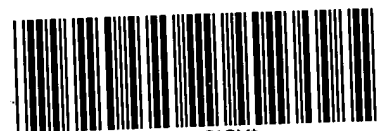


Registered number: 1792921
Charity number: 515060

LOCAL SOLUTIONS

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

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LOCAL SOLUTIONS

CONTENTS

For the year ended 31 March 2016

INDEX	PAGE
Legal and Administrative Details	1
Report of the Trustees (including Strategic Report)	2 - 15
Report of the Independent Auditor	16 - 17
Statement of Financial Activities incorporating the Income and Expenditure Account	18
Balance Sheet	19
Cash Flow Statement	20
Notes to the Financial Statements	21 - 32

LOCAL SOLUTIONS

LEGAL AND ADMINISTRATIVE DETAILS

For the year ended 31 March 2016

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 / Trustees:	Nigel S Lanceley FCA, DL	Chairman
	Sir Bert Massie CBE, DL	Vice Chairman
	Shelagh McGrath	(resigned 13 May 2016)
	Robert T H Owen JP, DL	
	Aileen E M Shepherd	
	Richard M White	
	Sir Jon Murphy QPM	(resigned 9 June 2016)
	Niranjana Patel	
	Jonathan H H Mounsey FCA	
	Rev Dr Crispin Pailing	(appointed 12 November 2015)
John I Evans	(1 July 2015 to 29 February 2016)	
Ian A Hatch ACIB	(appointed 1 July 2015)	

Chief Executive: Steve Hawkins

Company Secretary:	Dr Mark Rogers	(appointed 24 September 2015)
	Susan Robertson	(resigned 24 September 2015)

Bankers: National Westminster Bank Plc
Commercial Banking
Union Street
Chester
CH1 1UA

Solicitors:	Brabners LLP	Weightmans LLP
	Horton House Exchange Flags Liverpool L2 3YL	100 Old Hall Street Liverpool L3 9QJ

Auditor: BDO LLP
5 Temple Square
Temple Street
Liverpool
L2 5RH

Email: info@localsolutions.org.uk

Website: www.localsolutions.org.uk

LOCAL SOLUTIONS

REPORT OF THE TRUSTEES

For the year ended 31 March 2016

LOCAL SOLUTIONS' OBJECTIVES

Our work is guided by our VISION of a society in which all people can live with dignity, lead fulfilled lives and realise their potential. Our MISSION is to Build Resilience, Raise Aspiration, and Improve Lives.

We will strive to achieve our Mission by creating and delivering excellent and responsive services that meet the needs and ambitions of people with a primary focus in assisting people experiencing disadvantage, exclusion and vulnerability.

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.

Our work is captured under three principal areas:

Accommodation and Support

Accommodation and peripatetic support for young people and families who are homeless, vulnerable, marginalised, not in education, employment or training, or lack skills and personal resources. Our services are designed to provide safe and stable environments, augment personal development, build capacity, enhance learning and promote independence in order to secure and sustain a more positive future.

Social Care, Health and Wellbeing

Personal and support services for people who are older, are affected by physical and mental health issues, have mobility problems, or disabilities and for those who provide unpaid care for others. Our services are designed to help people maintain choice and control, explore new opportunities, maximize their independence and live dignified and fulfilled lives.

Inclusion and Progression

Services to support people who are affected by poverty, debt, unemployment, welfare reliance, mobility issues, lack of skills, domestic abuse and those excluded from the mainstream. Our services are designed to alleviate poverty, develop skills and capacity, secure employment, enhance access, find security and safety from harm and gain independence.

LOCAL SOLUTIONS

REPORT OF THE TRUSTEES

For the year ended 31 March 2016

STRATEGIC REPORT

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 2016.

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. Trustees may serve for a maximum period of three, three-year terms with an extension thereafter only being allowed in exceptional circumstances. The induction process for any newly appointed trustee is tailored to the requirements of the individual. The new trustee receives copies of Charity Commission guidance, the minutes of the most recent trustees' meetings and a copy of the most recent statutory accounts. On-going training is provided for all trustees.

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 Leadership Team. 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.

In addition to bi-monthly meetings and attendance at events, the Board holds an annual away day each November to create some space for reflection on wider societal trends that are pertinent to the work of Local Solutions and to establish key strategic imperatives.

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.

Following the year end, Shelagh McGrath resigned from the Board following more than 19 years' service to Local Solutions. Sir Jon Murphy also resigned after over 4 years of service. Both have been exceptional Trustees with particular supporting roles in human resources matters and policing. They have been a mainstay of support and encouragement during their tenures. We would like to place on record our sincere gratitude for the considerable contribution Shelagh and Sir Jon have made to the work of Local Solutions and wish them well in the future.

We were delighted that the Rev. Dr Crispin Pailling has joined the Board. Crispin is the Rector of Liverpool, an important role in the Church and civil society in Liverpool. We are pleased that this appointment continues Local Solutions' link with the position of Rector, with the previous incumbent also a Board member. We look forward to Crispin's contribution to the organisation.

Due to the requirements to increase knowledge of the education sector, two further Board members were appointed who were previous Trustees of Oakmere Community College. These are John Evans and Ian Hatch. John Evans stood down from the Board after a short period, we would like to place on record our thanks to John for his service to Local Solutions during this period. The Board is looking forward to the continued contribution of Ian who brings considerable financial and education experience.

Local Solutions was pleased that Trustee and former Chair of the organisation, Robert Owen, was appointed as High Sheriff of Merseyside for 2015/16 and served with distinction during his tenure.

We would also like to congratulate the Chairman, Nigel Lanceley, on being appointed a Deputy Lieutenant for Merseyside.

LOCAL SOLUTIONS

REPORT OF THE TRUSTEES

For the year ended 31 March 2016

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 2015/16 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' Memorandum and Articles of Association states that the organisation is able to operate across England and Wales.

Risk Management

Local Solutions takes a robust approach to managing risk and produces a Risk Register to assess its activities and operational risks and to agree any necessary action for mitigation and control. Risk assessment and management is a continuing issue raised at both Board and Leadership Team meetings and the Risk Register is viewed as a live document that is amended accordingly. The Risk Register is formally reviewed by the Trustees and Leadership Team biannually. The register considers governance and management, operational, financial, reputational, environmental and compliance aspects of the activities of Local Solutions, covers risks that the organisation may face, and steps and control procedures in place to mitigate those risks, as well as an ongoing review of existing systems and procedures.

Local Solutions is exposed to a number of financial risks, principally in relation to its day-to-day activities. The loss of a significant contract poses a high risk and would have widespread implications on the rest of the organisations' operations. However this is mitigated as far as possible through careful contingency and scenario planning, and regular performance reviews of existing contracts using key performance indicators covering both quantitative and qualitative performance measures. The wide range of activities carried out by the organisation also naturally reduces the risk associated with reliance on any single given project. 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 cash reserves are monitored and controlled on a daily basis. The charity has an overdraft facility available to cover any short-term liquidity issues and did not need to access it during the last year. The overdraft facility was renewed annually in June. The principal credit risk arises, therefore, from its operating debtors. 95% 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 are 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, Disaster and Contingency Planning policies to assist the organisation in minimising the risk of serious incidents and have appropriate strategies in place in the event of an incident.

LOCAL SOLUTIONS

REPORT OF THE TRUSTEES

For the year ended 31 March 2016

Employment of Disabled Persons

Local Solutions is committed to ensuring that disabled people are afforded equality of opportunity in respect of entering and continuing employment with us. By 'employment', we mean all stages from recruitment and selection, terms and conditions of employment, access to training and career development. As part of continuing development of good practice, Local Solutions takes reasonable steps to ensure that our employment policies, procedures, and working environments are as inclusive and accessible as possible. We also recognise that our ability to respond to specific requirements depends on two-way communication. For that reason, disabled applicants and employees are actively encouraged to advise us of any special requirements they may have.

Local Solutions uses the 'Positive About Disabled People' Symbol; this is our pledge to:

- Interview all disabled applicants who meet the essential criteria for a job vacancy and consider them on their abilities;
- Ensure there is a mechanism in place to discuss with disabled employees at any time, but at least annually, what can be done to make sure they can develop and use their abilities;
- When employees become disabled, make every effort to make sure they remain in employment;
- Take action to ensure that all employees develop the appropriate level of disability awareness needed to make these commitments work; and
- Regularly review the above commitments to shape future plans.

In addition, Local Solutions is a member of the Mindful Employer scheme, which commits us to supporting people with mental health problems in the workplace. By signing the charter, we have pledged to:

- Show a positive and enabling attitude to employees and job applicants with mental health issues;
- Ensure that all staff involved in recruitment and selection are briefed on mental health issues and the Equality Act, and given appropriate interview skills;
- Make it clear in any recruitment or occupational health check that people who have experienced mental health issues will not be discriminated against and that disclosure of a mental health problem will enable both employee and employer to assess and provide the right level of support or adjustment;
- Not make assumptions that a person with a mental health problem will be more vulnerable to workplace stress or take more time off than any other employee or job applicant;
- Provide non-judgemental and proactive support to individual staff who experience mental health issues; and
- Ensure that line managers have information and training about managing mental health in the workplace.

Employee Involvement

Employees receive regular communications through a range of different media informing them of organisational news, service updates and forthcoming events. Additionally, the Chief Executive writes to staff to update everyone on significant changes. Local Solutions has an Employee Forum - a recognised employee group with clear terms of reference which allows all to participate through member representation. The Forum meets formally on a quarterly basis but there are other issue-based consultations that are carried out on an ad hoc basis. Members of the management team regularly visit branches and discuss matters of current interest and concern to the business with members of staff. Departments hold regular team meetings, supervisions and annual performance development reviews.

LOCAL SOLUTIONS

REPORT OF THE TRUSTEES

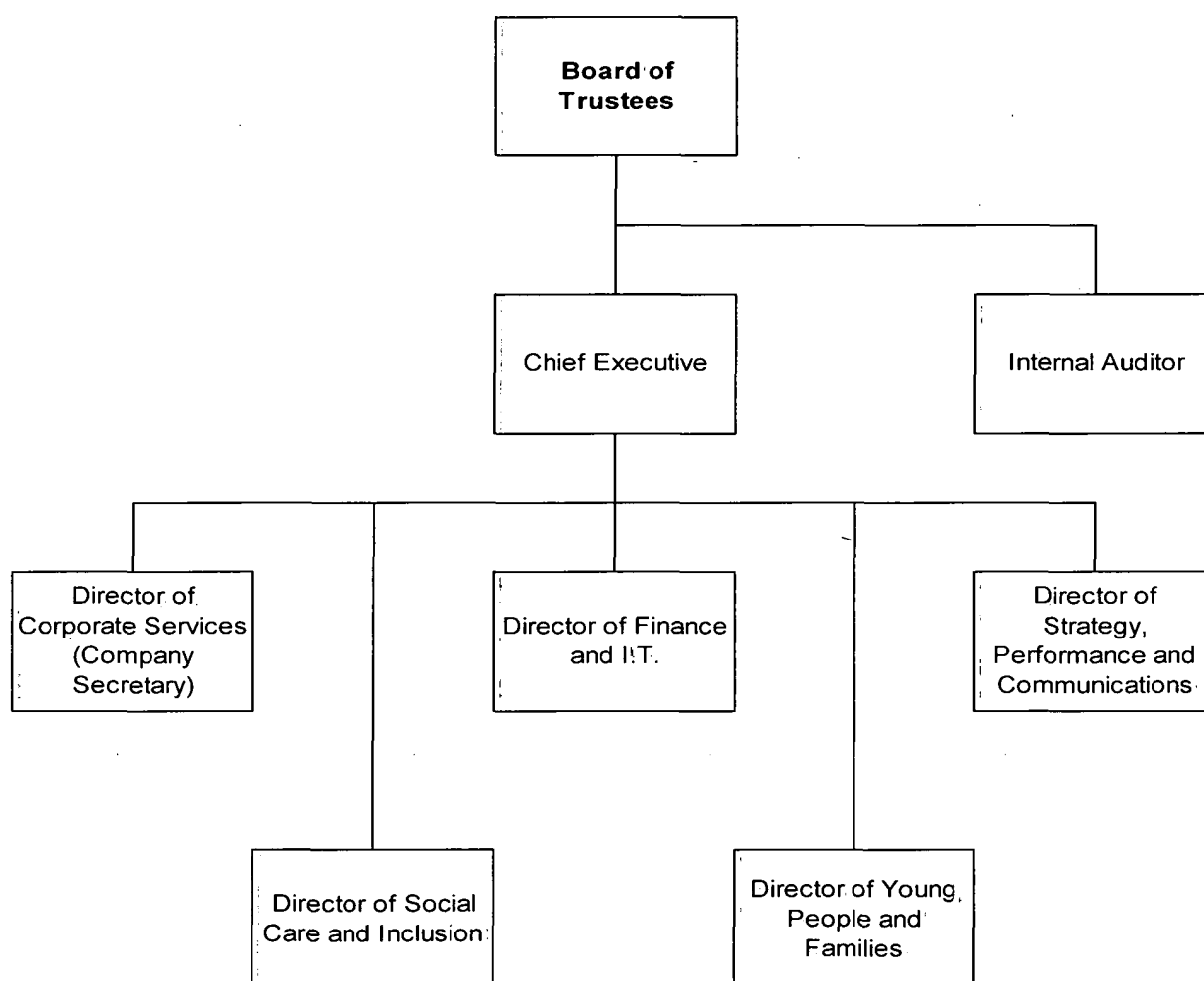
For the year ended 31 March 2016

Strategy

The Board of Trustees hold an annual away day in November each year; the purpose of this session is to create time and space outwith the normal Board proceedings in order to reflect on societal trends and the issues experienced by our service users and to consider how Local Solutions' services can assist in alleviating them. The aim of this session is to develop a long-term vision for the organisation and also to consider strategic imperatives for the forthcoming period. Consequently, a four-year strategic plan is in production to be launched in June 2016; the strategic imperatives for 2016/17 are contained within this document.

Structure, Governance and Management

The organisation's high-level structure is show below:



LOCAL SOLUTIONS

REPORT OF THE TRUSTEES

For the year ended 31 March 2016

LOCAL SOLUTIONS OVERVIEW

Introduction

This is a period of significant change for the relationship between the state and its citizens; evidenced through the seismic shift in the scale and character of public services. A smaller state, old certainties diminishing and the fragmentation of public service delivery is the new reality.

What does remain consistent is the exclusion, poor outcomes and paucity of life chances of so many of our citizens. Disadvantage and exclusion are often the result of a combination of factors, personal and societal, and that people will often have multiple and complex needs: homelessness, fear, isolation, physical and mental ill-health, poverty, chaotic lives, lack of skills, capacity and agency. These factors entrench people into a cycle of disadvantage. This is particularly evident in our work with young people, many of whom are seeking a chance to have a greater stake in the world around them.

Resources to tackle these societal issues are less abundant. What we are experiencing is increased enthusiasm across sectors and organisations dedicated to addressing those problems and exploring different approaches. Local Solutions is an outward-facing organisation, positive in building relationships and seeking out new methodologies that help us to deliver our mission.

The period ahead will be shaped by the value and benefits achieved through collaboration and partnership and the creation of new approaches. It is an exciting time, and Local Solutions with its heritage of innovation, dynamism and responsiveness and its culture as an outward-facing organisation is in a robust place to embrace those challenges.

In relation to the financial position there are grounds for optimism; 2015/16 has been a challenging year, particularly in light of the cessation of learning programme delivery at Oakmere, which had been incorporated into the organisation during the period. However, through strong financial management we finished the year with a result that was the plus side of break even. Longer-term resolutions to fee settlements, principally in our social care provision, will place us on a stronger footing as we face 2016/17 and beyond.

Key Highlights

During 2015/16, Local Solutions has continued to be dynamic - new thinking, new funding and new approaches have ensured that the organisation has extended its reach and demonstrated leadership and innovation alongside a strong record of service delivery.

One of the key highlights of the year was the progression of the AIMS (Accommodation, Intense Mentoring and Skills) programme designed to support particularly disadvantaged young people. This work has been developed through the Fair Chance Fund - a Cabinet Office and the Department of Communities and Local Government led programme. The service is funded through social investment via a social impact bond. In the year 138 young people came onto the programme and accommodation and employability outcomes have been above expectations in this initial phase. Local Solutions is excited about both the potential of the programme and the prospects of social investment in order to help us deliver our mission. Therefore, we were delighted to welcome the Minister for Civil Society, Rob Wilson, MP to visit the project to see our achievements and to describe how the funding had allowed the programme to flex and respond to need.

Local Solutions has a heritage of providing training and employment opportunities to young people since the late 1970s. We were therefore pleased to secure two new contracts in the period in order to continue to deliver our vital work in enhancing the employability of disadvantaged young people. The first is an Inclusive Labour Market (ILM) initiative offering paid work experience placements and training primarily in health and social care; the second is an intense mentoring and employability programme. The provision aims to target young people between the ages of 18 and 29 who are either Not in Education, Employment or Training (NEET) or long-term unemployed.

LOCAL SOLUTIONS

REPORT OF THE TRUSTEES

For the year ended 31 March 2016

Extra care schemes allow people to continue living independently, typically in a self-contained flat or bungalow, while benefiting from personal care support. During the period, Local Solutions was pleased to secure a contract to deliver care to older people living in three extra care housing venues in Wirral. This continues our exponential growth in delivering personal care for Wirral residents.

The history of Local Solutions is marked with the development of home-grown initiatives: 'My Time' is one such initiative. It connects unpaid carers who could benefit from a break from their demanding caring roles with businesses and organisations offering free leisure activities. Research has found that 82% of unpaid carers said that their caring role has had a negative impact on their health and 78% felt more anxious. Many carers are on duty around the clock, unable to maintain a life of their own. MyTime has been nurtured for a number of years and in June 2015 we held a formal launch to celebrate progress, explain the model and attract new offers of support. Since the launch, Local Solutions has continued to develop the relationship between the Liverpool Hoteliers Association and a further 7 local hotels signed up to MyTime, now making a total of 15 hotels all offering monthly free overnight stays with breakfast for carers. 210 local carers have benefited from free respite opportunities since June 2015.

For several years, Local Solutions has hosted an event bringing together likeminded organisations to provide and distribute winter assistance packs for vulnerable people living across the city. The event has grown exponentially year on year with more partners, increased funding and a rise in goodwill gestures from local companies. In November 2015, the 'Grand Packing Event' took place and 1,000 packs were assembled and then given to people facing hardship across local communities.

Due to the collaboration on the AIMS programme and the synergy between the two organisations Oakmere Community College became incorporated into Local Solutions in July 2015. In December 2015, Oakmere was rated as inadequate in an Ofsted inspection and this led to the cessation of the learning programme contracts with the Education Funding Agency. Consequently Oakmere closed its existing learning programmes in March 2016. The Oakmere site is owned by Local Solutions and some operations remain active until a decision is reached in terms of the future of the site.

LOCAL SOLUTIONS

REPORT OF THE TRUSTEES

For the year ended 31 March 2016

REVIEW OF SERVICES – BUILDING RESILIENCE, RAISING ASPIRATION, IMPROVING LIVES

Local Solutions continued to have a significant impact on individuals, families and communities within its area of benefit by delivering effective, responsive services that meet needs and aspirations. Our activities in 2015/16 included:

Accommodation and Support

Local Solutions delivers a number of initiatives to help young homeless people feel secure, build resilience, increase personal capacity and skills so that they can plan for a successful future. Our Homeground service provides accommodation and support services for young homeless people aged 16-35. In the year, a significant number of young people received focused support to meet individual needs, enabling them to make positive life changes to promote their independence, with 79% moving on from Homeground in a planned and positive way.

Supported Lodgings provides placements for young homeless people, aged 16-25, with householders who live in the community. In the period, over 100 young people, on average, were placed in schemes across six local authority areas. 94% of leavers made a positive, planned transition to their next accommodation.

The Intense Mentoring programme is a distinctive service that provides holistic and intensive interventions for homeless young people, most of whom have particular vulnerabilities or face severe and multiple disadvantage. In the year, an average of 30 young people were supported per month to increase their stability of accommodation and participate in meaningful activity. This service operates within Liverpool and north east Wales.

Nightstop is an emergency accommodation service providing accommodation in the homes of people in the community. In North Wales, young people used the Nightstop service for 504 nights preventing them from rough sleeping, stabilising their immediate circumstances and permitting options for more secure accommodation to be explored.

Plas Bellin offers temporary supported accommodation for up to 23 families in cottages and flats; the accommodation is near to Connah's Quay in North Wales. The aim of the service is to build capacity and skills of service users and to resettle them within their own tenancies in the community where they will also receive additional floating support. During the year, Plas Bellin had 87% occupancy and 70% of families moved on from the service in a planned, positive way.

Sunraye is a 9-bed hostel providing accommodation and support for vulnerable women aged 16-65; the service is based near to the centre of Connah's Quay in North Wales. The aim of Sunraye is to build skills and capacity in service users to facilitate their resettlement in their own tenancies or suitable move-on accommodation. During the year, Sunraye had, on average, 90% occupancy with 56% of service users achieving a planned, positive move-on.

Inclusion and Progression

People affected by domestic abuse are supported through a number of specialist initiatives including the Independent Domestic Violence Advisory Service (IDVA), Worst Kept Secret helpline and initiatives to tackle violence and hate. Work is carried out in a multi-agency approach and a principal partner is Merseyside Police. We received referrals for 2,018 people during 2015/16 through the multi-agency risk protocol who were considered as being at 'high risk' from harm and who were dealing with severe personal circumstances with 177 people supported through the court process.

Our Money Advice Services incorporate a range of support services focusing on improving financial health, maximising income and reducing outgoings. The primary focus is particular vulnerable groups including people with disabilities, those who are sick and unable to work and older people. The Fuel Debt Advice service offers debt advice to people who may be experiencing fuel debt or struggling to pay gas and electricity bills. During the year 518 people were supported and 198 applications were submitted to the British Gas Energy Trust to reduce debt or receive support grants. 100% of those applications were

LOCAL SOLUTIONS

REPORT OF THE TRUSTEES

For the year ended 31 March 2016

successful. A further 555 people who had an additional health problem were supported through energy debt advice. People who were experiencing debt with water companies were also supported with 480 receiving advice and 100% of the 75 applications made to reduce water debt were successful.

Our two Shopmobility schemes in Liverpool assist people with mobility restrictions to gain access to retail, leisure and cultural amenities through the hire of equipment. Our Shopmobility service made 4,471 hires of equipment and 1,509 service users accessed the amenity. Shopmobility is a lifeline to local people and has a significant role in ensuring that Liverpool is a major cultural and tourist destination for outside visitors.

Bullybusters is an anti-bullying initiative that aims to reduce incidents and raise awareness of bullying. The service includes training and awareness raising for young people, a freephone helpline, mediation work and web-based resources which is delivered across three Merseyside local authority areas. Over 16,000 young people attended one of the 290 anti-bullying training/awareness sessions we delivered in schools and community settings.

The Liverpool Watersports Centre provides watersports and outdoor activities for the whole community, however there is a particular focus on enabling young people and those experiencing disadvantage to participate in challenging experiences that enhance personal capabilities. In the year, 13,100 people participated in more than 24,000 hours of activity at the centre.

Social Care, Health and Wellbeing

Homecare's 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. In an average month, 1,664 people received personal care services from our Homecare team, who carried out over one million hours of personal care and community support within 5 local authority areas on Merseyside. In addition, we delivered over 17,000 hours of care for self-funded customers, many of whom were supplementing their statutory offer.

The Liverpool Carers Centre provides a range of assessments, support interventions, advocacy and campaigning on behalf of unpaid carers in Liverpool. Carers Centre staff are trusted assessors who conduct formal assessments of unpaid carers and produce formal support plans. In this period there were 2,221 care assessments and attendances at events; 1,185 were referred to the Carers Centre or completed their annual support review.

LOCAL SOLUTIONS

REPORT OF THE TRUSTEES

For the year ended 31 March 2016

PLANS FOR FUTURE PERIODS

The key strategic objectives for the period 2016/17 are:

Social Care and Wellbeing

- Extend and develop the use of technology assistance in the provision of social care
- Extend the reach of the 'My Time' initiative for unpaid carers
- Diversify income streams through aligning our work with principal health providers and commissioners
- Improve communication integration for front-line staff who work in the community to engage them better with the organisation

Accommodation and Support

- Extend our Mentoring services and create new pathways that encompass accommodation, support and skills
- Attract new social investment or alternative funding to extend our AIMS services
- Develop a new 'Homeground' provision through a new build or refurbishment
- Develop services for those on the edge of care and care leavers
- Extend the reach of the Resettlement Passport initiative
- Secure finance and build an extension to improve the resources and service provision at Sunraye

Inclusion and Progression

- Embed new employability programmes
- Increase utilisation of welfare benefits advice services across our programmes

Organisational

- Carry out a governance review and implement changes
- Develop a new external-facing website that provides a service user interface
- Create a comprehensive branding solution for the organisation and its constituent parts
- Develop new accommodation at the Mount Vernon Green site
- Deliver a successful 'Investors in People' outcome

LOCAL SOLUTIONS

REPORT OF THE TRUSTEES

For the year ended 31 March 2016

FINANCIAL REVIEW

Income and Expenditure

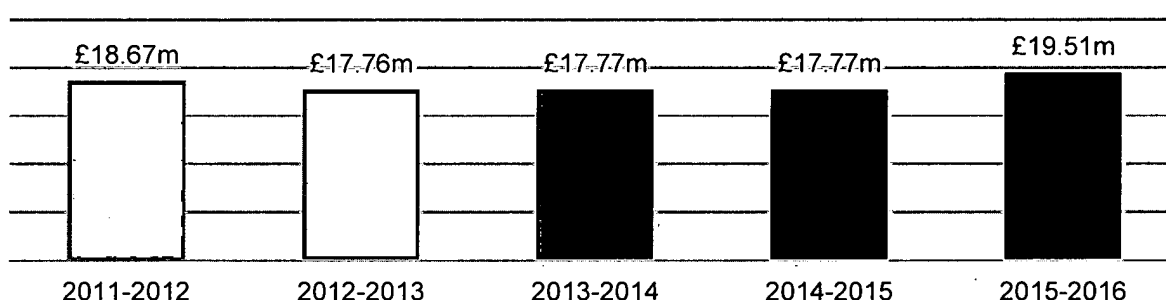
The overall surplus for the year was £338k, which resulted in an increase in reserves. The business and assets of Oakmere Community College were transferred to Local Solutions on 1st July 2015. This has been reflected in the surplus for the year as a donation, based on the value of Oakmere's net asset as at the point of acquisition.

Oakmere's waning activities presented a number of significant challenges, some of which could not be resolved and ultimately led to the withdrawal of critical funding which was essential to the college's ongoing existence. The unfortunate decision was taken to close the college with effect from 24th March 2016. Oakmere's results have been shown as discontinued operations within the financial statements. Whilst the closure of Oakmere has incurred substantial costs the overall results remain favourable compared to the budget that was set for the year. The results reflect the hard work performed by all staff across the organisation despite what has been an exceptionally challenging year.

Overall income for the year has increased to £19.51m (2015: £17.77m), but expenditure has also increased to £19.17m (2015: £17.65m). The movements are mainly attributable to the inclusion of nine months of Oakmere's additional activities. Whilst the overall income and expenditure for the continuing operations remain relatively consistent with that of the prior year, there have been some changes to the types of funding across a variety of projects within the organisation, as grant income becomes more difficult to obtain and projects become increasingly reliant on self-funding and contract income.

In response to the continuing cuts in funding from statutory bodies and erosion of margins in contracts, the organisation has continued with its aim of reducing costs. The nature of the programmes Local Solutions provide means that they are reliant on people to deliver them; 82% (2014: 82%) of our costs are in respect of wages and salaries.

Year on year Income



Balance Sheet

The balance sheet remains strong and the cash flow has been adequate with a closing cash position of £1,402k (2015: £1,894). Our working capital position has remained positive throughout the year with the overdraft facility not being accessed during the year. Net assets of the charity have increased by £338k to £3.203m at the year end (2015: £2.865m).

During the year the transfer of Oakmere's premises and some equipment at fair value resulted in an increase in long-term capital of £860k.

LOCAL SOLUTIONS

REPORT OF THE TRUSTEES

For the year ended 31 March 2016

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 aim to hold reserves equivalent to two months' costs at £3.2m. Total reserves at the year-end are £3.2m. 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 2016

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 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 charitable 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.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

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

BDO LLP offer themselves for reappointment as auditor in accordance with section 485 of the Companies Act 2006.

LOCAL SOLUTIONS

REPORT OF THE TRUSTEES

For the year ended 31 March 2016

Acknowledgement

Local Solutions' mission is to Build Resilience, Raise Aspiration and Improve Lives. This is carried out through two streams of work – Service and Advancement. In the away day for Trustees, we discussed delivery under these two aspects.

Under Service, Local Solutions delivers a huge number of hours of Homecare to thousands of vulnerable people. We also assist carers, supporting them wherever possible.

Under Advancement we aim to help many disadvantaged people and prepare them for a challenging world.

In both streams of work, our staff continue to excel in facing inspection visits and regulation developments. I believe that this will increase and we must continue to innovate and improve. Many developments are around recording and administration and we must keep up to date. Contract risk also continues to be a significant issue, but we are working proactively to mitigate this.

Overall we have come through a difficult year with the high level of commitment and care for our clients that has always been at the heart of our operations. We all face new challenges with confidence and optimism.



Nigel S Lanceley
Chairman

Date

14th July 2016

LOCAL SOLUTIONS

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LOCAL SOLUTIONS

For the year ended 31 March 2016

We have audited the financial statements of Local Solutions for the year ended 31 March 2016 which comprise 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 charity'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 charity'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 charity and the charity's 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 Statement of Trustees' Responsibilities, the trustees (who are also the directors of the 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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the trustees' report, which includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

LOCAL SOLUTIONS

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LOCAL SOLUTIONS

For the year ended 31 March 2016

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.

BDO LLP

Hamid Ghafoor
Senior Statutory Auditor
for and on behalf of BDO LLP, Statutory Auditor
Liverpool
United Kingdom

Date 14/7/2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

LOCAL SOLUTIONS

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR TO 31 MARCH 2016

		Continuing operations		Discontinued operations		Continuing operations	
	Note	Unrestricted Funds £	Restricted Funds £	Unrestricted Funds £	Restricted Funds	Total 2016 £	Total 2015 £
Income							
Incoming resources	1						
<i>Income in furtherance of the charity's objects</i>							
Donations and gifts		29,435	105,467	-	-	134,902	316,611
Donation from Oakmere Community College	15	-	-	392,611	-	392,611	-
Project income including Grants		17,408,049	441,301	1,126,715	1,148	18,977,213	17,447,506
Investment income	3	3,417	-	162	-	3,579	2,068
Total incoming resources		<u>17,440,901</u>	<u>546,768</u>	<u>1,519,488</u>	<u>1,148</u>	<u>19,508,305</u>	<u>17,766,185</u>
Expenditure							
Resources expended	2						
Direct charitable expenditure		17,016,616	554,997	1,457,301	-	19,028,914	17,599,161
Governance costs		118,450	-	22,921	-	141,371	49,022
Total resources expended		<u>17,135,066</u>	<u>554,997</u>	<u>1,480,222</u>	<u>-</u>	<u>19,170,285</u>	<u>17,648,183</u>
Net incoming resources before other recognised gains and losses		305,835	(8,229)	39,266	1,148	338,020	118,002
Gains on revaluations of fixed assets for charity's own use	7	-	-	-	-	-	767,615
Net incoming resources for the year being the surplus/(deficit) of income over expenditure		305,835	(8,229)	39,266	1,148	338,020	885,617
Total funds brought forward at 1 April 2015	11	2,781,148	83,699	-	-	2,864,847	1,979,230
Total funds carried forward at 31 March 2016	11,12	<u>3,086,983</u>	<u>75,470</u>	<u>39,266</u>	<u>1,148</u>	<u>3,202,867</u>	<u>2,864,847</u>

Discontinued operations relate to the activities of Oakmere Community College which was acquired by Local Solutions on 1 July 2015 and closed on 24 March 2016.

All of the principal activities of the charity were continuing for the year ended 31 March 2015.

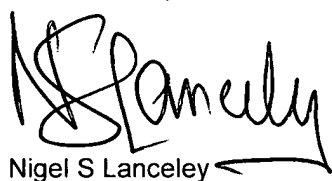
There were no other recognised gains or losses other than the result for the year.

LOCAL SOLUTIONS

BALANCE SHEET AT 31 MARCH 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	7	1,997,894	1,196,205
Current assets			
Debtors	8	2,111,904	2,519,215
Cash at bank and in hand		<u>1,402,025</u>	<u>1,894,098</u>
		3,513,929	4,413,313
Creditors: amounts falling due within one year	9	<u>(2,218,825)</u>	<u>(2,636,171)</u>
Net current assets		1,295,104	1,777,142
Creditors: amounts falling due in more than one year	10	(90,131)	(108,500)
Net assets		<u>3,202,867</u>	<u>2,864,847</u>
Funds			
Restricted	11	76,618	83,699
Unrestricted	11	2,372,934	2,013,533
Revaluation reserve	11	<u>753,315</u>	<u>767,615</u>
		<u>3,202,867</u>	<u>2,864,847</u>

The financial statements were approved by the Board of Trustees on 14th July 2016, and signed on their behalf by:


Nigel S Lanceley

Trustee

Company Number: 1792921

LOCAL SOLUTIONS

CASH FLOW STATEMENT

For the year ended 31 March 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Surplus for the financial year		338,020	885,617
Adjustments for:			
Depreciation, impairment and amortisation of fixed assets	7	65,184	31,091
Non cash element of donation from Oakmere Community College	15	(178,099)	-
Net fair value losses/(gains) recognised in profit or loss		-	(767,615)
Net interest payable/(receivable)	3	(1,108)	(2,045)
Receipt of donated land/assets		-	(80,000)
Decrease/(increase) in trade and other debtors	8	421,252	(100,649)
Decrease/(increase) in stocks			19,843
Increase/(decrease) in trade and other creditors	9,10	(996,289)	1,137,898
Profit on disposal		1,544	14
Cash from operations		(349,496)	1,124,154
Taxation paid		-	-
Net cash generated from operating activities		(349,496)	1,124,154
Cash flows from investing activities			
Purchases of tangible fixed assets	7	(8,417)	(206,924)
Interest received	3	3,579	2,068
Net cash from investing activities		(4,838)	(204,856)
Cash flows from financing activities			
Interest paid	3	(2,471)	(23)
Repayment of loans	10	(135,268)	108,500
Net cash used in financing activities		(137,739)	108,477
Net increase/(decrease) in cash and cash equivalents		(492,073)	1,027,775
Cash and cash equivalents at beginning of year		1,894,098	866,323
Cash and cash equivalents at end of year		1,402,025	1,894,098
Cash and cash equivalents comprise:			
Cash at bank and in hand		1,402,025	1,894,098
Bank overdrafts		-	-
		1,402,025	1,894,098

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 2016

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 2015) and in accordance with the Companies Act 2006 and the Financial Reporting Standard 102. They have been prepared under the historical cost convention. This is the first year that the accounts have been prepared under FRS 102. On transition to FRS 102 the charity has elected to treat the depreciated valuation of land and buildings recognised under the previous UK GAAP as deemed cost.

Any difference between historical cost depreciation and depreciation calculated on deemed cost is transferred between the revaluation reserve and unrestricted funds.

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 15.

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 secures 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 Authorities. The Trustees and management are confident of securing the renewal of these contracts on terms agreeable to both the Charity and relevant 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 continue to see and recognise 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.

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.

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

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.

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.

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

TANGIBLE FIXED ASSETS AND DEPRECIATION

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

On transition to FRS 102 the charity has elected to treat the depreciated valuation of land and buildings recognised under the previous UK GAAP as deemed cost.

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

Depreciation is calculated to write down the cost 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 deemed cost
Leasehold improvements	Remaining life of leases
Motor vehicles	25% on cost
Fixtures, fittings and equipment	25% on cost
Computer software	25% on cost

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.

Financial instruments

The Charity only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Financial Activities.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Charity would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Recognition of liabilities

Liabilities are recognised as soon as there is a legal or constructive obligation committing Local Solutions to pay out resources.

Liquid resources

Liquid resources are those associated with the cash management of Local Solutions.

JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether leases entered into either as a lessor or a lessee are operating or lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty:

Tangible fixed assets (see note 7)

- Tangible fixed assets, other than investments properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

1 ANALYSIS OF INCOMING RESOURCES

	2016 £	2015 £
Donations deferred at 1 April 2015	13,506	98,178
Donations receivable in the year	141,630	231,939
Credit for the year	(134,902)	(316,611)
Donations deferred at 31 March 2016	<u>20,234</u>	<u>13,506</u>

	£	£
Project income deferred at 1 April 2015	245,113	286,312
Project income receivable in the year	19,137,956	17,406,307
Credit for the year	(18,977,213)	(17,447,506)
Project income deferred at 31 March 2016	<u>405,856</u>	<u>245,113</u>

	£	£
Project income for charitable services provided	18,977,213	17,447,506
Donations	134,902	316,611
Investment income	3,579	2,068
Donation from Oakmere Community College	392,611	-
	<u>19,508,305</u>	<u>17,766,185</u>

Project income is analysed as follows:

	£	£
Social Care & Inclusion/Enablement	13,714,767	13,146,934
Early Years	-	75,437
Young People & Families/ Engagement	3,902,136	4,094,490
Central Services	233,595	130,645
Oakmere income	1,126,715	-
	<u>18,977,213</u>	<u>17,447,506</u>

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

Restricted Grants within Project Income

	2016 £	2015 £
Liverpool City Council - CRU - Shopmobility	20,501	41,001
Liverpool City Council - LWC	26,000	43,000
United Utilities	30,000	-
Knowsley Resettlement	23,532	-
Others	191,503	191,167
Big Lottery Fund - Reaching Communities Grant	592	-
British Gas Energy Trust	149,173	69,173
Oakmere – Princes Trust	1,148	-
	<u>442,449</u>	<u>344,341</u>

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

1 ANALYSIS OF INCOMING RESOURCES (CONTINUED)

Investment income comprises income from:

	2016 £	2015 £
Bank deposits	<u>3,579</u>	<u>2,068</u>

The analysis of income by fund for the year ended 31 March 2015 is as follows:

	Unrestricted £	Restricted £	2015 £
Donations and gifts	33,544	283,067	316,611
Project income including grants	17,103,165	344,341	17,447,506
Investment income	<u>2,068</u>	<u>-</u>	<u>2,068</u>
Total incoming resources	<u>17,138,777</u>	<u>627,408</u>	<u>17,766,185</u>

2 ANALYSIS OF RESOURCES EXPENDED

	Staff costs £	Other costs £	Depreciation £	2016 £	2015 £
Direct charitable expenditure	15,746,006	3,217,724	65,184	19,028,914	17,599,161
Governance costs	<u>-</u>	<u>141,371</u>	<u>-</u>	141,371	<u>49,022</u>
	<u>15,746,006</u>	<u>3,359,095</u>	<u>65,184</u>	19,170,285	<u>17,648,183</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 £1,540,176 (2015: £1,382,485), which includes fundraising costs of £107,640 (2015: £76,737).

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 £14,635 (2015: £15,205).

The analysis of expenditure by fund for the year ended 31 March 2015 is as follows:

	Unrestricted £	Restricted £	2015 £
Direct charitable expenditure	17,055,452	543,709	17,599,161
Governance costs	<u>49,022</u>	<u>-</u>	<u>49,022</u>
Total resources expended	<u>17,104,474</u>	<u>543,709</u>	<u>17,648,183</u>

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 ANALYSIS OF RESOURCES EXPENDED (CONTINUED)

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

	Shopmobility £
Salaries and on costs	35,217
Maintenance/repairs	3,108
Utilities	3,086
Volunteers expenses	521
Office expenses	661
Telephone/internet	768
Equipment	5,291
Publicity and leaflets	200
Bank Charges	184
Insurance	1,973
Professional fees	120
Travel	19
Local Authority rates	670
Catering	18
Sundry expenses	382
Leasing costs	300
	<u>52,518</u>

Other costs of running this project of £30,000 (2015: £86,633) are included in Unrestricted Fund Expenditure.

3 NET INTEREST RECEIVABLE

	2016 £	2015 £
On bank overdraft	2,471	23
Other interest receivable and similar income	<u>(3,579)</u>	<u>(2,068)</u>
	<u>(1,108)</u>	<u>(2,045)</u>

4 EMPLOYEES

Staff costs during the year were as follows:

	2016 £	2015 £
Wages and salaries	14,622,956	13,425,427
Social security costs	923,885	893,096
Other pension costs	199,165	187,827
	<u>15,746,006</u>	<u>14,506,350</u>

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

4 EMPLOYEES (CONTINUED)

The average number of employees during the year was 1,120 (2015: 834).

	2016 Number	2015 Number
Project staff	1,108	822
Fundraising and publicity	5	2
Management and administration of the charity	7	10
	<u>1,120</u>	<u>834</u>

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

	2016 Number	2015 Number
£60,001 to £70,000	2	2
£70,001 to £80,000	1	-
£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 to money purchase pension schemes in respect of higher paid employees:

	2016 £	2015 £
Pension contributions to money purchase schemes	<u>18,855</u>	<u>14,014</u>

During the year four higher paid employees (2015: three higher paid employees) participated in a money purchase pension scheme.

5 TRANSACTIONS WITH TRUSTEES AND OTHER RELATED PARTIES

No trustee or person with a family or business connection with a trustee received remuneration in the year, directly or indirectly, from either the charity or an institution or company controlled by the charity.

Travel expenses were reimbursed to one trustee totalling £779 (2015: £Nil) during the year. There were no related party transactions in the year, or the prior year.

6 REMUNERATION OF KEY MANAGEMENT PERSONNEL

The trustees have delegated much of the day to day running of the charity to a number of key management personnel. The total remuneration received by key management personnel in the year totalled £496,627 (2015: £431,756).

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

7 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Leasehold improvements £	Motor vehicles £	Fixtures, fittings, equipment and computer software £	Total £
Cost					
At 1 April 2015	1,125,111	99,917	23,755	528,017	1,776,800
Additions	-	-	-	8,417	8,417
Disposals	-	-	-	(1,612)	(1,612)
Transfer at fair value	850,000	-	-	10,000	860,000
Revaluation	-	-	-	-	-
At 31 March 2016	<u>1,975,111</u>	<u>99,917</u>	<u>23,755</u>	<u>544,822</u>	<u>2,643,605</u>
Depreciation					
At 1 April 2015	-	99,917	23,753	456,925	580,595
Provided in the year	35,250	-	-	29,934	65,184
Eliminated on disposals	-	-	-	(68)	(68)
Revaluation	-	-	-	-	-
At 31 March 2016	<u>35,250</u>	<u>99,917</u>	<u>23,753</u>	<u>486,791</u>	<u>645,711</u>
Net book amount at					
At 31 March 2016	<u>1,939,861</u>	<u>-</u>	<u>2</u>	<u>58,031</u>	<u>1,997,894</u>
Net book amount at					
31 March 2015	<u>1,125,111</u>	<u>-</u>	<u>2</u>	<u>71,092</u>	<u>1,196,205</u>

All tangible fixed assets were used for charitable purposes.

On transition to FRS 102 the company had elected to treat the depreciated valuation of land and buildings recognised under the previous UK GAAP as deemed cost.

Freehold land is not depreciated, as stated in the Accounting Policies. Freehold buildings are included in the financial statements at deemed cost and are depreciated over the lower of 50 years or their remaining useful economic life.

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

8 DEBTORS

	2016 £	2015 £
Accrued income	1,442,034	1,319,056
Operating debtors	512,694	1,074,730
Other debtors	22,271	17,734
Prepayments	134,905	107,695
	<u>2,111,904</u>	<u>2,519,215</u>

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Operating creditors	617,348	1,399,580
Social security and other taxes	164,239	224,687
Accruals	1,011,148	753,286
Deferred income	426,090	258,619
	<u>2,218,825</u>	<u>2,636,172</u>

Included in accruals is an amount of £34,768 (2015: £27,872) owing in respect of the charity's pension scheme. This liability was paid subsequent to the year end.

10 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2016 £	2015 £
Bank loans	<u>90,131</u>	<u>108,500</u>

11 FUNDS

	Revaluation Reserve	Restricted funds £	Unrestricted funds £	Total £
At 1 April 2015	767,615	83,699	2,013,533	2,864,847
Incoming resources	-	547,916	18,960,389	19,508,305
Resources expended	-	(554,997)	(18,615,288)	(19,170,285)
Reserve Transfer	(14,300)	-	14,300	-
At 31 March 2016	<u>753,315</u>	<u>76,618</u>	<u>2,372,934</u>	<u>3,202,867</u>

12 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Revaluation Reserve	Restricted funds	Unrestricted funds	Total £
Tangible fixed assets	753,315	-	1,244,579	1,997,894
Current assets	-	76,618	3,437,311	3,513,929
Current liabilities	-	-	(2,218,825)	(2,218,825)
Liabilities over one year	-	-	(90,131)	(90,131)
Net assets	<u>753,315</u>	<u>76,618</u>	<u>2,372,934</u>	<u>3,202,867</u>

13 RETIREMENT BENEFITS

Defined Contribution Pension Scheme

The charity 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 2016

14 LEASING COMMITMENTS

The company had the following total minimum lease payments under non-cancellable operating leases as set out below:

	Leasehold properties 2016 £	Leasehold properties 2015 £
Not later than one year	184,613	194,706
Later than one year and not later than five years	69,421	39,289
	<u>254,034</u>	<u>233,995</u>

15 ACQUISITION OF OAKMERE COMMUNITY COLLEGE

On the 1 July 2015, the charity acquired the operations of Oakmere Community College including its assets and liabilities. The acquisition was completed at nil consideration. The net value of the assets and liabilities has been recognised as a donation within incoming resources on the Statement of Financial Activities.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities:

	Unrestricted Funds £	Total £
Tangible fixed assets:		
Land and buildings	850,000	850,000
Other fixed assets	10,000	10,000
Current Assets		
Trade receivables	13,940	13,940
Cash	214,506	214,506
Current liabilities		
Trade payables	(46,147)	(46,147)
Bank loan	(116,899)	(116,899)
Other liabilities	(532,789)	(532,789)
Net assets	<u>392,611</u>	<u>392,611</u>

Assets have been fair valued on the date of acquisition as follows:

- The freehold property was valued by Edward Symmons LLP on 19 January 2015 at the market value of £850,000 and therefore this has been considered by management to be the fair value at the date of acquisition.
- Other assets & liabilities have been recognised at their net book value at the date of acquisition.

Oakmere Community College closed on 24 March 2016 and is therefore disclosed as a discontinued operation of the charity.

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

16 FIRST TIME ADOPTION OF FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or the results in previous years.

On transition to FRS 102 the charity has elected to treat the depreciated valuation of land and buildings recognised under the previous UK GAAP as deemed cost.