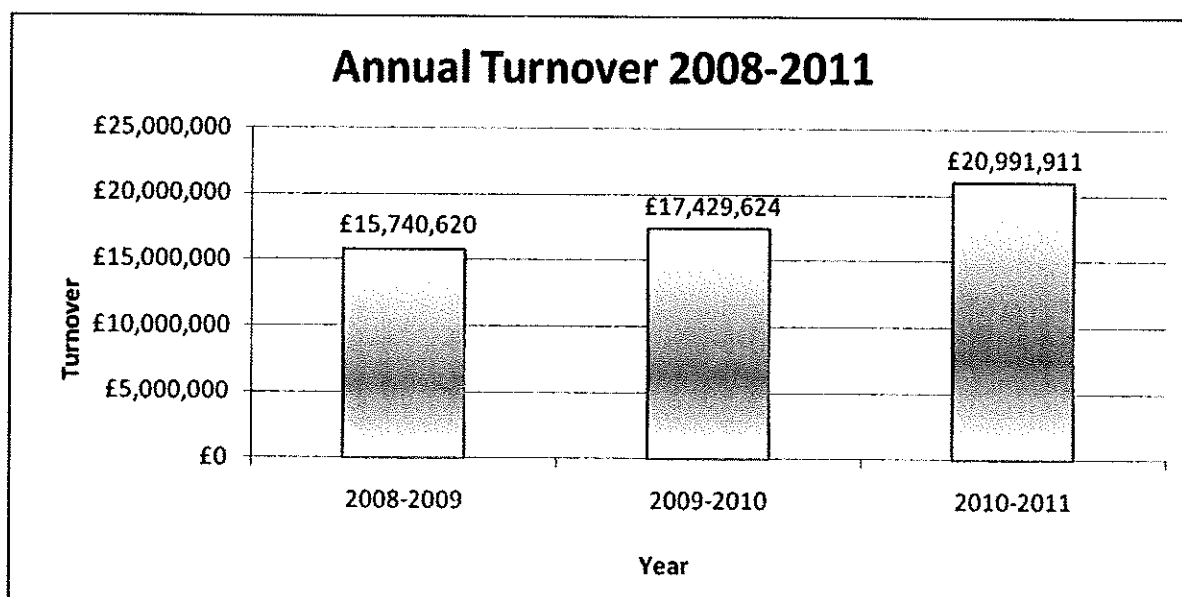
The overall surplus for the year was £817k, which resulted in a material increase in reserves. This surplus is exceptional in the history of the organisation and was achieved in a year of deepening recession and uncertainty around the future of public sector funding. The increase in surplus reflects the financial efficiencies that were put in place in the previous financial year, with all operating areas performing ahead of budget, plus a variety of additional contracts were started. This surplus was generated in advance of the various cuts to grants and Supporting People funding that will have a detrimental effect on the income for future years. New sources of income are being explored, partly to replace those lost but also to widen our reach and enable us to deliver additional services in new ways to our beneficiaries. During the year there was a growth in total numbers of staff particularly with regard to engagement in the Future Jobs Fund which, given the short term contracts on fewer hours per week, has had the effect of lowering our overall average wage. The management accounts for the new year reflect both the cuts in some grants and the reduction in funding resulting in less favourable financial results for the charity. The charity continues to strive to return an annual surplus to enable it to increase its working capital for an increasing turnover and towards achieving the level set in the reserves policy. We recognise that our success is not only measured in financial terms but in the efficient and effective use of our resources to improve the quality of the lives of the people who use our services.

Total income increased by £3.56m to £20.99m (2010 £17.43m); a rise of 20%. The growth rate for the previous year was 11% and for the two prior years 2%. The increase this year demonstrates the growth in business due to significant contracts being won during a period of national and global recession. Whilst there was a decrease in the turnover in Early Years activities and a marginal increase in Engagement/Supported Accommodation, there were significant increases in Enablement/Homecare/Care Services and Enhancement/Training and Quality Assurance. Total expenditure has grown by 16% to £20.17m (2010 £17.37m). The nature of the programmes we provide means that they are reliant on people to deliver them; 84% (2010 82%) of our costs are in respect of wages and salaries.

## LOCAL SOLUTIONS

### REPORT OF THE TRUSTEES

For the year ended 31 March 2011



#### Balance sheet

The net assets of the charity have increased by £817k to £2.8m at the year end (2010 £1.9m).

The most significant movement on the balance sheet is the increase in cash at bank and in hand of £1,024k to £1,200k (2010 £176k), reflecting the surplus for the year. The charity's working capital is carefully controlled; the overdraft facility was not accessed during the financial year.

Stock at the year end has decreased to £17k (2010 £33k) to reflect the levels required. Debtors have remained level at £3.33k (2010 £3.31k) in a year of increasing turnover. Creditors have risen by £212k to £1,982k (2010 £1,770k) mainly as the result of additional accruals in respect of charitable expenditure.

There was a marginal increase in the net book value of fixed assets with additions being offset by depreciation in the year.

#### 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. In view of the spread of our contracts over an increasing number of commissioners the Trustees consider that the risk and costs associated with the loss of any material contract means that it is appropriate for the charity to hold reserves equivalent to two rather than three months' costs at £3.3m. Unrestricted reserves at present are £2.8m. This is below our desired figure by £500k. Our budget for 2011/2012 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.

## **LOCAL SOLUTIONS**

### **REPORT OF THE TRUSTEES**

For the year ended 31 March 2011

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#### **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.

#### **Statement of Trustees' responsibilities**

The Trustees (who are also Directors of Local Solutions for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the Trustees is aware:

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

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

#### **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 485 of the Companies Act 2006.

## LOCAL SOLUTIONS

### REPORT OF THE TRUSTEES

For the year ended 31 March 2011

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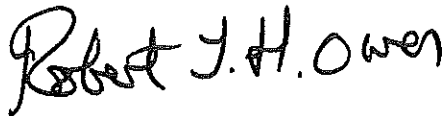
#### Acknowledgement

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 would like to give thanks to the continuous support of a number of charitable trusts who provide considerable investment into Local Solutions' programmes; this funding often allows us to create new and dynamic services, take measured risks, and further our Mission to 'improve the quality of life' for those who are most vulnerable or hardest-to-reach. Equally, we would like to thank those who work in partnership with us from the public, private and voluntary sectors and who share our commitment to deliver responsive solutions to create real public benefit.

Finally, the Trustees would like to place on record our sincere thanks to the outstanding employees and volunteers who contribute so much to the continued success of Local Solutions. Every year, staff members and volunteers are recognised through nominations and awards at our 'Employee of the Year Awards'. The number and standard of the nominations continues to demonstrate the passion and enthusiasm of the people who work for Local Solutions and their commitment in going the extra mile to 'improve the quality of life' for the people we benefit.

ON BEHALF OF THE TRUSTEES



Robert T H Owen  
Chairman

12 July 2011

## **LOCAL SOLUTIONS**

### **REPORT OF THE INDEPENDENT AUDITOR**

For the year ended 31 March 2011

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

We have audited the financial statements of Local Solutions for the year ended 31 March 2011 which comprise the principal accounting policies, the statement of financial activities incorporating the income and expenditure account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### **Respective responsibilities of the Trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out on page 17, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standard for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## LOCAL SOLUTIONS

### REPORT OF THE INDEPENDENT AUDITOR

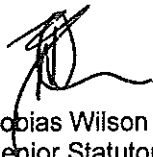
For the year ended 31 March 2011

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

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

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



Tobias Wilson  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Liverpool

14 July 2011

## 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 2006. They have been prepared under the historical cost convention except that certain freehold properties are shown at their re-valued amounts on transition to adopting FRS 15 in 2000.

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

#### GOING CONCERN POLICY

The Charity's activities, together with factors likely to affect its future development, performance and position are set out in the report of the Trustees on pages 2 to 18.

The financial statements have been prepared on a going concern basis, which principally assumes that the Charity will continue to receive contracted financial income from various Local Authorities. The Charity has a number of contracts in place which secures the income and cash flows for the foreseeable future. However, there are a number of contracts which are currently out for tender with the Local Authority. The Trustees and management are confident of securing the renewal of these contracts on terms agreeable to both the Charity and Local Authority.

The Trustees and management have reviewed future business plans and cash flow projections which demonstrates ongoing positive cash flows. The Trustees and management are aware of the potential impact that the general economic climate and the government's spending review could have upon funding directly and indirectly available to the Charity and have considered the various scenarios that reduced income levels could give rise to. After undertaking such a review, the Trustees and management have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future.

The Charity has an overdraft facility with its bankers which is due for review and renewal on 1 August 2011. The management have held discussions with the Charity's bankers about the facility and no matters have been drawn to their attention to suggest that renewal may not be forthcoming on acceptable terms, which is subject to normal credit committee approval. Cash flow forecasts prepared demonstrate the ongoing positive cash flows of the Charity and that the Charity could continue to operate without the need for this facility to be renewed.

#### 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 any pre-conditions have 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.

## LOCAL SOLUTIONS

### PRINCIPAL ACCOUNTING POLICIES

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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.

#### Fee income

Project income is credited as incoming resources when the work relating to the fees has been completed. Income relating to a specified future period is deferred.

### 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 in the management and administration of the charity (Governance 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.

### 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

## **LOCAL SOLUTIONS**

### **PRINCIPAL ACCOUNTING POLICIES**

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#### **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.

#### **VALUE ADDED TAX**

The charity 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.

#### **OPERATING LEASE AGREEMENTS**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis over the period of the lease.

## LOCAL SOLUTIONS

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

For the year ended 31 March 2011

	Note	Unrestricted Funds £	Restricted Funds £	Total 2011 £	Total 2010 £
<b>Income</b>					
<b>Incoming resources</b>	1				
<i>Income in furtherance of the charity's objects</i>					
Donations and gifts		19,725	160,938	<b>180,663</b>	231,294
Project income including Grants		17,463,762	3,346,618	<b>20,810,380</b>	17,197,428
Investment income	3	868	-	<b>868</b>	742
<b>Total incoming resources</b>		<u>17,484,355</u>	<u>3,507,556</u>	<u><b>20,991,911</b></u>	<u>17,429,464</u>
<b>Expenditure</b>					
<b>Resources expended</b>	2				
Direct charitable expenditure		16,615,412	3,507,556	<b>20,122,968</b>	17,318,607
Governance costs		51,577	-	<b>51,577</b>	55,395
<b>Total resources expended</b>		<u>16,666,989</u>	<u>3,507,556</u>	<u><b>20,174,545</b></u>	<u>17,374,002</u>
<b>Net incoming resources for the year being the surplus of income over expenditure</b>		817,366	-	<b>817,366</b>	55,462
Total funds brought forward at 1 April 2010	10	1,948,052	-	<b>1,948,052</b>	1,892,590
<b>Total funds carried forward at 31 March 2011</b>	11	<u>2,765,418</u>	<u>-</u>	<u><b>2,765,418</b></u>	<u>1,948,052</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.

The accompanying accounting policies and notes form an integral part of these financial statements.

## LOCAL SOLUTIONS

### BALANCE SHEET AT 31 MARCH 2011

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	Note	£	2011 £	£	2010 £
<b>Fixed assets</b>					
Tangible assets	6		198,123		197,906
<b>Current assets</b>					
Stock	7	16,908		33,453	
Debtors	8	3,332,827		3,311,372	
Cash at bank and in hand		1,199,637		175,642	
			4,549,372	3,520,467	
<b>Creditors: amounts falling due within one year</b>	9	(1,982,077)		(1,770,321)	
<b>Net current assets</b>			2,567,295		1,750,146
<b>Net assets</b>			<u>2,765,418</u>		<u>1,948,052</u>
<b>Funds</b>					
Restricted	10		-		-
Unrestricted	10		<u>2,765,418</u>		<u>1,948,052</u>
			<u>2,765,418</u>		<u>1,948,052</u>

The financial statements were approved by the Board of Trustees on 12 July 2011, and signed on their behalf by:

Robert T H Owen

Trustee

Company Number: 1792921

The accompanying accounting policies and notes form an integral part of these financial statements.

## LOCAL SOLUTIONS

### CASH FLOW STATEMENT

For the year ended 31 March 2011

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	Note	2011	2010
		£	£
<b>Net cash inflow/(outflow) from operating activities</b>	12	<b>1,059,536</b>	<b>(246,706)</b>
<b>Returns on investments and servicing of finance</b>			
Interest received		868	742
Interest paid		<u>(162)</u>	<u>(76)</u>
<b>Net cash inflow from returns on investments and servicing of finance</b>		<b>706</b>	<b>666</b>
<b>Capital expenditure</b>			
Purchase of tangible fixed assets		(37,753)	(11,896)
Sale proceeds of tangible fixed assets		<u>1,506</u>	<u>-</u>
<b>Net cash outflow from capital expenditure</b>		<b>(36,247)</b>	<b>(11,896)</b>
<b>Increase/(decrease) in cash</b>	13	<b><u>1,023,995</u></b>	<b><u>(257,936)</u></b>

The accompanying accounting policies and notes form an integral part of these financial statements.

## LOCAL SOLUTIONS

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

#### 1 ANALYSIS OF INCOMING RESOURCES

	2011 £	2010 £
Donations deferred at 1 April 2010	97,536	218,149
Donations receivable in the year	182,636	110,681
Credit for the year	<u>(180,663)</u>	<u>(231,294)</u>
Donations deferred at 31 March 2011	<u>99,509</u>	<u>97,536</u>

	£	£
Project income deferred at 1 April 2010	465,307	200,821
Project income receivable in the year	20,670,915	17,461,914
Credit for the year	<u>(20,810,380)</u>	<u>(17,197,428)</u>
Project income deferred at 31 March 2011	<u>325,842</u>	<u>465,307</u>

	£	£
Analysis of income		
Project income for charitable services provided	20,810,380	17,197,428
Donations	180,663	231,294
Investment income	868	742
	<u>20,991,911</u>	<u>17,429,464</u>

Income is analysed by projects as follows:

	£	£
Enhancement/Training & QA	4,512,062	2,577,931
Enablement/Homecare	12,627,745	10,583,075
Early Years	452,700	847,170
Engagement/Supported Accommodation	3,046,941	3,034,355
Central Services	170,932	154,897
	<u>20,810,380</u>	<u>17,197,428</u>

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

#### Restricted Grants within Project Income

	2011 £	2010 £
Knowsley Metropolitan Borough Council - Early Years	-	95,862
Liverpool City Council - CRU – Welfare Rights	48,094	48,094
Liverpool City Council - CRU – Shopmobility	56,000	56,000
Liverpool City Council - University of Liverpool Children's Centre	1,182	2,478
Liverpool City Council - Carers Project	309,747	339,419
Liverpool City Council - Merseysport	63,000	63,000
Others	60,872	39,537
Next Step	45,000	7,635
Future Jobs Fund	2,718,757	272,674
ESF - Probation	43,966	-
	<u>3,346,618</u>	<u>924,699</u>

## LOCAL SOLUTIONS

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

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

Investment income comprises income from:

	2011 £	2010 £
Bank deposits	<u>868</u>	<u>742</u>

#### 2 ANALYSIS OF RESOURCES EXPENDED

	Staff costs £	Other costs £	Depreciation £	2011 £	2010 £
Direct charitable expenditure	16,955,053	3,130,419	37,496	<b>20,122,968</b>	17,318,607
Governance costs	<u>28,752</u>	<u>22,825</u>	-	<b>51,577</b>	55,395
	<u>16,983,805</u>	<u>3,153,244</u>	<u>37,496</u>	<b>20,174,545</b>	<u>17,374,002</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 £1,686,692 (2010 :£1,554,156), which includes fundraising costs of £120,040 (2010: £91,433).

Governance costs relate to the general running of the charity. They include external audit costs and costs associated with constitutional and statutory requirements. The audit fee for the year amounted to £15,525 (2010: £15,000).

Contained within Restricted Expenditure are the following costs in respect of the Liverpool City Council Community Resources Unit funding:

	Welfare Rights £	Shopmobility £
Salaries	38,995	41,882
Other direct programme costs	6,099	8,305
Core costs	<u>3,000</u>	<u>5,813</u>
	<u>48,094</u>	<u>56,000</u>

Other costs of running these projects for Welfare Rights £104,825 (2010: £107,189) and Shopmobility £73,691 (2010: £77,306) are included in Unrestricted Fund Expenditure.

## LOCAL SOLUTIONS

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

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

	2011 £	2010 £
On bank overdraft	162	76
Other interest receivable and similar income	(868)	(742)
	<u>(706)</u>	<u>(666)</u>

#### 4 EMPLOYEES

Staff costs during the year were as follows:

	2011 £	2010 £
Wages and salaries	15,672,265	13,017,292
Social security costs	1,154,823	1,022,007
Other pension costs	156,717	155,817
	<u>16,983,805</u>	<u>14,195,116</u>

The average number of full time equivalent employees during the year was 1,129 (2010: 771).

	2011 Number	2010 Number
Project staff	1,116	758
Fundraising and publicity	3	3
Management and administration of the charity	10	10
	<u>1,129</u>	<u>771</u>

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

	2011 Number	2010 Number
£60,001 to £70,000	2	-
£70,001 to £80,000	-	-
£80,001 to £90,000	-	-
£90,001 to £100,000	-	1
£100,001 to £110,000	<u>1</u>	<u>-</u>

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

	2011 £	2010 £
Pension contributions to money purchase schemes	<u>15,785</u>	<u>6,968</u>

During the year three higher paid employees (2010: one higher paid employee) participated in a money purchase pension scheme.

## LOCAL SOLUTIONS

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

#### 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 £326 were reimbursed to one trustee (2010: £289) during the year. There were no related party transactions in the year, or the prior year.

#### 6 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Leasehold improvements £	Motor vehicles £	Fixtures fittings and equipment £	Total £
Cost or valuation					
At 1 April 2010	170,000	116,941	123,370	654,200	1,064,511
Additions	-	-	-	37,753	37,753
Disposals	-	(17,024)	(19,000)	(126,199)	(162,223)
At 31 March 2011	<u>170,000</u>	<u>99,917</u>	<u>104,370</u>	<u>565,754</u>	<u>940,041</u>
Depreciation					
At 1 April 2010	35,368	109,256	109,835	612,146	866,605
Provided in the year	3,396	5,459	5,971	22,670	37,496
Eliminated on disposals	-	(17,023)	(18,997)	(126,163)	(162,183)
At 31 March 2011	<u>38,764</u>	<u>97,692</u>	<u>96,809</u>	<u>508,653</u>	<u>741,918</u>
Net book amount at 31 March 2011	<u><b>131,236</b></u>	<u><b>2,225</b></u>	<u><b>7,561</b></u>	<u><b>57,101</b></u>	<u><b>198,123</b></u>
Net book amount at 31 March 2010	<u>134,632</u>	<u>7,685</u>	<u>13,535</u>	<u>42,054</u>	<u>197,906</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	
	2011 £	2010 £
At cost	3,404	3,404
At valuation	<u>166,596</u>	<u>166,596</u>
	<u><b>170,000</b></u>	<u><b>170,000</b></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.

The overdraft facility of the charity is secured by a legal charge over the freehold land and buildings.

## LOCAL SOLUTIONS

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

#### 7 STOCK

	2011 £	2010 £
Materials	<u>16,908</u>	<u>33,453</u>

#### 8 DEBTORS

	2011 £	2010 £
Accrued income	1,058,412	1,174,181
Operating debtors	2,135,297	2,031,118
Other debtors	22,824	3,324
Prepayments	116,294	102,749
	<u>3,332,827</u>	<u>3,311,372</u>

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

	2011 £	2010 £
Operating creditors	245,617	206,944
Social security and other taxes	336,870	375,309
Accruals	974,239	625,225
Deferred income	425,351	562,843
	<u>1,982,077</u>	<u>1,770,321</u>

Included in Accruals is an amount of £19,632 (2010: £15,020) owing in respect of the charity's pension scheme. This liability was paid subsequent to the year end.

#### 10 FUNDS

	Restricted funds £	Unrestricted funds £	Total £
At 1 April 2010	-	1,948,052	1,948,052
Incoming resources	3,507,556	17,484,355	20,991,911
Resources expended	(3,507,556)	(16,666,989)	(20,174,545)
At 31 March 2011	<u>-</u>	<u>2,765,418</u>	<u>2,765,418</u>

#### 11 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Total £
Tangible fixed assets	198,123
Current assets	4,549,372
Current liabilities	<u>(1,982,077)</u>
Net assets	<u>2,765,418</u>

The above analysis is in respect of Unrestricted Funds.

## LOCAL SOLUTIONS

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

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

	2011 £	2010 £
Net incoming resources	817,366	55,462
Depreciation	37,496	45,131
(Surplus)/Deficit on sale of tangible fixed assets	(1,466)	6,423
Decrease/(Increase) in stock	16,545	(1,614)
Increase in debtors	(21,455)	(593,772)
Increase in creditors	211,756	242,330
Net interest received	(706)	(666)
Net cash inflow/(outflow) from operating activities	<u>1,059,536</u>	<u>(246,706)</u>

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

	2011 £	2010 £
Increase/(Decrease) in cash in the year	1,023,995	(257,936)
Net funds at 1 April 2010	<u>175,642</u>	<u>433,578</u>
Net funds at 31 March 2011	<u>1,199,637</u>	<u>175,642</u>

#### 14 CAPITAL COMMITMENTS

	2011 £	2010 £
Contracted for but not provided in these financial statements	<u>-</u>	<u>-</u>

#### 15 CONTINGENT LIABILITIES

There were no Contingent Liabilities at 31 March 2011 or 31 March 2010.

#### 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 charity.

## LOCAL SOLUTIONS

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

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#### 17 LEASING COMMITMENTS

Operating lease payments amounting to £268,844 (2010: £237,521) are due within one year. The leases to which these amounts relate expire as follows:

	<b>Leasehold properties 2011 £</b>	<b>Leasehold properties 2010 £</b>
In one year or less	<b>150,891</b>	85,464
Between one and five years	<b>117,953</b>	152,057
	<b><u>268,844</u></b>	<b><u>237,521</u></b>

The annual lease costs were £245,579 (2010: £214,256).