Company no 1792921
Charity no 515060



LOCAL SOLUTIONS

ANNUAL REPORT
AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2004

LOCAL SOLUTIONS

FINANCIAL STATEMENTS

For the year ended 31 March 2004

INDEX **PAGE**

Legal and administrative details	1
Report of the trustees	2 - 12
Report of the independent auditors	13 - 14
Principal accounting policies	15 - 17
Statement of Financial Activities incorporating Income and Expenditure account	18
Balance sheet	19
Cash flow statement	20
Notes to the financial statements	21 - 28

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:	M Akbar Ali	-	Resigned 13 May 2003
	Rev Steven Brookes	-	Appointed 4 December 2003
	J Ross Duggan	-	Vice Chairman
	Thomas Graham	-	Resigned 4 September 2003
	Mumin Khan		
	A T Robert Macfarlane	-	Treasurer
	David A Mathieson	-	Chairman
	Shelagh McGrath		
	Robert T H Owen	-	Appointed 14 October 2003
	Geoffrey Russell	-	Vice Chairman
	Anita Samuels	-	Resigned 6 November 2003
	Neil Scales		
	Michael Tonge	-	Resigned 18 March 2004
	Richard M White		
	Barbara H Wood	-	Vice Chairman
Secretary:	M Pearson		
Bankers:	National Westminster Bank plc 22 Castle Street Liverpool L69 2BE		
Solicitors:	Brabners Chaffe Street 1 Dale Street Liverpool L2 2ET		
	Mace & Jones Drury House 19 Water Street Liverpool L2 ORP		
Auditors:	Grant Thornton UK LLP 1st Floor Royal Liver Building Liverpool L3 1PS		

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 2004.

Objectives and policies

The objects of the charity 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.

As we say in our mission statement we seek to improve the quality of life by challenging social and economic disadvantage. This we do by working closely with partners in the public, private and voluntary sectors. Within the public sector our partners include national bodies and local authorities in our operational areas.

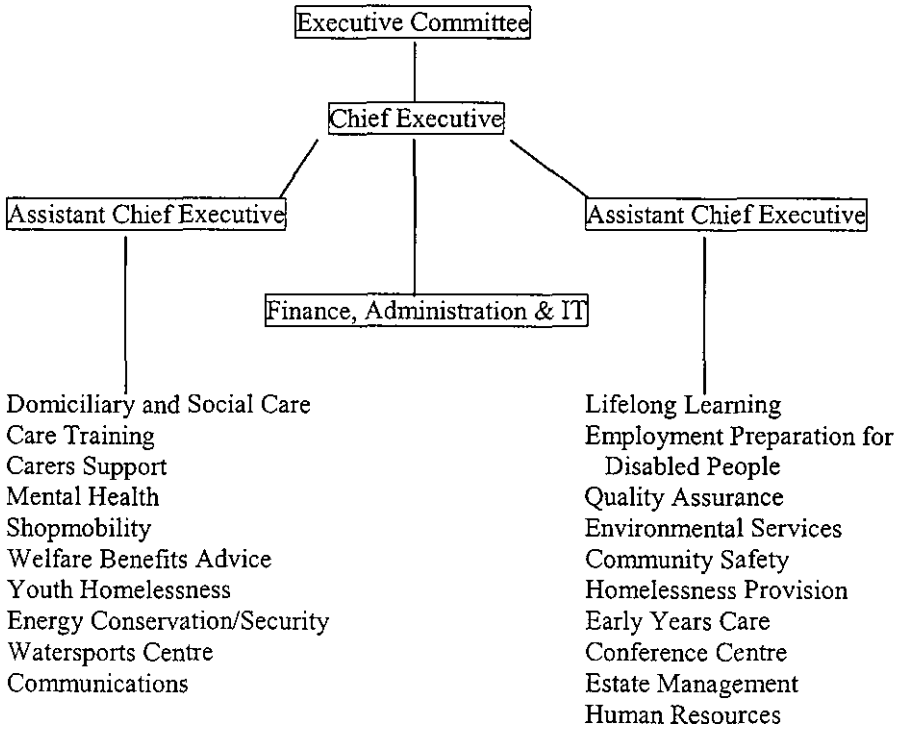
Organisation

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

The Committee meets between six and eight times a year. Where appropriate sub-committees or working parties are formed to address specific matters, with terms of reference specified by the Committee. Within the Committee there is a wide range of expertise and experience.

A Chief Executive is appointed by the Executive Committee to manage the day-to-day operations of the charity. 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 Executive Committee.

The following chart represents the organisation's structure:



Risk management

Members of the Executive Committee and management team are aware of their responsibilities regarding risk management and keep major strategic, business and operational risks under review.

During the year the risk register referred to in the last report was shared more widely within the company, particularly amongst managers. We are conscious that it is a living document and we need constantly to be examining our control systems throughout the organisation. We will be carrying out a formal review of the document at Executive Committee level on an annual basis.

Trustees

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

Review of the year

The year under review has been one of considerable progress for Local Solutions on many fronts. We have seen a significant increase in the volume and range of services we provide. We are conscious, too, that the work we do must be of a high quality and are pleased that the reports we receive from the various reviewing bodies bear testimony to the effort we put into ensuring we deliver a first class service.

2004 marked the 30th Anniversary of the founding of Local Solutions, an event we were able to celebrate at a gathering of the Executive Committee, staff and volunteers in June.

Domiciliary and Social Care

We continued to work closely with the Local Authorities in providing a wide range of domiciliary care and social support to vulnerable people in the community. This included support to vulnerable older people, children and families, people with physical and learning disabilities, and people with mental health issues. This project is a substantial and growing operation within Local Solutions. Priority measures were put in place this year to meet the increasing and somewhat complex challenges confronting the project including strengthening project management – this included recruitment of a senior project manager to oversee all bases, additional out of hours co-ordinators and the employment of an IT specialist to work with the administration and branch staff.

Care Training

The Unit had a busy year delivering NVQ Levels 2 and 3 care training packages both internally to our Domiciliary and Social Care staff and also to employees from external care agencies. Established primarily as a vehicle for addressing the very challenging training needs of our own workforce, Care Training is now recognised as a training resource by other care providers in the Merseyside area. This has been an important step forward, particularly following the introduction of the Care Standards Act which made training of all staff within social care a mandatory requirement and has undoubtedly put Local Solutions in strong position to secure future business. Care Training received a substantial £250k award from the National Health Service – Work Development Confederation to fund training in adult care. We anticipate a further expansion in this area of our activity during the coming year.

Carers' Support

With an estimated 6 million carers in the UK, it is important that support services are in place to assist this particular client group, who can suffer high levels of stress due to their caring role. The organisation has been working closely with carers for eight years and as a result, a number of established services are now in place, including an informative newsletter and a carer's emergency card, of which there are 250 currently in issue. The card provides reassurance to the carer's dependant in the event of the carer being involved in an accident. We also provide an information service, two hospital information points and home from hospital support.

Supporting carers has become an important area of our work. During the reporting period, funding was secured from Liverpool City Council to employ a member of staff to support carers of people with learning disabilities. The carers project also secured a further contract with Liverpool City Council for the development of support services for carers in Liverpool; as a result of this contract, the project will become the single point of reference for the City Council for their consultation with carers.

Mental Health

We maintained our close association with the Patients Council at Broadoak in Liverpool. They consult with mental health service users on the wards and obtain their views and concerns on a variety of aspects of care during their stay at the acute in patient facility. Any concerns raised are taken up with the hospital and this has resulted in many improvements/new practices in services. The Council is playing an invaluable role in involving mental health service users in the development of their own care, including aspects of their recovery from crisis through to rehabilitation.

Our involvement in the Mental Health Carers Project in Knowsley also continued. This particular service supports carers who are looking after a dependant with severe and enduring mental illness, providing direct one to one support, with a number of support groups in place to give carers the chance to meet and talk to others in similar circumstances.

Shopmobility

The Shopmobility service and its complementary Travel Companions Scheme have been a lifeline to hundreds of individuals who find it difficult to get out and about in the community due to mobility restrictions through disability or age. In addition to the very significant input of volunteers into this project we were pleased to receive an increase in the level of funding for the service from Liverpool City Council and also continued financial support from Merseytravel. A grant from the Merseyside Health Action Zone also enabled the project to purchase new mobility equipment. Towards the end of the financial year we had an unavoidable disruption to the service when we had to vacate the Clayton Square premises. However, this was soon resolved, as we secured alternative premises within St. John's precinct in Liverpool. Maria Eagle MP, in her capacity as Minister for Disabled People, officially launched Shopmobility at their much improved and spacious premises.

Welfare Benefits Advice

The Welfare Rights Service is playing a key role in maximising the income of Liverpool residents by assisting them through the complex welfare benefits system. Whilst the team assist a broad spectrum of the community, the majority of their clients are people with disabilities and their carers. We were pleased to continue a close relationship with our funding agencies Liverpool City Council and The Legal Services Commission. Although The Legal Services Commission reduced their funding, resulting in a decrease in our staffing levels, we are confident that we will overcome this difficulty by restructuring the service. The team received over 5,000 enquiries and obtained for clients approximately £3.3m in benefits. We believe in making the service accessible to all sections of the community and therefore continue to provide a number of outreach services, which serve mental health service users, ethnic minority groups and housebound people through our home visiting service, which was generously funded by Lloyds TSB Foundation for England and Wales and the John Moores Foundation.

Youth Homelessness

The Merseyside Accommodation Project (MAP) had a successful year, during which 150 homeless 16 and 17 year olds were accommodated and provided with much needed advice and support. Partnerships have strengthened with all the local authorities, with established centres now in Liverpool, Sefton, Wirral and Knowsley (which also covers the St. Helens area). This ensures that young clients are referred at point of contact and provides these vulnerable young people with a base in the heart of their own communities. MAP has entered into Supporting People contracts with the five Merseyside boroughs. The Supporting People Programme was introduced in April 2003. It is a new policy for funding and supporting vulnerable people with their housing support needs. Two new posts were put in place to strengthen the team for the delivery of the new Supporting People arrangements. Supporting People will, for the first time, introduce a unified system for the planning, commissioning, funding and regulation of housing support services to MAP clients.

We were honoured to receive a visit from Her Royal Highness the Duchess of Gloucester who joined us to mark the 17th Anniversary of the project and its work for homeless young people. During the hour long visit, Her Royal Highness met with some of MAP's young clients, past and present, and saw for herself some of the pioneering work undertaken in the North West for homeless teenagers.

Energy Conservation/Security

The effective energy efficiency measures delivered by our Keep Warm Project have had a profound effect in 'improving the quality of life' for many disadvantaged people. We are pleased to report that following a difficult first half of the year Keep Warm's activity levels were maintained at a healthy level during the latter part of the year. In 2003, the project secured a 3-year contract from Liverpool City Council to continue to deliver energy conservation measures to Liverpool residents, identified by the City Council.

The project was also engaged on a programme of adaptations for Liverpool Social Services, as part of the 'Staying Put' initiative, which is funded through the City Council's Neighbourhood Renewal Fund. This initiative is designed to enable older people to stay at home rather than go into institutional care.

Watersports Centre

Merseysport has maintained its aim in encouraging a wider participation in watersports activities for the whole community. Those accessing the facility include people with disabilities, the unemployed, families, children from inner city schools and other disadvantaged groups. During the reporting period, a total 19,304 user hours were taken up at this busy 'not for profit' resource, which demonstrates the requirement for and active use of the facility.

Merseysport once again played a prominent role in the annual Mersey River Festival by holding free "taster days" to encourage visitors to take part in the range of watersports available. The Centre also held a number of events during the year, including Paddlequest North West, which involved canoeing and kayaking competitions with medals and cups to be won and saw over 100 young people taking part.

Communications

Our communications department organised a number of promotional events throughout the year in conjunction with project managers. These included awareness events for our Training and Early Years Care sector, the launch of Shopmobility at its new premises and a Learning Disabilities Partnership Board Conference at Aintree Racecourse. The small, but busy resource, produced a range of promotional literature including newsletters, project leaflets and attained a range of press/media coverage to promote awareness of Local Solutions activities.

The department is also responsible for our fundraising activities and raised a generous level of funding throughout the year from various charitable and business sources. Work also took place on the production of the newly constructed website.

Lifelong Learning

The year has been extremely busy for our Training Department, with the ever-increasing pressure on achievement of targets and quality standards. To meet the required criteria and also to maximise deliverables, we created the additional post of a Performance Monitoring Officer who supports the senior team in the area of contract management.

Hundreds of learners of all age groups participated our training programmes which include Work-based Learning and Modern Apprenticeship in Sport Recreation, Teacher Training, Land-based Training, Early Years Care & Education, Adult Literacy & Numeracy Skills, Dyslexia, Social Care and IT.

The Life Skills Programme, which is funded by The Learning & Skills Council, was replaced this year with Entry 2 Employment. These courses are providing a social inclusion programme for 16/18 year olds who may have behavioural problems, suffer learning difficulties, are low achievers or are generally de-motivated.

The Lifelong Learning Department expanded its services during the year and now offers evening classes at the Mount Vernon Green site for students to participate in the Foundation Teacher Training Courses and gain child-minding qualifications.

Our innovative Dyslexia Unit, has enjoyed a successful second year, with over 300 screenings and 150 assessments being undertaken to date for young people on our training and social welfare programmes who suffer from dyslexia. The students were offered access to technology, including voice activated, predictive and mind-mapping software. The project has provided external consultations and screenings to organisations including Knowsley Borough Council, and Connexions. We are grateful to the KPMG Foundation for funding this invaluable resource. The project received a welcome boost with a three-year grant from The Henry Smith Charity, which will enable us to widen participation in this programme.

The Learning Support Unit was further developed during the year with the provision of a new resource – a larger classroom-based centre for learners to access IT equipment, specialist software and literature. The Unit combines a range of services to assist those who require additional help. Upon referral, learners' needs are identified, resulting in the delivery of a personalised programme of support. This can cover literacy/numeracy skills, dyslexia assessments, personal development and advice on a whole range of issues including drug/alcohol abuse.
The Horticulture project was successful in securing a contract to work in partnership with Liverpool City Council and Include Neighbourhood Regeneration Ltd. This involves students on our Environmental Task Force (ETF) Horticulture training programme cleaning up derelict public areas in the Dingle area of Liverpool through grounds maintenance work, landscaping and tree planting . A similar contract was secured to work in partnership with Picton Developments which will provide employment and training for ETF students.

Employment Preparation for Disabled People: Good progress has been made and we have been particularly effective in promoting equality for people with disabilities by developing specific courses to meet their needs and encourage them to re-enter the workplace.

An example of this was the programme running in Cheshire, aimed at assisting people with chronic pain, back into work. Local Solutions is responsible for the motivational elements of the programme, after which clients move on to Hope Hospital in Manchester, where they enter a programme to help them with pain management. Results are encouraging, with 25% of the 36 clients engaged, going on to employment and the majority of the remainder taking up training opportunities, or going on to other work preparation programmes.

We received excellent news from Government Office Merseyside advising that our bid to the European Social Fund in respect of the New Deal for Disabled People and Ability First Programmes had been successful. This brought in substantial funding over a two-year period allowing us to enhance the level of support we offer to clients engaged our disability programmes.

The Ability First Team took on two additional subcontractors in order to deliver the programme within the Manchester and Thameside area – Groundwork Trust and Disabled Living; both being recommended to us by Jobcentre Plus.

Quality Assurance: Local Solutions has comprehensive quality assurance policies and a quality procedures manual. All documents are standardised across the organisation to ensure consistency, and training teams within each occupational area meet monthly with the quality assurance team to gain feedback and share good practice.

Local Solutions is an assessment centre for four main awarding bodies, and twice-yearly external verification visits take place in all programme areas. External verifiers' reports clearly identify good practice and consistently high grades are being achieved. Within the year, Adult Teacher training, Horticulture, Care and Early Years programmes all achieved grade 'A' during external verification visits.

Local Solutions is also committed to continual self-assessment and continuous professional development, both of which have improved the quality of our service delivery.

Disability Training Initiatives

These initiatives operate to assist people with disabilities back into the workplace. This is achieved through a range of support and guidance from trained staff to help clients to explore their full employment potential.

We have worked closely with the job broking service, Jobcentre Plus, for a number of years. We have recently secured a new contract for our New Deal for Disabled People programme to deliver training and advice to clients in Cheshire. Our Ability First contract has been extended for a further two years.

We are pleased that we have recently been able to secure funding from the European Social Fund for some of our Disability Training Initiatives.

Quality Assurance

The work of this unit covers all our training activities and is responsible for ensuring the training we provide is of a high quality.

During the year we received a very positive Adult Learning Inspectorate report. The report brings together all aspects of adult learning and work based training within one inspection. The department was assessed on programme delivery and content, leadership and management, and quality assurance. The areas of work which were covered within the inspection were the life skills programmes and work-based learning in sport and recreation. The report published at the end of the inspection was a very positive result for the training department praising the work carried out with learners from across Merseyside. Each area inspected received a grade on their performance, which is marked on a scale of 1 to 5, 1 being the highest mark. Sports and Recreation were awarded a grade 2, Life Skills received a grade 3 and Leadership and Management a grade 3. Within the Leadership and Management we were pleased to be awarded grade 2 for Equal Opportunities.

External verification inspections carried out by City and Guilds in the training department resulted in a Grade A being awarded for the service delivery and programme content of our Horticulture, Environmental Conservation, Further Adult Education Teaching Certificate, Care and Early Years programmes. This is very positive for the programmes, as it is a nationally recognised award proving the training department's excellence in these areas.

Environmental Services/Community Safety

Local Solutions, in association with Safer Merseyside Partnership and other statutory and voluntary bodies, continued to initiate its range of security measures that aim to prevent burglary to homes which could be vulnerable to such crime. These pathway schemes – The Alleygating Project and Safe and Sound have both been recognised by police as having reduced crime figures, and play a crucial role in building safer communities in inner cities, with a total of 422 properties being secured across Merseyside to help prevent victims of burglaries becoming further targets.

The Alleygating project continues to do well and was highlighted in 'CITY' the magazine of Liverpool City Council, which is delivered to 22,000 householders and 8,000 businesses. 26,147 properties were consulted in the last year, with 2,173 gates being installed following the consultation work. The project is now working across all five boroughs of Merseyside, working for the first time in the Sefton area this reporting year. Following information that was collated during the consultation process, a total of 2,050 Fire Risk Assessments were carried out by the Fire Brigade.

Homelessness Provision

Homeground, now in its 12th year, continues to grow and enhance its provision for the young homeless of the region, with high occupancy levels achieved during the year. The Hostel's fully qualified staff provide a rehabilitation programme of support for residents to build up each individual's self-esteem in preparation for eventual independent living. This includes educational training programmes, outdoor pursuits and work placements. The 2003/04 financial year brought the introduction of Supporting People as the major funding stream of the Homeground Project. The service will now be more closely monitored by the funder and inspected against a Quality Assessment Framework, a development that we welcome in the assurance it gives that a high quality service is provided.

The Homeground building benefited from a continuing refurbishment programme. The work to the fabric of the building carried out over the past two years has greatly enhanced both the working and living environment, and residents and staff clearly benefit from improved conditions. We plan to continue our improved programme during the current year.

The Comino Foundation continues to fund the post of resettlement officer within Homeground. The Resettlement Officer's role is to ensure the effectiveness and smoothness of the transition process from hostel to independent living by putting a number of support systems in place.

Early Years Care

Our Early Years Care sector, which is a substantial area of our work programme, continued to meet the needs of families in Liverpool and Knowsley by providing nursery facilities, wrap around childcare, before/after school services and holiday play schemes for children. We now offer high quality affordable and flexible childcare across nine facilities in Liverpool and Knowsley.

We maintained our close links with the Early Years and Childcare Development Partnership in Knowsley in providing 'wrap around' educational services for parents or carers requiring additional childcare beyond the formal school day.

All our childcare facilities are registered with OFSTED and have a reputation for providing quality care and education for children and families. Through the holiday playschemes we offer a programme of supervised activities such as visits to places of interest, sports and games with our team of fully qualified staff. All Early Years Staff receive continued professional development through internal and external training and have an up to date disclosure from the Criminal Records Bureau.

We are pleased to report that the New Opportunities Fund confirmed the revenue funding for seven new Neighbourhood Nursery Initiatives (NNIs). The funding, which amounted to just under £1m, is available to each Neighbourhood Nursery Initiative as they open for business. A further £1.5m capital funding for the nurseries is being channelled through Knowsley MBC. Towards the end of the financial year, preparations for the opening of the NNIs were well advanced, with a Programme Manager appointed to lead this area of work.
The Overdale Centre has been designated a 'Children's Centre' following an announcement by a Government Minister recently. It is one of only two identified in the North West of England. Children's Centres serve children and families in disadvantaged communities and provide integrated care and education for young children, health services, family support and a base for childminders.

Our Early Years training team joined with North Huyton New Deal for Communities Programme offering 'taster' courses in childcare to young people aged 14 to 16 years, which were very successful. We intend to continue to develop our ability to offer training and employment in this area.

Conference Centre

The Northern Conference Centre (NCC) has enjoyed a particularly busy year with all the conference rooms and equipment being well utilised. Annually, more than 10,000 people use the NCC from a broad range of statutory and voluntary organisations. With in-house catering, ample car parking facilities and access for people with disabilities, NCC is the ideal venue to ensure that training for disadvantaged/disabled groups, their sponsors and our partners runs smoothly and successfully. The Safer Merseyside Partnership, a regular user of the centre, audited all of the venues that they utilise for their community safety training and NCC was recognised as the best facility.

Estate Management

Over the past 12 months Estate Management has provided a support service to Mount Vernon Green Managers and off-site bases in carrying out full Health and Safety inspections and on-going advice/training with all health/fire safety issues.

A database of approved suppliers/contractors has now been set up and 80% of bases are now on-line with Corporate Services generating a saving of over £4,000.

In-house maintenance has provided Portable Appliance Testing, general repairs and re-decoration to some of our bases and we will continue to improve this service.

Work relating to the Disability Discrimination Act is ongoing and a further access review will take place shortly at all off-site bases to estimate whether further improvements are required and if so the cost and time implications.

The work of the estates management team is of increased importance in ensuring continuous delivery of quality services in furtherance of the charity's objectives and key areas of potential risk are addressed at an operational level.

Human Resources

Local Solutions Investors in People status was re-inspected during October 2003 and we took the opportunity to use the new Profile tool, which allows us to be scored against the individual criteria and then to benchmark ourselves against other organisations. We were pleased with the scores awarded as they reflected our self-assessment and our status as an Investor in People was re-confirmed.

A new internal Management Development Programme was launched and is midway through its first programme. The programme has been supported by many of our 'partners' including Grant Thornton, Mace and Jones and Sherwin Insurance Services. Internal management courses have continued to promote good practice at all levels of management within the charity.

There were 3 claims lodged against Local Solutions at Industrial Tribunal during the period but no awards were made against the company.

Conclusions

In common with many other organisations in the voluntary sector, Local Solutions received much valuable support from its volunteers. We gratefully acknowledge the support of our volunteers with their wide ranging inputs to our work, my fellow trustees, those contributing to the administration of the organisation and those involved in the delivery of our services.

Looking forward to intend to continue the development of our services whilst ensuring those services are of the highest quality we can offer.

Financial review

Income and expenditure

Following the disappointment of the £267k deficit suffered in 2002/03 it is a pleasure to be able to report a surplus of £379k for 2003/04. In last year's report we said that a small operating surplus was achieved in the second half of the year and that improvement carried over into the new year with a surplus achieved in each quarter of the 2003/04 year.

Several areas of our activity contributed to this turn around. In Energy Conservation an increase in the level of activity caused a significant improvement to the outcome; in Domiciliary and Social Care the fact that we had resolved problems in 2002/03 had a knock-on benefit in 2003/04; a concentration on achieving outputs considerably improved the result in Lifelong Learning and Employment Preparation for Disabled People and changes to the funding regime benefited the outcome on our homelessness projects.

Total income rose to £12.7m from £11.3m in 2002/03, an increase of 12.9%. This follows a rise of 12.5% in the previous year. The most substantial areas of income growth were the Domiciliary and Social Care project and our work with the homeless.

Total resources expended rose by 7.0% from £11.5m to £12.4m. Direct charitable expenditure increased by 6.8%. Fundraising and publicity rose by 16.9% (£10k) and Management and Administration by 31.4% (£38k). Both these items included additional salary costs as we ensured our overhead structures were appropriate for our increasing level of turnover, and the Management and Administration figure includes additional costs in respect of our leasehold premises.

Balance sheet

During the year we spent £90k on fixed assets including leasehold improvements, motor vehicles and equipment. Depreciation provided amounted to £124k leaving us with a net book value of fixed assets at the year-end of £434k.

At 31 March 2003 we had a net overdraft of £27k. At 31 March 2004 we had no overdraft and available cash of £1.1m. This dramatic improvement comes from the operating surplus and a further improvement in our debtor situation. Last year it was pleasing to report that the debtor days at the year-end had fallen from 75.2 to 60.8 days. This year that figure has fallen even further and stands at 42.4 days.

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 established a contingency fund out of these reserves after undertaking an assessment of the charity's needs, based upon the likely costs associated with a material reduction in the income stream of the charity. Based on current operating levels the aim is to build up a contingency fund of £1m. Following the transfer out of the Contingency Fund into the main fund necessitated by the previous year's loss, the fund stood at £350k at 31 March 2003. We have allocated £450k to the Contingency Fund to bring the year-end balance to £800k. This is still below our desired figure by £200k but is a much more satisfactory position than a year ago. Our budget for 2004/2005 looks for a further surplus, which will enable us to further address this "free reserves" shortfall.

Investment policy

The Memorandum of Association set 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 from that investment.

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.

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 should follow best practice and:

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

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

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".

Disabled employees and employee involvement

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

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

Local Solutions Investor in People (IiP) status was achieved in June 1997 and successfully re-assessed in December 2000 and October 2003. The IiP standard is one an organisation has to keep striving for, and Local Solutions is confident that its staff will continue to rise to the challenge.

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

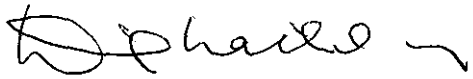
Local Solutions is committed to providing appropriate training, career development and promotion opportunities for all its employees.

Auditors

On 1 July 2004, the Grant Thornton partnership transferred its business to a limited liability partnership, Grant Thornton UK LLP. Under section 26(5) of the Companies Act 1989, the directors consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004.

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

ON BEHALF OF THE TRUSTEES



D Mathieson
Chairman
7 September 2004

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 2004 which comprise the principal accounting policies, the statement of financial activities, the balance sheet, the cash flow statement and notes 1 to 21. 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 trustees, who are directors of the charity for the purposes of company law, are responsible for preparing the trustees' report and the financial statements in accordance with United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the trustees' report is not consistent with the financial statements, if 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 trustees' 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 United Kingdom auditing standards 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 of the state of the charitable company's affairs as at 31 March 2004 and of its incoming resources and application of resources, including its income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

LIVERPOOL
Date 7 September 2004

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 (the SORP) issued in October 2000 and in accordance with the Companies Act 1985. They have been prepared under the historical cost convention except that certain freehold properties are shown at their revalued amounts.

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

INCOMING RESOURCES

Donations and gifts

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

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

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

- assets received for distribution by the charity are recognised only when distributed
- assets received for resale are recognised, where practicable, when receivable or otherwise when sold
- gifts of fixed assets for charity use or funds for acquiring fixed assets for charity use are accounted for (as restricted funds) immediately on receipt.

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

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

Grants receivable

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

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

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.

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.

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

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

TANGIBLE FIXED ASSETS AND DEPRECIATION

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

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

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

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

ASSET RESERVE

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

STOCK

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

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.

LOCAL SOLUTIONS

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME & EXPENDITURE ACCOUNT

For the year ended 31 March 2004

	Note	Unrestricted Funds £	Restricted Funds £	Total 2004 £	Total 2003 £
Income					
Incoming resources	1				
Income in furtherance of the charity's objects					
Donations and gifts		45,198	210,497	**255,695**	289,105
Project income		11,660,803	555,470	**12,216,273**	10,649,547
European Social Fund		-	256,058	**256,058**	336,969
Investment income	3	6,183	-	**6,183**	1,152
Total incoming resources		11,712,184	1,022,025	**12,734,209**	11,276,773
Expenditure					
Resources expended	2				
Direct charitable expenditure		10,706,284	1,046,814	**11,753,098**	11,007,989
Fund raising and publicity		69,732	-	**69,732**	59,345
Support costs		315,954	-	**315,954**	311,948
Management and administration		216,190	-	**216,190**	164,578
Total resources expended		11,308,160	1,046,814	**12,354,974**	11,543,860
Net incoming/(outgoing) resources for the year being the surplus of income over expenditure (2003: deficit)		404,024	(24,789)	**379,235**	(267,087)
Total funds brought forward at 1 April 2003		839,692	50,706	**890,398**	1,157,485
Total funds carried forward at 31 March 2004	12	1,243,716	25,917	**1,269,633**	890,398

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.

BALANCE SHEET AT 31 MARCH 2004

	Note	£	2004 £	£	2003 £
Fixed assets					
Tangible assets	7		**434,400**		470,025
Investments	8		**-**		1,000
			434,400		471,025
Current assets					
Stock	9	**22,146**		22,731	
Debtors	10	**1,486,566**		1,878,783	
Cash at bank and in hand		**1,120,037**		50,465	
		2,628,749		1,951,979	
Creditors: amounts falling due within one year	11	**1,793,516**		1,532,606	
Net current assets			**835,233**		419,373
Net assets			**1,269,633**		890,398
Funds					
Restricted	12		**25,917**		50,706
Unrestricted	12		**1,243,716**		839,692
			1,269,633		890,398

The financial statements were approved by the Board of Trustees on 7 September 2004, and signed on their behalf by:

Trustee

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 2004

	Note	£	2004 £	£	2003 £
Net cash inflow from operating activities	14		**1,228,288**		217,636
Returns of investments and servicing of finance					
Interest received		**6,183**		1,152	
Interest paid		**(4,058)**		(23,753)	
Net cash inflow/(outflow) from returns on Investments and servicing of finance			**2,125**		(22,601)
Capital expenditure					
Purchase of tangible fixed assets		**(89,759)**		(133,325)	
Sale proceeds of investments		**1,000**		-	
Sale proceeds of tangible fixed assets		**5,402**		9,100	
Net cash outflow from capital expenditure			**(83,357)**		(124,225)
Increase in cash	15		**1,147,056**		70,810

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

1 ANALYSIS OF INCOMING RESOURCES

	2004	2003
	£	£
Donations deferred at 1 April 2003	**90,993**	159,161
Donations receivable in the year	**272,667**	220,937
Credit for the year	**(255,695)**	(289,105)
Donations deferred at 31 March 2004	**107,965**	90,993

	£	£
Project income deferred at 1 April 2003	**406,392**	195,655
Project income receivable in the year	**12,597,098**	11,289,676
Credit for the year	**(12,472,331)**	(10,986,516)
Project income deferred at 31 March 2004	**531,159**	498,815

Analysis of income	£	£
Project income for charitable services provided	**12,216,273**	10,649,547
European Social Fund	**256,058**	336,969
Total project income	12,472,331	10,986,516
Donations	**255,695**	289,105
Investment income	**6,183**	1,152
	12,734,209	11,276,773

Project income is analysed by projects as follows:

	£	£
Training	**2,604,422**	2,077,292
Domiciliary care	**5,103,502**	4,779,655
Nursery facilities	**1,020,386**	883,301
Welfare and other advice	**264,610**	695,945
Home security and energy conservation	**706,449**	639,745
Supporting young homeless	**2,453,136**	1,715,925
Other services	**319,826**	194,653
	12,472,331	10,986,516

Project income is derived from various funding sources including Liverpool, Sefton, Knowsley, Wirral and St Helens Local Authorities, the Safer Merseyside Partnership and Job Centre Plus. In addition, funding from Supported People supports homeless and accommodation projects.

Investment income comprises income from:

	£	£
Bank deposits	**6,183**	1,152

2 ANALYSIS OF RESOURCES EXPENDED

	Staff costs £	Depreciation £	Other £	Total 2004 £	Total 2003 £
Charitable expenditure					
Provision of services	8,089,691	122,799	3,540,608	**11,753,098**	11,007,989
Support costs	279,739	-	36,215	**315,954**	311,948
Management and administration	103,502	1,020	111,668	**216,190**	164,578
	8,472,932	123,819	3,688,491	**12,285,242**	11,484,515
Cost of generating funds					
Fundraising and publicity	42,824	-	26,908	**69,732**	59,345
Total	8,515,756	123,819	3,715,399	**12,354,974**	11,543,860

Support costs are the costs of central services not included within Management and Administration and Fundraising and Publicity. They include costs of training, operational management, and the finance and payroll functions.

Management and administration relates to the costs of organisational administration and compliance with statutory requirements.

Other services costs comprise direct costs incurred in the delivery of projects and include premises expenses, training and travel costs.

Total resources expended include:

	2004 £	2003 £
Auditors remuneration:		
Audit services	**12,000**	13,500
Other audit services re. ESF and Government projects	**2,625**	9,810
Non-audit services	**4,152**	12,425
Depreciation and amortisation:		
Tangible fixed assets, owned	**123,819**	122,252
Hire of plant and equipment	**64,061**	39,384
Pension costs	**115,877**	106,596

3 NET INTEREST (RECEIVABLE)/PAYABLE

	2004 £	2003 £
On bank overdraft	**4,058**	23,753
Other interest receivable and similar income	**(6,183)**	(1,152)
	(2,125)	22,601

4 EMPLOYEES

Staff costs during the year were as follows:

	2004 £	2003 £
Wages and salaries	**7,781,669**	7,634,703
Social security costs	**618,210**	559,446
Other pension costs	**115,877**	106,596
	8,515,755	8,300,745

The average number of full time equivalent employees during the year was 524 (2003: 552).

	2004 Number	2003 Number
Project staff	**509**	537
Fund raising and publicity	**2**	2
Management and administration of the charity	**2**	2
Support staff	**11**	11
	524	552

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

	2004 Number	2003 Number
£50,001 to £60,000	**2**	1
£60,001 to £70,000	**1**	-

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

	2004 £	2003 £
Pension contributions to money purchase schemes	**10,408**	3,425

During the year three higher paid employees (2003: one higher paid employee) participated in a money purchase pension scheme.

5 PAYMENTS TO TRUSTEES AND CONNECTED PERSONS

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. No expenses were reimbursed to the trustees during the year.

The company has incurred a cost of £1,890 (2003: £1,797) in providing indemnity insurance which covers protection of the charity from loss arising from neglect and indemnifies the trustees against the consequences of neglect.

6 CHANGES IN RESOURCES AVAILABLE FOR CHARITY USE

	Unrestricted Funds £	Restricted Funds £	Total 2004 £	Total 2003 £
Net movement in funds for the year	404,024	(24,789)	**379,235**	(267,087)
Net decrease in tangible fixed assets:				
For direct charitable purposes	35,625	24,789	**60,414**	(6,818)
Net movement in funds available for future activities	439,649	-	**439,649**	(273,905)

7 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Leasehold improvements £	Motor vehicles £	Fixtures fittings and equipment £	Total £
Cost or valuation					
At 1 April 2003	170,000	146,989	135,832	458,825	911,646
Additions	-	25,546	16,500	47,713	89,759
Disposals	-	(30,048)	(32,500)	(12,000)	(74,548)
At 31 March 2004	170,000	142,487	119,831	494,539	926,857
Depreciation					
At 1 April 2003	11,596	96,739	104,912	228,374	441,621
Provided in the year	3,396	9,949	13,518	96,956	123,819
Eliminated on disposals	-	(30,048)	(30,938)	(11,997)	(72,983)
At 31 March 2004	14,992	76,640	87,492	313,333	492,457
Net book amount at 31 March 2004	**155,008**	**65,847**	**32,339**	**181,206**	**434,400**
Net book amount at 31 March 2003	158,404	50,250	30,920	230,451	470,025

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	
	2004 £	2003 £
At cost	**3,404**	3,404
At valuation	**166,596**	166,596
	170,000	170,000

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.

8 FIXED ASSET INVESTMENTS

At 31 March 2003 the charity held 100% of the allotted share capital of MCVS Educational Services Limited, a company incorporated in England and Wales. During the year the company was removed from the Companies Register, having ceased operations.

9 STOCK

	2004 £	2003 £
Materials	**22,146**	22,731

10 DEBTORS

	2004 £	2003 £
Accrued income	**690,983**	586,843
Operating debtors	**669,229**	1,217,535
Amount due from subsidiary company	**-**	4,386
Other debtors	**19,964**	510
Prepayments	**106,390**	69,509
	1,486,566	1,878,783

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Bank overdraft	**-**	77,483
Operating creditors	**237,979**	240,002
Social security and other taxes	**206,601**	248,091
Accruals	**709,812**	377,222
Deferred income	**639,124**	589,808
	1,793,516	1,532,606

12 FUNDS

	Restricted fund	Unrestricted fund		
		Main fund	Contingency fund	Total
	£	£	£	£
At 1 April 2003	50,706	489,692	350,000	890,398
Incoming resources	1,022,025	11,712,184	-	12,734,209
Resources expended	(1,046,814)	(11,308,160)	-	(12,354,974)
Transfer between funds	-	(450,000)	450,000	-
At 31 March 2004	**25,917**	**443,716**	**800,000**	**1,269,633**

The restricted fund balance represents the charity's donated asset reserve.

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

The contingency fund (within unrestricted funds) has been established to provide working capital and to protect the charity from unforeseen variations in its income streams.

13 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds	Restricted Funds	Total
	£	£	£
Tangible fixed assets	408,483	25,917	434,400
Current assets	2,628,749	-	2,628,749
Current liabilities	(1,793,516)	-	(1,793,516)
Net assets	**1,243,716**	**25,917**	**1,269,633**

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

	2004	2003
	£	£
Net incoming/(outgoing) resources	**379,235**	(267,087)
Depreciation	**123,819**	122,252
Surplus on sale of tangible fixed assets	**(3,834)**	(4,845)
Decrease in stock	**585**	8,382
Decrease in debtors	**392,216**	187,029
Increase in creditors	**338,392**	149,304
Net interest (received)/paid	**(2,125)**	22,601
Net cash inflow from operating activities	**1,228,288**	217,636

15 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2004 £	2003 £
Increase in cash in the year	**1,147,056**	70,810
Net funds at 1 April 2003	**(27,019)**	(97,829)
Net funds at 31 March 2004	**1,120,037**	(27,019)

16 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2003 £	Cash flows £	At 31 March 2004 £
Cash at bank and in hand	50,464	1,069,573	**1,120,037**
Overdraft	(77,483)	77,483	-
	(27,019)	1,147,056	**1,120,037**

17 CAPITAL COMMITMENTS

	2004 £	2003 £
Contracted for but not provided in these financial statements	**11,994**	-

18 CONTINGENT LIABILITIES

The amount set aside in the Contingency Fund which forms part of the total Unrestricted Funds, is to meet expected expenditure on possible commitments and contingencies, in accordance with the company's reserves policy.

19 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.

20 LEASING COMMITMENTS

Operating lease payments amounting to £143,891 (2003: £142,381) are due within one year. The leases to which these amounts relate expire as follows:

	Leasehold properties 2004 £	Leasehold properties 2003 £
In one year or less	**52,647**	27,782
Between one and five years	**40,584**	63,849
In five years or more	**50,750**	50,750
	143,891	142,381

21 TRANSACTIONS WITH TRUSTEES AND OTHER RELATED PARTIES

There were no transactions with trustees and related parties in the year.