

Company no 1792921
Charity no 515060

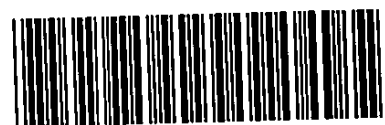
LOCAL SOLUTIONS

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED

31 MARCH 2012

FRIDAY



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LOCAL SOLUTIONS

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For the year ended 31 March 2012

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LOCAL SOLUTIONS

LEGAL AND ADMINISTRATIVE DETAILS

For the year ended 31 March 2012

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 A T Robert Macfarlane Sir Bert Massie CBE David A Mathieson Shelagh McGrath Robert T H Owen Geoffrey Russell Aileen E M Shepherd Richard M White Jon Murphy	- Treasurer from 15 11 2011 - Resigned 30 9 2011 - Chairman - Vice Chairman - Appointed 02 4 2012
Chief Executive	Steve Hawkins	
Company Secretary	Malcolm Pearson	
Bankers	National Westminster Bank Plc Commercial Banking 10 th Floor, The Plaza 100 Old Hall Street Liverpool L3 9QJ	
Solicitors	Brabners Chaffe Street LLP Horton House Exchange Flags Liverpool L2 3YL	Weightmans LLP 100 Old Hall Street Liverpool L3 9QJ
Auditor	Grant Thornton UK LLP Royal Liver Building Liverpool L3 1PS	
Email	info@localsolutions.org.uk	
Website	www.localsolutions.org.uk	

LOCAL SOLUTIONS

REPORT OF THE TRUSTEES

For the year ended 31 March 2012

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 2012

Local Solutions' Objectives

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

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.

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

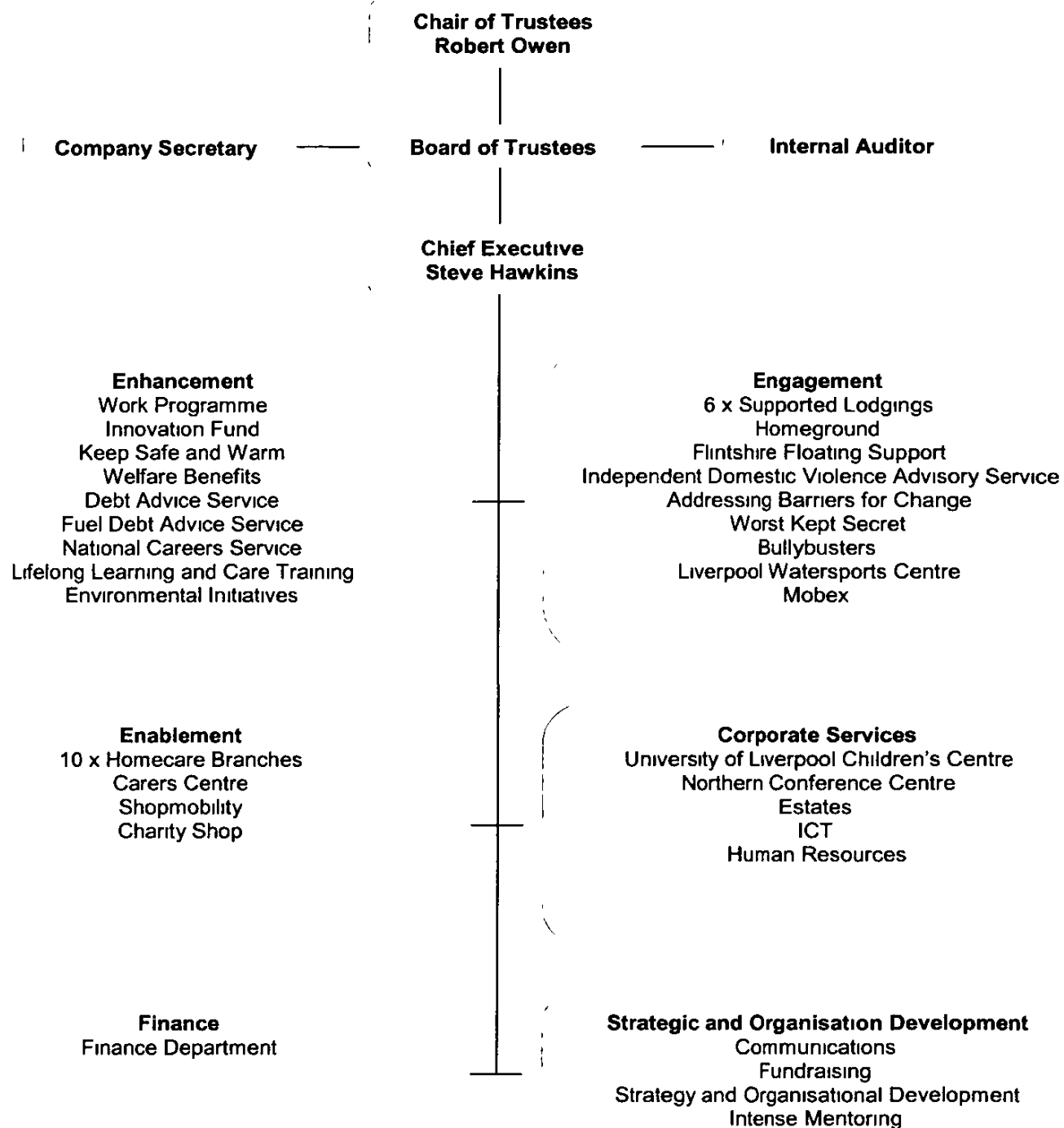
- Building a strong **Reputation** – through the quality and innovation of our work and our relationships with service users, commissioners, stakeholders and the wider public,
- Extending our **Reach** – by developing services to meet the needs of vulnerable people in our area of benefit (England and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

LOCAL SOLUTIONS

REPORT OF THE TRUSTEES

For the year ended 31 March 2012

Structure, Governance and Management



LOCAL SOLUTIONS

REPORT OF THE TRUSTEES

For the year ended 31 March 2012

Trustees

The Trustees, who served on the Board throughout the year unless otherwise stated, are listed on page 1. 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. Following a Governance Review Local Solutions has updated its Memorandum and Articles of Association to include tenure for Trustees and the position of Chair.

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 remuneration of the Chief Executive is set by the Trustees via a remuneration committee.

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

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. We were pleased to appoint Jon Murphy to the Board on 2 April 2012. Jon is the Chief Constable of Merseyside and we feel confident that he will have a significant input into the work of Local Solutions during his tenure.

A T Robert Macfarlane resigned from the Board in September 2011. Robert had given over 20 years of service to Local Solutions in the role of Honorary Treasurer and the Trustees would like to place on record their sincere appreciation for his commitment and contribution to the organisation. Our Trustee, Nigel Lanceley, was appointed as Honorary Treasurer on 15 November 2011.

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 2011/12 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.

Area of Benefit

Local Solutions held an Extraordinary General Meeting on Thursday 17 May 2012. At that meeting it was decided to alter our Memorandum and Articles of Association to be able to operate across England and Wales (previously North West England and North East Wales).

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For the year ended 31 March 2012

Risk Management

Local Solutions continues to take a robust approach to managing risk and the organisation produces a Risk Register to assess its 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

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 accordingly.

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 was only accessed once during the last year. The bank agreed to renew the overdraft facility in June 2012. 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.

Local Solutions benefits from the work of the Internal Auditor, the post exists in addition to 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.

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.

Projects and Services

2011-12 has been a dynamic but challenging year for Local Solutions, the period has been shaped by the external factors of political change and economic transformation. We have witnessed significant reductions of funding at national and local level and increases in 'payment by results' as a means to fund many areas of our operation. The majority of our work is within local authority areas – Liverpool, Manchester and their conurbations - that have been significantly affected by reductions in public spending and the removal of grant programmes. For Local Solutions this has meant ceasing of funding to services, a reduction in grant income and a generalised downward pressure on prices.

These factors have been significant in producing a disappointing financial period. Local Solutions has responded to the challenge via a number of steps to increase efficiency, rationalise areas of work, tighten budgets and consider the viability of some areas of operation particularly where there was a challenge to our commitment to deliver a quality of service that meets our values and aspirations.

However demanding the external environment has been, Local Solutions has had an exceptional year in the context of services – extending our geographical reach, expanding our service offer and assisting more people. In these times of austerity and high unemployment charities such as Local Solutions face the dichotomy of reducing resources and increased demands for our services.

LOCAL SOLUTIONS

REPORT OF THE TRUSTEES

For the year ended 31 March 2012

Local Solutions has risen to the challenge of that dichotomy by working in an increasingly resourceful manner to seek partnerships and secure funding in order to develop and enhance our services to support people within our communities. In the period Local Solutions has

- Established our Work Programme provision to assist unemployed people to secure and sustain employment,
- Developed a new Fuel Debt Advice service through the British Gas Energy Trust for people who are struggling to pay their bills or simply need advice on how to heat their homes more efficiently,
- Added a new Debt Advice Service to our portfolio to help people with financial concerns,
- Commenced the role of Trusted Assessors for unpaid carers, to create a new carers' pathway through assessment of need and securing appropriate support interventions,
- Opened a second Shopmobility service in the St John's Shopping Centre in Liverpool to extend our reach for people with mobility restrictions,
- Developed a new Floating Support service in North Wales for disadvantaged young people to sustain independence,
- Delivered personal development programmes for young people in North Wales, funded through a charitable trust,
- Secured new contracts to deliver personal care and community support services in Trafford and Bolton,
- Continued to grow our extra-care provision through a number of new schemes and partnership work with registered providers of social housing,
- Commenced the delivery of domiciliary care within the St Helens local authority area,
- Opened a Charity Shop to extend our reach, increase volunteering and recycling,
- Secured the Matrix Award standard, a rigorous quality standard for organisations to assess and measure their advice and support services

Impact of our work in 2011-12

Local Solutions continued to meet its mission to 'improve the quality of life' by delivering effective responsive services that meet people's needs and aspirations. Some highlights of our work in 2011-12 include

Caring for vulnerable people

Homecare Personal Care and Community Support provides essential services to vulnerable people with age related impairments, physical and sensory impairments, physical disabilities, drug and alcohol conditions, learning disabilities and mental health problems. Over 2,600 people received personal care services from our Homecare team, who carried out over 1,150,000 hours of personal care and community support within 10 local authority areas in the North West.

LOCAL SOLUTIONS

REPORT OF THE TRUSTEES

For the year ended 31 March 2012

Supporting unpaid carers

The Liverpool Carers Centre provides a range of assessments, support interventions, advocacy and campaigning on behalf of unpaid carers in Liverpool. Over 3,300 hours of one-to-one support were provided and there were more than 5,000 home visits and attendances at the Liverpool Carers centre.

Increasing Mobility

Our Shopmobility scheme in Liverpool assists people with mobility restrictions to gain access to retail, leisure and cultural amenities through the hire of equipment. Shopmobility made over 4,800 hires of equipment and more than 800 new people accessed the service.

Transforming young people's lives

Local Solutions delivers a number of support interventions to help young homeless people feel secure, develop their skills and capacity and plan for a successful future. Our Homeground service provides accommodation and support services for young homeless people aged 16-35. In the year, 135 young people received focused support to meet individual needs and enabled young people to make positive life changes to promote their independence.

Supported Lodgings provides placements for young homeless people, aged 16-25, in family style accommodation within the community. In the period 249 young people were placed in schemes across 6 local authority areas.

The Intense Mentoring programme supports 'hard to reach' or particularly vulnerable young people who had experienced a sustained period in the homelessness sector. 25 young people were supported through this specialist model of intervention.

Preventing Domestic Violence

The needs of people affected by domestic abuse are met through a number of initiatives: the Independent Domestic Violence Advisory Service, Addressing Barriers for Change and Worst Kept Secret services. We supported, on average, 120 people per month who were dealing with severe personal circumstances and who were considered as being at high risk of harm. We also provided general advice and guidance with over 600 calls made to and from our freephone helpline.

Reducing Bullying

Bullybusters is an anti-bullying initiative that aims to reduce incidents and raise awareness of bullying. The service includes a helpline, training, mediation work and web resources across 4 local authority areas. Over 12,000 young people attended one of the 244 anti-bullying training/awareness sessions we ran in schools and community settings.

Increasing activity in sport

The Liverpool Watersports Centre provides watersports and outdoor activities for the whole community, particular focus is to enable young people and those experiencing disadvantage to participate in challenging experiences that enhance personal capabilities. In the year, 11,400 people participated in more than 20,000 hours of activity at the centre.

Promoting youth engagement

Mobex provides training and personal development programmes utilising the outdoors and environmental education. The project delivers courses to a number of agencies with particular focus on those who are disadvantaged and at risk. 1,700 people participated in a Mobex session and more than 16,000 hours of activity took place during the year.

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REPORT OF THE TRUSTEES

For the year ended 31 March 2012

Improving access to skills and work

Local Solutions continues to deliver programmes supporting people to gain skills, develop personal capacity and secure and sustain employment. During the year we delivered the Future Jobs Fund and 443 young people participated in work placements in community groups with 27% of all participants securing full time jobs. We continue our commitment to support unemployed people through the delivery of the Work Programme - a national initiative to support people back into employment. Local Solutions is delivering the Vocational Routeway element and during the year 439 people accessed support, guidance and skills on our programme.

Increasing aspiration through advice

The National Careers Service (formerly Nextstep) promotes aspiration by giving individuals the power to improve their skills through specialised advice services. This includes careers information, signposting, assistance to progress in work and job search activities including help with applications and CV writing. In total, 804 advice sessions were delivered to participants at varying progression levels.

Ensuring access to benefits

Our Welfare Benefits service continues to support people living in poverty and hardship by providing specialist benefits advice. The primary focus of the service is vulnerable groups, including disabled people and their carers, those who are sick or unable to work. Over 390 new cases were opened during the period and in excess of £950,000 of previously unclaimed benefits were secured for service users.

Relieving debt and poverty

The Fuel Debt service offers a specialist debt and information service to people experiencing fuel debt or struggling to pay their gas and electricity bills. 400 people received advice from our specialist team in how to reduce the amount they pay and to alleviate concerns with debt.

Keeping people warm in the winter

Keep Safe and Warm helps to create better living environments and to alleviate fuel poverty through the installation of loft and cavity wall insulation measures within domestic properties. Over 730 properties were improved, meaning recipients had warmer, more energy efficient homes. The project also helps to reduce carbon emissions through efficient use of energy.

Corporate Social Responsibility / Corporate Services

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:

- Acquiring the funding for and organising the distribution of Winter Survival Packs to vulnerable service users in the community
- Being ambassadors for charitable organisations and the region through hosting a number of visits to demonstrate how charities help to tackle community-based challenges, visiting groups included women from Malawi and Japanese undergraduates
- Participating in a number of forums and working parties focused on dignity in care and the prevention of abuse of the elderly
- Demonstrating our commitment to the health and safety of our employees through securing a bronze award from the Royal Society for the Prevention of Accidents (RoSPA) in their Occupational Health and Safety Awards

LOCAL SOLUTIONS

REPORT OF THE TRUSTEES

For the year ended 31 March 2012

Plans for future periods

The Trustees are aware that the charitable sector is facing challenging times. It is anticipated that there will be a continuing pressure on local authorities in terms of reducing budgets. We will also continue to see an increased emphasis on outcome focused payment by results as a means of funding work. There is likely to be a continuing shrinking of the State and its role in delivering services and consequently there will be increased opportunities for providers from all sectors to become involved in the delivery of public services. At a local level, councils will lessen their direct delivery role.

Local Solutions is a resilient organisation, that has been demonstrated throughout its history. It is responsive to the needs of individuals and communities, creating and developing services where gaps are identified and where previous interventions have been sub-optimal. Equally, it is responsive as an organisation as we adapt to the new landscape. Consequently, the organisation continues to seek solutions to societal challenges through developing new ways of co-design and delivery, seeking collaborations with similar-minded organisations from the public, private and voluntary sectors.

The Strategic Imperatives, as defined by the Board, will assist in ensuring that Local Solutions continues to meet its Mission, drive the organisation through challenging financial times and prepare to maximise opportunities in the future.

Reputation

- Create a research and development focus in the organisation including collaborations with specialist research establishments and/or universities,
- Generate evidence that measures the impact of our interventions particularly in terms of cost/benefit analysis,
- Develop a more sophisticated narrative to describe the impact of our work and the intervention strategies that we can deliver to 'improve the quality of life',

Reach

- Explore the delivery of a service or programme of work on a multi-regional or national scale to act as a demonstrator,
- Explore suitable partnership arrangements with other regional or national organisations that are mutually beneficial and do not compromise the sovereignty, autonomy or essence of each party,
- Seek to incorporate other organisations into Local Solutions where there is a natural fit and benefit for all parties,
- Ensure that we continue to meet our commitment to enhance the experience of volunteers in the organisation and maximise the use of volunteering to help meet our mission,

Independence

- Actively campaign on behalf of our service users, increase the effectiveness and visibility of our championing of people and issues that affect them,
- Ensure that the organisation continues to innovate and create new services and programmes of delivery to meet need and to invest in new services where applicable

LOCAL SOLUTIONS

REPORT OF THE TRUSTEES

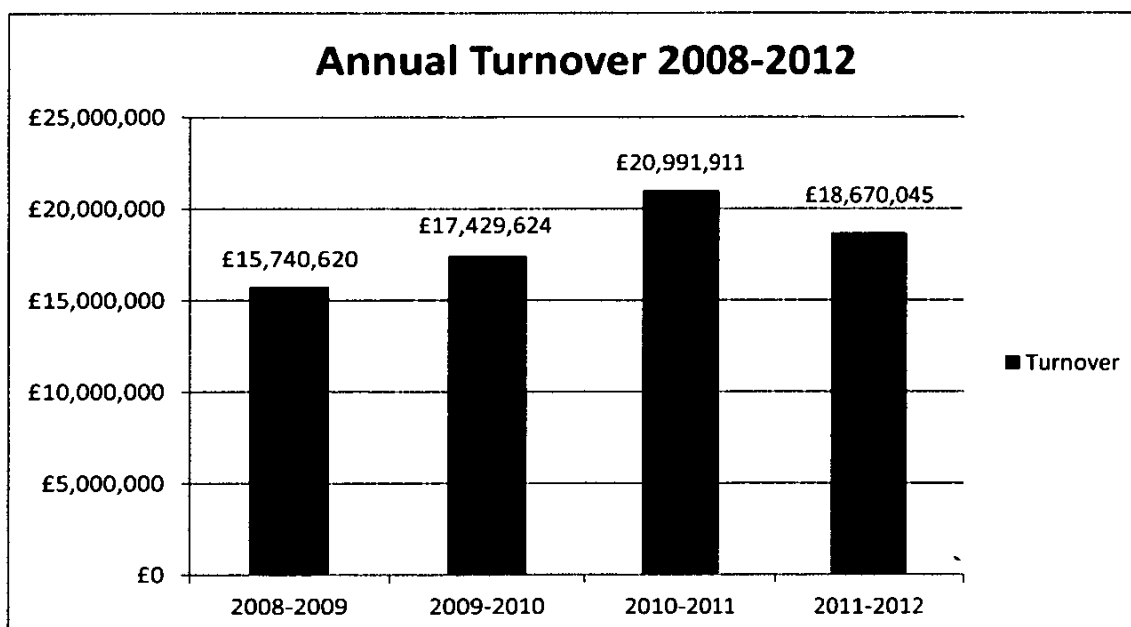
For the year ended 31 March 2012

Financial Review

Income and expenditure

The overall deficit for the year was £444k, which resulted in a decrease in reserves. This deficit arose largely as a result of various cuts to grants and Supporting People funding of which there was advance warning, other unannounced cuts and price/volume pressures on many of our contracts. We were involved in discussions on future funding which resulted in further additional cuts for the next financial year. Work has continued exploring new sources of income, 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 reduction in the total number of employees as the Future Jobs Fund programme ended part way through the year. We also restructured the central departments resulting in reduced establishment costs for the future. The budget forecast for the new year reflects both the cuts in funding and establishment costs resulting in better financial results for the charity. The organisation continues to strive to return an annual surplus to enable it to increase its working capital to support a significant 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 decreased by £2.32m to £18.67m (2011 £20.99m), a decrease of 11%. The growth rate for the previous year was 20% and 11% for the year prior to that. The decrease this year demonstrates the reduction in business due to the Future Jobs Fund programme ending and reduction in contracts during a continuing period of national and global recession. There was an increase in the turnover of Enablement/Homecare/Care Services of 10% but a reduction in all other operating areas with a significant decrease of 74% in Enhancement/Training and Quality Assurance due to the ending of the Future Jobs Fund programme. Total expenditure has decreased by 5% to £19.11m (2011 £20.17m). The nature of the programmes we provide means that they are reliant on people to deliver them, 86% (2011 84%) of our costs are in respect of wages and salaries.



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REPORT OF THE TRUSTEES

For the year ended 31 March 2012

Balance sheet

The net assets of the charity have decreased by £444k to £2.3m at the year end (2011 £2.8m)

The significant movements on the balance sheet were a decrease in debtors of £608k to £2,725k (2011 £3,333k) due to close monitoring of debts and the reduction in activity, a decrease in creditors of £692k to £1,290k (2011 £1,982k) mainly as the result of a decrease in accruals and deferred income and a decrease in cash at bank and in hand of £507k to £693k (2011 £1,200k), reflecting the deficit for the year. The charity's working capital is carefully controlled, the overdraft facility was accessed once during the financial year.

Stock at the year end has stayed similar to the previous year end at £16k (2011 £17k) to reflect the levels required.

There was a decrease of £21k in the net book value of fixed assets with depreciation exceeding additions 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 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 £3.2m. Unrestricted reserves at present are £2.3m. This is below our desired figure by £0.9m. Our budget for 2012/2013 predicts a break even result which will not increase our free reserves. However our long term strategy is to add to reserves which will enable us to reduce this free reserves shortfall. The Trustees are aware of the need to ensure the reserves are appropriate for the size of the organisation.

Investment policy

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

Funding

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

Going concern

The Trustees have given consideration to the basis of preparing the financial statements in the context of the challenging times affecting the charitable sector and the continued reduction in funding. Having done so they consider that the going concern basis remains appropriate. Further information in this respect is given in the principal accounting policies.

LOCAL SOLUTIONS

REPORT OF THE TRUSTEES

For the year ended 31 March 2012

Statement of Trustees' responsibilities

The Trustees (who are also Directors of Local Solutions for the purposes of company law) are responsible for preparing the Report of the Trustees 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 accounting 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.

Acknowledgement

It is a period of great transition for the charitable sector against a backdrop of austerity and continued resource challenges. Unprecedented times call for new responses, as Trustees we are pleased that Local Solutions continues to respond with a positive attitude, seeing potential difficulties as opportunities to be

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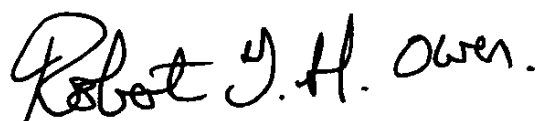
REPORT OF THE TRUSTEES

For the year ended 31 March 2012

creative, to work in different ways and to provide leadership. Local Solutions remains true to the mission that drives it and the values that underpin it.

The good work that benefits thousands of people in our region and the continued energy, commitment and desire within the organisation to do more is to be admired and we, 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.

ON BEHALF OF THE TRUSTEES

A handwritten signature in black ink that reads "Robert T H Owen." The signature is written in a cursive, flowing style.

Robert T H Owen
Chairman

11 July 2012

LOCAL SOLUTIONS

REPORT OF THE INDEPENDENT AUDITOR

For the year ended 31 March 2012

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LOCAL SOLUTIONS

We have audited the financial statements of Local Solutions for the year ended 31 March 2012 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 TRUSTEES AND AUDITOR

As explained more fully in the Trustees' Responsibilities Statement set out on pages 11 and 12, 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 Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at 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 2012 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 MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

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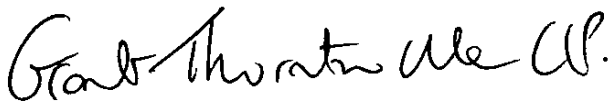
REPORT OF THE INDEPENDENT AUDITOR

For the year ended 31 March 2012

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

24 July 2012

LOCAL SOLUTIONS

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards and follow the recommendations in the Statement of Recommended Practice Accounting by Charities (SORP 2005) and in accordance with the Companies Act 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 12.

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 at a sustainable level. The Charity has a number of contracts in place which secure the income and cash flows for the foreseeable future. However, there are a number of contracts which are currently out for retender, or will be coming up for retender in the coming 12 months 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 demonstrate ongoing positive cash flows. The Trustees and management have seen this year the impact that the general economic climate and the government's spending review has had on the level of public sector funding and are fully aware of the continued impact on funding directly and indirectly available to the Charity. The Trustees and management continue to consider 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 was renewed in June 2012. Cash flow forecasts prepared demonstrate the Charity can reasonably expect to continue to operate within the terms of the overdraft facility. The overdraft facility will be subject to a review in January 2013. No matters have been brought to the attention of Trustees and management to suggest that renewal may not be forthcoming on acceptable terms, which is subject to normal credit committee approval.

INCOMING RESOURCES

Donations and gifts

All monetary donations and gifts are included in full in the statement of financial activities when received, 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,

LOCAL SOLUTIONS

PRINCIPAL ACCOUNTING POLICIES

- 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.

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 in preparing the financial statements is to apply expenditure (together with a fair allocation of overheads and support costs) against both restricted and unrestricted income to a point where all restricted income has been covered. Expenditure beyond that point is allocated against unrestricted income only. This policy is considered by the Trustees to represent a practical means of representing how costs are allocated on a consistent basis across each project. Any deficits incurred by the charity on Restricted funds are funded by the charity's Unrestricted income.

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 charity 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

LOCAL SOLUTIONS

PRINCIPAL ACCOUNTING POLICIES

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

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 THE INCOME & EXPENDITURE ACCOUNT

For the year ended 31 March 2012

	Note	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Income					
Incoming resources	1				
<i>Income in furtherance of the charity's objects</i>					
Donations and gifts		23,420	156,436	179,856	180,663
Project income including Grants		17,571,640	917,601	18,489,241	20,810,380
Investment income	3	948	-	948	868
Total incoming resources		<u>17,596,008</u>	<u>1,074,037</u>	<u>18,670,045</u>	<u>20,991,911</u>
Expenditure					
Resources expended	2				
Direct charitable expenditure		17,980,960	1,074,037	19,054,997	20,122,968
Governance costs		58,917	-	58,917	51,577
Total resources expended		<u>18,039,877</u>	<u>1,074,037</u>	<u>19,113,914</u>	<u>20,174,545</u>
Net (outgoing)/ incoming resources for the year being the (deficit)/ surplus of income over expenditure		(443,869)	-	(443,869)	817,366
Total funds brought forward at 1 April 2011	10	2,765,418	-	2,765,418	1,948,052
Total funds carried forward at 31 March 2012	10,11	<u>2,321,549</u>	<u>-</u>	<u>2,321,549</u>	<u>2,765,418</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

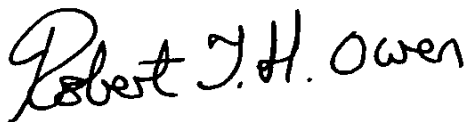
The accompanying accounting policies and notes form an integral part of these financial statements

LOCAL SOLUTIONS

BALANCE SHEET AT 31 MARCH 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Tangible assets	6		177,295		198,123
Current assets					
Stock	7	16,035		16,908	
Debtors	8	2,725,308		3,332,827	
Cash at bank and in hand		692,899		1,199,637	
		3,434,242		4,549,372	
Creditors: amounts falling due within one year	9	(1,289,988)		(1,982,077)	
Net current assets			2,144,254		2,567,295
Net assets			<u>2,321,549</u>		<u>2,765,418</u>
Funds					
Restricted	10		-		-
Unrestricted	10		<u>2,321,549</u>		<u>2,765,418</u>
			<u>2,321,549</u>		<u>2,765,418</u>

The financial statements were approved by the Board of Trustees on 11 July 2012, 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 2012

	Note	£	2012 £	£	2011 £
Net cash (outflow)/inflow from operating activities	12		(494,047)		1,059,536
Returns on investments and servicing of finance					
Interest received		948		868	
Interest paid		(177)		(162)	
Net cash inflow from returns on Investments and servicing of finance			771		706
Capital expenditure					
Purchase of tangible fixed assets		(13,837)		(37,753)	
Sale proceeds of tangible fixed assets		375		1,506	
Net cash outflow from capital expenditure			(13,462)		(36,247)
(Decrease)/Increase in cash	13		(506,738)		1,023,995

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 2012

1 ANALYSIS OF INCOMING RESOURCES

	2012 £	2011 £
Donations deferred at 1 April 2011	99,509	97,536
Donations receivable in the year	153,696	182,636
Credit for the year	(179,856)	(180,663)
Donations deferred at 31 March 2012	<u>73,349</u>	<u>99,509</u>

	£	£
Project income deferred at 1 April 2011	325,842	465,307
Project income receivable in the year	18,314,414	20,670,915
Credit for the year	(18,489,241)	(20,810,380)
Project income deferred at 31 March 2012	<u>151,015</u>	<u>325,842</u>

	£	£
Analysis of income		
Project income for charitable services provided	18,489,241	20,810,380
Donations	179,856	180,663
Investment income	948	868
	<u>18,670,045</u>	<u>20,991,911</u>

Project income is analysed as follows

	£	£
Enhancement/Training & QA	1,154,478	4,512,062
Enablement/Homecare	13,881,305	12,627,745
Early Years	434,905	452,700
Engagement/Supported Accommodation	2,862,145	3,046,941
Central Services	156,408	170,932
	<u>18,489,241</u>	<u>20,810,380</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

	2012 £	2011 £
Liverpool City Council - CRU – Welfare Rights	-	48,094
Liverpool City Council - CRU – Shopmobility	56,000	56,000
Liverpool City Council - University of Liverpool Children's Centre	605	1,182
Liverpool City Council - Carers Project	159,185	309,747
Liverpool City Council - Merseysport	53,000	63,000
Others	79,556	60,872
Next Step	32,445	45,000
Future Jobs Fund	411,411	2,718,757
ESF – Probation	38,521	43,966
Big Lottery Fund	42,927	-
British Gas Energy Trust	43,951	-
	<u>917,601</u>	<u>3,346,618</u>

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

1 ANALYSIS OF INCOMING RESOURCES (CONTINUED)

Investment income comprises income from

	2012 £	2011 £
Bank deposits	<u>948</u>	<u>868</u>

2 ANALYSIS OF RESOURCES EXPENDED

	Staff costs £	Other costs £	Depreciation £	2012 £	2011 £
Direct charitable expenditure	16,344,819	2,675,515	34,663	19,054,997	20,122,968
Governance costs	<u>29,143</u>	<u>29,774</u>	<u>-</u>	<u>58,917</u>	<u>51,577</u>
	<u>16,373,962</u>	<u>2,705,289</u>	<u>34,663</u>	<u>19,113,914</u>	<u>20,174,545</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 £1,583,188 (2011 £1,686,692), which includes fundraising costs of £92,431 (2011 £120,040)

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 (2011 £15,525)

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

	Shopmobility £
Salaries & on costs	40,233
Maintenance/repairs	633
Utilities	1,040
Volunteers expenses	500
Office expenses	1,258
Telephone/internet	1,150
Training/staff development	380
Publicity and leaflets	920
Management/admin salaries & on costs	6,333
Insurance	3,130
Professional fees	26
Travel	127
Uniforms	32
Catering	64
Cleaning	67
Equipment hire	107
	<u>56,000</u>

Other costs of running this project of £60,935 (2011 £73,691) are included in Unrestricted Fund Expenditure

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

3 NET INTEREST (RECEIVABLE)/PAYABLE

	2012 £	2011 £
On bank overdraft	177	162
Other interest receivable and similar income	(948)	(868)
	<u>(771)</u>	<u>(706)</u>

4 EMPLOYEES

Staff costs during the year were as follows

	2012 £	2011 £
Wages and salaries	15,128,480	15,672,265
Social security costs	1,092,851	1,154,823
Other pension costs	152,631	156,717
	<u>16,373,962</u>	<u>16,983,805</u>

The average number of full time equivalent employees during the year was 917 (2011 1,129)

	2012 Number	2011 Number
Project staff	904	1,116
Fundraising and publicity	3	3
Management and administration of the charity	10	10
	<u>917</u>	<u>1,129</u>

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

	2012 Number	2011 Number
£60,001 to £70,000	2	2
£70,001 to £80,000	-	-
£80,001 to £90,000	-	-
£90,001 to £100,000	-	-
£100,001 to £110,000	1	1

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

	2012 £	2011 £
Pension contributions to money purchase schemes	<u>16,188</u>	<u>15,785</u>

During the year three higher paid employees (2011 three higher paid employees) participated in a money purchase pension scheme

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

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 £184 were reimbursed to one trustee (2011 £326) 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, equipment and computer software £	Total £
Cost or valuation					
At 1 April 2011	170,000	99,917	104,370	565,754	940,041
Additions	-	-	-	13,837	13,837
Disposals	-	-	(14,950)	-	(14,950)
At 31 March 2012	170,000	99,917	89,420	579,591	938,928
Depreciation					
At 1 April 2011	38,764	97,692	96,809	508,653	741,918
Provided in the year	3,396	2,225	4,427	24,615	34,663
Eliminated on disposals	-	-	(14,948)	-	(14,948)
At 31 March 2012	42,160	99,917	86,288	533,268	761,633
Net book amount at 31 March 2012	127,840	-	3,132	46,323	177,295
Net book amount at 31 March 2011	131,236	2,225	7,561	57,101	198,123

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	
	2012 £	2011 £
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 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 2012

7 STOCK

	2012 £	2011 £
Materials	<u>16,035</u>	<u>16,908</u>

8 DEBTORS

	2012 £	2011 £
Accrued income	966,668	1,058,412
Operating debtors	1,632,524	2,135,297
Other debtors	24,254	22,824
Prepayments	<u>101,862</u>	<u>116,294</u>
	<u>2,725,308</u>	<u>3,332,827</u>

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Operating creditors	86,807	245,617
Social security and other taxes	280,137	336,870
Accruals	698,680	974,239
Deferred income	<u>224,364</u>	<u>425,351</u>
	<u>1,289,988</u>	<u>1,982,077</u>

Included in Accruals is an amount of £19,345 (2011 £19,632) 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 2011	-	2,765,418	2,765,418
Incoming resources	1,074,037	17,596,008	18,670,045
Resources expended	<u>(1,074,037)</u>	<u>(18,039,877)</u>	<u>(19,113,914)</u>
At 31 March 2012	<u>-</u>	<u>2,321,549</u>	<u>2,321,549</u>

11 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Total £
Tangible fixed assets	177,295
Current assets	3,434,242
Current liabilities	<u>(1,289,988)</u>
Net assets	<u>2,321,549</u>

The above analysis is in respect of Unrestricted Funds

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

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

	2012 £	2011 £
Net (outgoing)/incoming resources	(443,869)	817,366
Depreciation	34,663	37,496
(Surplus) on sale of tangible fixed assets	(373)	(1,466)
Decrease in stock	873	16,545
Decrease/(Increase) in debtors	607,519	(21,455)
(Decrease)/Increase in creditors	(692,089)	211,756
Net interest received	(771)	(706)
Net cash (outflow)/inflow from operating activities	<u>(494,047)</u>	<u>1,059,536</u>

13 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2012 £	2011 £
(Decrease)/increase in cash in the year	(506,738)	1,023,995
Net funds at 1 April 2011	<u>1,199,637</u>	<u>175,642</u>
Net funds at 31 March 2012	<u>692,899</u>	<u>1,199,637</u>

14 CAPITAL COMMITMENTS

	2012 £	2011 £
Contracted for but not provided in these financial statements	<u>12,745</u>	<u>-</u>

15 CONTINGENT LIABILITIES

There were no Contingent Liabilities at 31 March 2012 or 31 March 2011

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 2012

17 LEASING COMMITMENTS

Operating lease payments amounting to £265,356 (2011 £268,844) are due within one year. The leases to which these amounts relate expire as follows

	Leasehold properties 2012 £	Leasehold properties 2011 £
In one year or less	117,795	150,891
Between one and five years	147,561	117,953
	<u>265,356</u>	<u>268,844</u>

The annual lease costs were £242,091 (2011 £245,579)