

Registered number: 01792921
Charity number: 515060

LOCAL SOLUTIONS

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

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LOCAL SOLUTIONS

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LOCAL SOLUTIONS

LEGAL AND ADMINISTRATIVE DETAILS

For the year ended 31 March 2017

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: 01792921

Charity registration number: 515060

Registered office: Mount Vernon Green
Hall Lane
Liverpool
L7 8TF

Directors / Trustees:	Nigel S Lanceley FCA, DL Sir Bert Massie CBE, DL Katie E Clubb Andrew J Cooke QPM Ian A Hatch ACIB Shelagh McGrath Jonathan H Mounsey FCA Sir Jon Murphy QPM Robert T H Owen JP, DL Rev Dr Crispin Pailing Niranjana Patel Aileen E M Shepherd Hazel J Snell Richard M White	Chairman Vice Chairman (appointed 3 May 2017) (appointed 9 June 2016) (resigned 9 November 2016) (resigned 13 May 2016) (resigned 9 June 2016) (resigned 18 January 2017) (appointed 8 February 2017)
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Chief Executive: Steve Hawkins

Company Secretary: Dr Mark Rogers

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

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

For the year ended 31 March 2017

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 INCORPORATING STRATEGIC REPORT

For the year ended 31 March 2017

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 2017.

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.

The Trustees are kept up to date with developments within the organisation through the Trustee meeting papers that include the Chief Executive's Report, Key Performance Indicators Report 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.

During the year, Ian Hatch stepped down from the Board; Ian had joined the Board in 2015 as a previous Trustee and Chair of Oakmere Community College and he helped oversee the wind-down of the College following the loss of funding for its educational provision last year. We would like to express our appreciation to Ian for his support and contribution.

Aileen Shepherd also resigned from the Board after 6 years' service; Aileen brought a wealth of experience from her background working in probation and youth justice and provided Local Solutions with sound advice and counsel. We would like to place on record our sincere gratitude for her contribution to the organisation.

Andy Cooke joined the Board in July 2016, having succeeded Sir Jon Murphy as the Chief Constable of Merseyside Police. Local Solutions has a proud track record of working in close collaboration with Merseyside Police and we are delighted that Andy agreed to become a Trustee of Local Solutions and so continue the association between the organisation and the incumbent Chief Constable.

Hazel Snell was appointed to the Board in February 2017. Hazel is the Operations Manager for the Centre for Maternal and Newborn Health (CMNH) at Liverpool School of Tropical Medicine and she currently manages the operations team in Liverpool and Kenya.

Katie Clubb was appointed to the Board in May 2017. Katie is a Senior Manager at Flintshire County Council with responsibility for homelessness, housing support and corporate customer services

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REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT

For the year ended 31 March 2017

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 2016/17 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 and is in the agenda item at every Board meeting. 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. 89% 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.

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For the year ended 31 March 2017

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 Disability Confident 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 knowledge necessary 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 INCORPORATING STRATEGIC REPORT

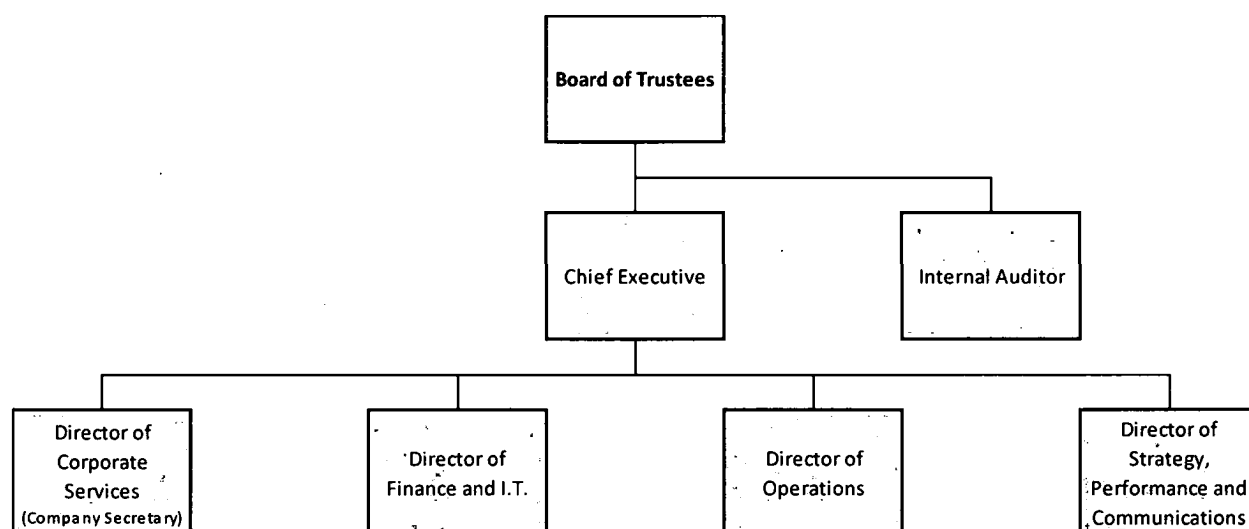
For the year ended 31 March 2017

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 away from the normal Board proceedings in order to reflect on societal trends, issues experienced by our service users, and to consider how the organisations 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 was launched in June 2016; some of this is outlined on page 10 under "Plans for Future Periods". Under our Mission to BUILD RESILIENCE, RAISE ASPIRATION AND IMPROVE LIVES, our Board Committed Local Solutions to three key tasks: COLLABORATION, INNOVATION and CAMPAIGNING.

Structure, Governance and Management

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



All executive pay is determined by the Trustees ensuring a fair structure across the executive team that recognises:

- Individual and team performance in the context of a challenging climate
- The importance of recruitment and retaining the 'right' people (both in terms of experience and attitude)
- Fair pay that reflects the level of knowledge, skills and experience required and the responsibilities and accountabilities associated with the position

LOCAL SOLUTIONS

REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT

For the year ended 31 March 2017

LOCAL SOLUTIONS OVERVIEW

Introduction

In many respects, it has been a challenging year for Local Solutions and that has been reflected in the financial outcomes. It has been particularly testing in relation to our Homecare service following a disappointing outcome to a Care Quality Commission inspection of our Liverpool branch in June 2016. We were determined to address this issue and allocated appropriate time and resources to rectify this situation and take us out of special measures. This was successfully achieved by the end of the financial year and confirmed by a more positive re-inspection report. During the period, a strategic decision was made to significantly downsize delivery of care services in the Wirral due to operating pressures and this has had a direct consequence to the financial outcome for 2016-17.

Wider pressures on the social care system have been well documented and Local Solutions has played its part in campaigning for greater resources in this crucial area of policy. In this, we share a voice with many local authorities who have endured cuts to social care budgets. We also share the need, through a period of austerity, to obtain greater benefit from diminishing resources. As previously stated, this has put pressure in terms of maintaining quality, workforce recruitment & retention and financial margins.

Difficult though times are, there is much reason for optimism. The year was a prelude to a greater injection of funding for social care, albeit only to cover the new National Minimum Wage. There is little doubt in the future that as this wage rises to £9 in 2020, difficulties in recruitment and retention should be mitigated.

LOCAL SOLUTIONS

REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT

For the year ended 31 March 2017

Key Highlights

During 2016/17, Local Solutions has continued to be responsive to the need of our service users. New relationships, new funding and fresh approaches have ensured that the organisation has extended its reach and demonstrated leadership and innovation alongside a strong record of service delivery.

In 2017, we mark 10 years of delivering services in Wales. From a modest beginning of developing a Supported Lodgings service in one local authority area, we now provide a range of homeless interventions both floating and accommodation-based for young people and family provision across two local authority areas: Flintshire and Denbighshire. In this period we were delighted that our work extended into a third local authority area: Conwy. This was established through the development of a Nightstop and Supported Lodgings service both designed to support young, homeless people through placements with a householder in the community.

2016 was a milestone year for the Liverpool Watersports Centre as it marked its 21st anniversary. Like many current Local Solutions initiatives it had an unassuming start through the delivery of canoe sessions to 'at risk' local young people on the Liverpool canals. After years of incremental service delivery, a purpose-built watersports centre was constructed in 1993 and since then tens of thousands of people, both local and from further afield, have participated, learnt skills and built personal capacity through engagement in water-based activities. On 7 July 2016, we marked this achievement through a number of events culminating in a reception for stakeholders and Local Solutions representatives to celebrate this remarkable centre for the whole community.

Local Solutions has a proud heritage of creating, developing and scaling up its own solutions that meet our Mission and deliver key benefits to participants. Three examples of this are AIMS, Resettlement Passport and My Time. During the period, we were delighted to see these initiatives flourish.

It has been a significant year in terms of the progress of our AIMS (Accommodation, Intense Mentoring, Skills) service. The programme was designed to specifically target disadvantaged young people who were homeless but had a number of other additional presenting factors. The purpose of AIMS was to provide mentoring and support to help those young people become more active citizens, engaging in employment, skills, training and obtaining and sustaining their own accommodation. It was funded through a Social Impact Bond in which external investor organisations financed the programme, receiving their return if the programme was successful. In the period, AIMS has exceeded expectations and we are in a confident position to ensure that the financial outcomes for investors will be met. This has been a real success for Local Solutions, allowing us to deliver our mission to young people whilst extending our reach through new sources of finance.

Last year we reported on the development of the My Time initiative. My Time was created by Local Solutions to help carers take a break from their demanding roles through organisations offering free leisure activities. My Time was an immediate success for carers who appreciated the opportunities on offer, however it was reaching its limit without an injection of resources. We were therefore delighted in 2016 to secure three-year funding from the Big Lottery Reaching Communities programme to take My Time to the next level. This enables Local Solutions to increase the scale and range of services offered for unpaid carers and to increase participation.

The Resettlement Passport is a pre-tenancy course developed by Local Solutions to help young or vulnerable people prepare for their own tenancy with the aim of them becoming more stable and secure and able to sustain their accommodation. In November 2016, the new online version of the Passport was completed and officially launched at an event with stakeholders and partners. During the period we have extended the reach of the passport to new organisations from the Liverpool city region and beyond to a national audience. We are ambitious that the new online version and branding will ensure that the Resettlement Passport initiative will develop significantly in the following years.

During the year, the decision was made to dispose of the former Oakmere Community College site. As the time of this report whilst interest has been positive, it remains for sale on the open property market.

LOCAL SOLUTIONS

REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT

For the year ended 31 March 2017

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 2016/17 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 16-21. 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 82% 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 96 young people, on average, were placed in schemes across six local authority areas. 93% of leavers made a positive, planned transition to their next accommodation.

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 792 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 based in Flintshire, 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, 65 adults and 65 children were supported at Plas Bellin and 85% of families who left, did so 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 in Flintshire, 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, 18 women were accommodated at Sunraye and 79% of leavers did so through a planned, positive move-on.

AIMS (Accommodation, Intense Mentoring, Skills) provides support and interventions for young, homeless people who are NEET on referral (Not in Education, Employment or Training). Support is tailored to the client whether this is to respond to crisis situations, providing advice, guidance and resources, advocating on the client's behalf or helping to promote independence. In the period 139 young people participated on the programme with 80% entering employment or education and 80% sustaining move-on accommodation after 3 months.

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. In the period 454 new high risk victims were supported and 200 people were supported through the court process. The specialist interventions have produced significant life-changing outcomes meaning that only 27% of service users then seek further support in terms of their domestic abuse issues.

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REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT

For the year ended 31 March 2017

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 494 people received advice with 152 applications submitted to the British Gas Energy Trust to reduce debt or receive support grants with a further 140 applications for those affected by fuel debt whilst affected by an additional health issue. People who were experiencing debt with water companies were also supported with 361 receiving advice and 89 applications made to reduce water debt were submitted.

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 4,511 hires of equipment and 2,484 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 23,000 young people attended one of the 356 school based anti-bullying training/awareness sessions.

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, 16,500 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 the period 2,583 people received personal care services from our Homecare team, who carried out over 800,000 hours of personal care and community support within 4 local authority areas on Merseyside.

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 1,391 referrals to the service for support, and 945 support plans completed. In addition 420 carers experienced a respite break through the My Time initiative that provides free access to a hotel stay or leisure activity for carers in the city.

PLANS FOR FUTURE PERIODS

In 2017, Local Solutions developed a three-year strategy for 2017-20. This is a high level document that outlines the overarching ambitions, objectives and behaviours in relation to Culture, Services, People and Organisation; it is the road map for the next three years.

Supplementary to the Strategy are organisational-wide and service-level objectives that will deliver our Mission. We have worked across the operational areas and services including internal support services to translate and transform the Strategy into actions in respective areas of the business. The key objectives for 2017-18 are:

LOCAL SOLUTIONS

REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT

For the year ended 31 March 2017

Social Care and Wellbeing

- Implement new technological solutions within Homecare to create better outcomes for service users, drive efficiency and advance our work.
- Develop provision that is aligned to key health challenges relating to hospital discharge and step-down care.
- Implement a comprehensive communication and feedback process with all social care employees to engage them with the organisational culture, ambitions and objectives.
- Extend the reach of the 'My Time' initiative for unpaid carers.

Accommodation and Support

- Extend our work in supporting homeless single people and families and vulnerable people through developing our own housing solutions to provide appropriate and responsive move-on accommodation
- Development of a discreet service supporting Care Leavers
- Extend the reach of the Resettlement Passport initiative

Inclusion and Progression

- Develop a specialist domestic abuse programme for male victims
- Secure a long-term lease and redevelop the Liverpool Watersports Centre

Organisational

- Implement a new organisation-wide website that allows greater accessibility, interface and engagement for service users and supporters.
- Introduce values-based recruitment across the organisation.
- Run four principal campaigns around our services and the needs of individuals and communities.
- Diversify income through self-generated funding and sponsorship.
- Work strategically with partners and stakeholders to ensure positive change, new-build or redevelopment of key premises – our headquarters at Mount Vernon Green; our accommodation and support services at Homeground, Plas Bellin and Sunraye.

Local Solutions will actively engage with the new City Region and new emerging commissioning footprints across health and social care.

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REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT

For the year ended 31 March 2017

FINANCIAL REVIEW

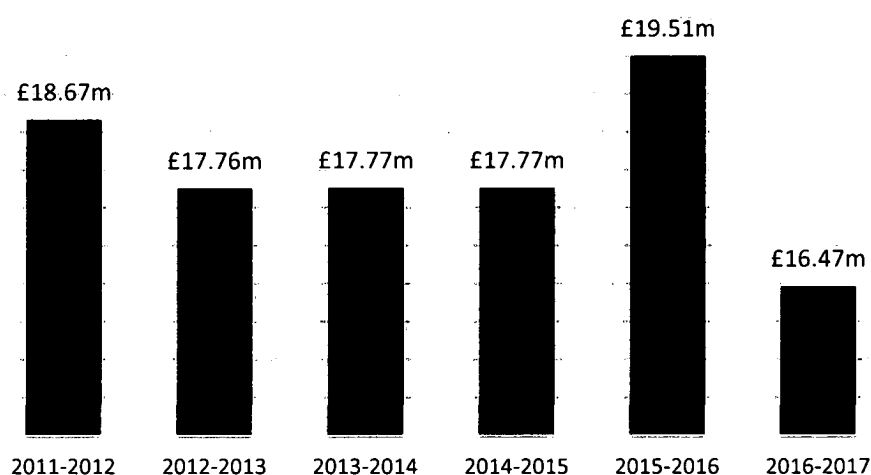
Income and Expenditure

The overall deficit for the year was £499k, which resulted in a decrease in reserves.

Overall income for the year has decreased to £16.47m (2016: £19.51m), but expenditure has also decreased to £16.97m (2016: £19.17m). There were a number of significant factors driving these movements: At the beginning of the year the organisation continued to incur costs in relation to the winding up and closure of Oakmere. These one-off net losses contributed a £114k shortfall to the overall deficit result. During the year the strategic decision was taken to withdraw the majority of domiciliary care services operated in Wirral. Financial pressures and the difficulties faced by operating in a geographically challenging recruitment market meant that operations needed to be significantly down-scaled in this area. There has also been significant investment to enhance the quality of our services and the associated infrastructure in support of this initiative. Whilst other income and expenditure for the continuing operations remain relatively consistent with that of the prior year, there have been changes to the types of funding across a variety of projects within the organisation. As grant income becomes more difficult to obtain, projects become increasingly reliant on self-funding and contract income.

In response to the continuing cuts in funding from statutory bodies and the erosion of margins within contracts, the organisation has continued with its strategy to reduce costs and improve the efficiency of processes wherever possible. The nature of the programmes Local Solutions provide means that they are reliant on people to deliver them; 84% (2016: 82%) of our costs are in respect of wages and salaries.

Year on year income



Balance Sheet

Overall the Balance Sheet remains strong despite the impact of challenges during the year. Cash flow has been satisfactory with a closing cash position of £1.05m (2016: £1.40m) at the end of the year. Our working capital position has remained positive throughout the year with no cause to access the overdraft facility of £450k. Net assets of the charity have decreased by £499k to £2.70m at the year-end (2016: £3.20m).

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For the year ended 31 March 2017

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. Based on the Budget for 2017/18, this equates to approximately at £2.6m at current level of service. Total reserves at the year-end are £2.7m which is sufficient under the terms of the policy. Although free unrestricted reserves are at a lower level of £556k, it is noted that a significant proportion of expenditure is contract linked expenditure and therefore directly recoverable under contracts for services. Unrestricted free reserves is deemed to be the unrestricted funds and revaluation reserve less the tangible fixed assets since these are not considered to be readily available for spending as they are not liquid in nature. The Trustees are aware of the need to ensure the level of reserves are appropriate for the size of the organisation and intend to keep under close review the level of reserves required for cash flow purposes.

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 across a number of projects. It is acknowledged that Local Solutions faces challenging times ahead, however in response to these pressures, there are three critical areas of focus which are:

- Cost savings from an internal restructure programme
- Domiciliary care growth through additional work and delivering more care hours
- Domiciliary care contract rate uplifts to offset the additional direct cost burden

Having done so, the Trustees consider that the going concern basis remains appropriate. Further information in this respect is given in the principal accounting policies.

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For the year ended 31 March 2017

Statement of Trustees' Responsibilities

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

Company law requires the Trustees to prepare financial statements for each financial year 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;
- 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 offers themselves for reappointment as auditor in accordance with section 485 of the Companies Act 2006.

LOCAL SOLUTIONS

REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT

For the year ended 31 March 2017

Acknowledgement

Local Solutions' mission is to Build Resilience, Raise Aspiration and Improve lives and this is carried out through many services to our local communities. In addition innovation is part of the Charity's culture and new ideas and services are integral to our thinking. In simple terms if we see a need we try to find a viable solution.

The Charity delivers many hours of Homecare to vulnerable people and we also assist carers in their valuable work. We also aim to help disadvantaged people and prepare them to face a complex and challenging world.

The strength of the Charity lies in our staff who are dedicated and talented. They carry out their difficult tasks with great enthusiasm and help to find ways to solve problems. This work is carried out in an environment of increasing regulation and scrutiny and this has been particularly so over the last year. As a result of inspection visits major changes have been made and all staff must be congratulated on their successes in this area.

The world outside is also full of challenges and uncertainty. Political and economic uncertainty places a great burden on all staff and with a shortage of financial support for our services, our staff have had to be careful and diligent. They have excelled in this environment and I would like to thank them for all their efforts.

I look forward with confidence and hope that we can continue to provide our much needed services in an innovative and economically viable manner. We must come through these difficult times to achieve our mission.



Nigel S Lanceley
Chairman

Date

13th July 2017

LOCAL SOLUTIONS

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LOCAL SOLUTIONS

For the year ended 31 March 2017

We have audited the financial statements of Local Solutions for the year ended 31 March 2017 which comprise the statement of financial activities, 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 AUDITORS

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. We have been appointed auditor under the Companies Act 2006 and report in accordance with that Act. 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 2017 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 and the strategic report and the trustees' report have been prepared in accordance with applicable legal requirements.

Based on our knowledge and understanding of the charity and its environment obtained during the course of the audit we have identified no material misstatements in the strategic report and trustees' report.

LOCAL SOLUTIONS

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LOCAL SOLUTIONS

For the year ended 31 March 2017

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 25/7/2017.

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

LOCAL SOLUTIONS

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR TO 31 March 2017

	Note	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Continuing operations £	Discontinued operations £	Total 2016 £
Income and endowments from:							
Donations and legacies	1	42,951	125,462	168,413	134,902	-	134,902
Donation from Oakmere Community College	15	-	-	-	-	392,611	392,611
Income from charitable activities	1	15,762,730	535,070	16,297,800	17,849,350	1,127,863	18,977,213
Income from investments	3	1,172	-	1,172	3,417	162	3,579
Total income		15,806,853	660,532	16,467,385	17,987,669	1,520,636	19,508,305
Expenditure on:							
Charitable activities	2	16,446,001	520,080	16,966,081	17,690,063	1,480,222	19,170,285
Total expenditure		16,446,001	520,080	16,966,081	17,690,063	1,480,222	19,170,285
Net (expenditure)/income		(639,148)	140,452	(498,696)	297,606	40,414	338,020
Other recognised gains/(losses):							
Gains/(losses) on revaluation of fixed assets		-	-	-	-	-	-
Net movement in funds		(639,148)	140,452	(498,696)	297,606	40,414	338,020
Reconciliation of funds							
Total funds brought forward at 1 April	11	3,126,249	76,618	3,202,867	2,864,847	-	2,864,847
Total funds carried forward at 31 March	11,12	2,487,101	217,070	2,704,171	3,162,453	40,414	3,202,867

Discontinued operations during the prior year related 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 2017.

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

LOCAL SOLUTIONS

PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR TO 31 March 2016

	Note	Continuing operations		Discontinued operations		Total 2016 £
		Unrestricted Funds £	Restricted Funds £	Unrestricted Funds £	Restricted Funds	
Income and endowments from:						
Donations and legacies	1	29,435	105,467	-	-	134,902
Donation from Oakmere Community College	15	-	-	392,611	-	392,611
Income from charitable activities		17,408,049	441,301	1,126,715	1,148	18,977,213
Income from investments	3	3,417	-	162	-	3,579
Total income		<u>17,440,901</u>	<u>546,768</u>	<u>1,519,488</u>	<u>1,148</u>	<u>19,508,305</u>
Expenditure on:						
Charitable activities	2	17,135,066	554,997	1,480,222	-	19,170,285
Total expenditure		<u>17,135,066</u>	<u>554,997</u>	<u>1,480,222</u>	<u>-</u>	<u>19,170,285</u>
Net income/(expenditure)		<u>305,835</u>	<u>(8,229)</u>	<u>39,266</u>	<u>1,148</u>	<u>338,020</u>
Other recognised gains/(losses):						
Gains/(losses) on revaluation of fixed assets		-	-	-	-	-
Net movement in funds		305,835	(8,229)	39,266	1,148	338,020
Reconciliation of funds						
Total funds brought forward at 1 April		2,781,148	83,699	-	-	2,864,847
Total funds carried forward at 31 March	11	<u>3,086,983</u>	<u>75,470</u>	<u>39,266</u>	<u>1,148</u>	<u>3,202,867</u>

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

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

LOCAL SOLUTIONS

BALANCE SHEET AT 31 March 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	7		1,958,650		1,997,894
Current assets					
Debtors	8	1,504,098		2,111,904	
Cash at bank and in hand		<u>1,053,571</u>		<u>1,402,025</u>	
			2,557,669		3,513,929
Creditors: amounts falling due within one year	9	<u>(1,812,148)</u>		<u>(2,218,825)</u>	
Net current assets			745,521		1,295,104
Creditors: amounts falling due in more than one year	10		-		(90,131)
Net assets			<u>2,704,171</u>		<u>3,202,867</u>
Funds					
Restricted	11		217,070		76,618
Unrestricted	11		1,748,086		2,372,934
Revaluation reserve	11		<u>739,015</u>		<u>753,315</u>
			<u>2,704,171</u>		<u>3,202,867</u>

The financial statements were approved by the Board of Trustees on 13th July 2017, and signed on their behalf by:



Nigel S Lanceley

Trustee

Company Number: 01792921

LOCAL SOLUTIONS

CASH FLOW STATEMENT

For the year ended 31 March 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Surplus for the financial year		(498,696)	338,020
Adjustments for:			
Depreciation, impairment and amortisation of fixed assets	7	72,846	65,184
Non cash element of donation from Oakmere Community College		-	(178,099)
Net fair value losses/(gains) recognised in profit or loss		-	-
Net interest payable/(receivable)	3	(83)	(1,108)
Receipt of donated land/assets		-	-
Decrease/(increase) in trade and other debtors	8	607,806	421,252
Decrease/(increase) in stocks		-	-
Increase/(decrease) in trade and other creditors	9,10	(406,677)	(996,289)
Profit on disposal		-	1,544
Cash from operations		(224,804)	(349,496)
Taxation paid		-	-
Net cash generated from operating activities		(224,804)	(349,496)
Cash flows from investing activities			
Purchases of tangible fixed assets	7	(33,602)	(8,417)
Interest received	3	1,172	3,579
Net cash from investing activities		(32,430)	(4,838)
Cash flows from financing activities			
Interest paid	3	(1,089)	(2,471)
Repayment of loans	10	(90,131)	(135,268)
Net cash used in financing activities		(91,220)	(137,739)
Net increase/(decrease) in cash and cash equivalents		(348,454)	(492,073)
Cash and cash equivalents at beginning of year		1,402,025	1,894,098
Cash and cash equivalents at end of year		1,053,571	1,402,025
Cash and cash equivalents comprise:			
Cash at bank and in hand		1,053,571	1,402,025
Bank overdrafts		-	-
		1,053,571	1,402,025

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 2017

BASIS OF PREPARATION

The company is limited by guarantee and has no share capital.

The financial statements have been prepared in accordance with applicable accounting standards including the Statement of Recommended Practice: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective 1 January 2015 (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011. They have been prepared under the historical cost convention. 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.

The trustees confirm that the Charity meets the definition of a public benefit entity under FRS 102.

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.

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.

INCOME

Donations and legacies

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 2017

Donations and legacies (continued)

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.

Deferred income

Any unexpended income on projects which relates to grants or donations which must be expended in the following year is taken to creditors and shown as deferred income. The outturns of other projects, whose income exceeds expenditure or whose expenditure exceeds income, are taken to reserves.

EXPENDITURE

Expenditure is included on the accrual basis and has been classified under headings that aggregate all of costs related to the category. Where costs cannot be directly attributed to a particular heading they have been allocated to activities on a basis consistent with the use of the resources.

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

ALLOCATION OF OVERHEADS

Local Solutions has a significant degree of centralisation of services such as human resources, business development, finance, IT and quality and compliance.

The costs of these centralised services are allocated to individual projects on the basis of actual project expenditure. This ensures a fair and transparent allocation of costs, and is in line with accepted practices within the voluntary sector.

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, 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.

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

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

Local Solutions 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 and loans from banks and other third parties.

Financial assets and financial liabilities are recognised when Local Solutions becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs).

Local Solutions only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Creditors and provisions are recognised where Local Solutions has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial assets that are measured at 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 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 2017

1 ANALYSIS OF INCOME

	2017 £	2016 £
Donations deferred at 1 April 2016	20,234	13,506
Donations receivable in the year	171,679	141,630
Credit for the year	(168,413)	(134,902)
Donations deferred at 31 March 2017	<u>23,500</u>	<u>20,234</u>

	£	£
Project income deferred at 1 April 2016	405,856	245,113
Project income receivable in the year	16,297,237	19,137,956
Credit for the year	(16,297,800)	(18,977,213)
Project income deferred at 31 March 2017	<u>405,293</u>	<u>405,856</u>

	£	£
Analysis of income		
Project income for charitable services provided	16,297,800	18,977,213
Donations	168,413	134,902
Investment income	1,172	3,579
Donation from Oakmere Community College	-	392,611
	<u>16,467,385</u>	<u>19,508,305</u>

Project income is analysed as follows:

	£	£
Social Care & Inclusion/Enablement	11,971,972	13,714,767
Young People & Families/ Engagement	4,004,877	3,902,136
Central Services	295,143	233,595
Cherry Lane	25,808	1,126,715
	<u>16,297,800</u>	<u>18,977,213</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

	2017 £	2016 £
Liverpool City Council - CRU - Shopmobility	-	20,501
Liverpool City Council - LWC	2,500	26,000
United Utilities	15,000	30,000
Knowsley Resettlement	14,343	23,532
Others	326,265	191,503
Big Lottery Fund Grant	27,789	592
British Gas Energy Trust	149,173	149,173
Oakmere – Princes Trust	-	1,148
	<u>535,070</u>	<u>442,449</u>

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

1 ANALYSIS OF INCOME (CONTINUED)

Investment income comprises income from:

	2017 £	2016 £
Bank deposits	<u>1,172</u>	<u>3,579</u>

2 ANALYSIS OF EXPENDITURE

	Staff costs £	Other costs £	Depreciation £	2017 £	2016 £
Direct charitable expenditure	14,173,103	2,599,626	72,846	16,845,575	19,028,914
Governance costs	-	120,506	-	120,506	141,371
	<u>14,173,103</u>	<u>2,720,132</u>	<u>72,846</u>	<u>16,966,081</u>	<u>19,170,285</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 £1,746,692 (2016: £1,540,176), which includes fundraising costs of £137,001 (2016: £107,640).

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 £15,375 (2016: £14,635).

Governance Costs	2017 £	2016 £
Professional & Legal	101,991	111,133
Auditors remuneration – statutory audit	15,375	14,635
Auditors remuneration – other services	3,140	15,603
Governance costs at 31 March 2017	<u>120,506</u>	<u>141,371</u>

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

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

	Shopmobility £
Salaries and on costs	21,044
Maintenance/repairs	2,816
Utilities	2,687
Volunteers expenses	682
Office expenses	848
Telephone/internet	656
Equipment	5,998
Publicity and leaflets	200
Bank Charges	189
Insurance	1,233
Professional fees	124
Travel	105
Local Authority rates	30,676
Catering	47
Sundry expenses	575
Leasing costs	248
	68,128

Other costs of running this project of £6,439 (2016: £30,000) are included in Unrestricted Fund Expenditure.

The following amounts are included in expenditure:

	2017 £	2016 £
Depreciation	72,846	65,184
Operating Lease rentals:		
- Land & Buildings	1,002,396	967,373
- Other	7,692	15,297
Auditors Remuneration – statutory audit	15,375	14,635
Auditors Remuneration – other services	3,140	15,603

3 NET INTEREST RECEIVABLE

	2017 £	2016 £
On bank overdraft	1,089	2,471
Other interest receivable and similar income	(1,172)	(3,579)
	(83)	(1,108)

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

4 EMPLOYEES

Staff costs during the year were as follows:

	2017 £	2016 £
Wages and salaries	13,144,355	14,622,956
Social security costs	857,094	923,885
Other pension costs	171,654	199,165
	<u>14,173,103</u>	<u>15,746,006</u>

The average number of employees during the year was 1,027 (2016: 1,120).

	2017 Number	2016 Number
Project staff	1,017	1,108
Fundraising and publicity	4	5
Management and administration of the charity	6	7
	<u>1,027</u>	<u>1,120</u>

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

	2017 Number	2016 Number
£60,001 to £70,000	3	2
£70,001 to £80,000	1	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:

	2017 £	2016 £
Pension contributions to money purchase schemes	<u>21,188</u>	<u>18,855</u>

During the year five higher paid employees (2016: four higher paid employees) participated in a money purchase pension scheme.

The total paid during the year on redundancy and termination payments was £190,975 (2016: £111,370). The payments are a combination of redundancy and severance payments. The accounting policy is to recognise redundancy or termination payments on communication of intention to pay and when quantifiable. Such payments are accounted for as staff costs. The payments were funded from unrestricted funds.

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

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.

No Travel expenses were reimbursed to any trustees, (2016: £779) 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 £442,714 (2016: £496,627).

7 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Leasehold improvements £	Motor vehicles £	Fixtures, fittings, equipment and computer software £	Total £
Cost					
At 1 April 2016	1,975,111	99,917	23,755	544,822	2,643,605
Additions	-	-	-	33,602	33,602
Disposals	-	-	-	-	-
At 31 March 2017	<u>1,975,111</u>	<u>99,917</u>	<u>23,755</u>	<u>578,424</u>	<u>2,677,207</u>
Depreciation					
At 1 April 2016	35,250	99,917	23,753	486,791	645,711
Provided in the year	39,504	-	2	33,340	72,846
Eliminated on disposals	-	-	-	-	-
At 31 March 2017	<u>74,754</u>	<u>99,917</u>	<u>23,755</u>	<u>520,131</u>	<u>718,557</u>
Net book amount at					
At 31 March 2017	<u>1,900,357</u>	<u>-</u>	<u>-</u>	<u>58,293</u>	<u>1,958,650</u>
Net book amount at					
31 March 2016	<u>1,939,861</u>	<u>-</u>	<u>2</u>	<u>58,031</u>	<u>1,997,894</u>

All tangible fixed assets were used for charitable purposes.

On transition to FRS 102 the company 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.

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

8 DEBTORS

	2017 £	2016 £
Accrued income	540,235	1,442,034
Operating debtors	751,498	512,694
Other debtors	23,258	22,271
Prepayments	189,107	134,905
	<u>1,504,098</u>	<u>2,111,904</u>

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Operating creditors	61,863	101,817
Other creditors	642,730	515,531
Social security and other taxes	179,411	164,239
Accruals	478,869	1,011,148
Deferred income	449,275	426,090
	<u>1,812,148</u>	<u>2,218,825</u>

Included in accruals is an amount of £14,208 (2016: £34,768) owing in respect of the charity's pension scheme. This liability was paid subsequent to the year end.

Included within other creditors is an amount of £500,000 (2016: £NIL) owing in respect of an advanced payment for Homecare provision from Liverpool City Council.

10 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2017 £	2016 £
Bank loans	-	90,131

11 FUNDS

	Revaluation Reserve	Restricted funds £	Unrestricted funds £	Total £
At 1 April 2016	753,315	76,618	2,372,934	3,202,867
Incoming resources	-	660,532	15,806,853	16,467,385
Resources expended	-	(520,080)	(16,446,001)	(16,966,081)
Reserve transfer	(14,300)	-	14,300	-
At 31 March 2017	<u>739,015</u>	<u>217,070</u>	<u>1,748,086</u>	<u>2,704,171</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

12 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Revaluation Reserve	Restricted funds	Unrestricted funds	Total £
Tangible fixed assets	739,015	-	1,219,635	1,958,650
Current assets	-	217,070	2,340,599	2,557,669
Current liabilities	-	-	(1,812,148)	(1,812,148)
Liabilities over one year	-	-	-	-
Net assets	<u>739,015</u>	<u>217,070</u>	<u>1,748,086</u>	<u>2,704,171</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.

14 OPERATING LEASE COMMITMENTS

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

	Leasehold properties 2017 £	Leasehold properties 2016 £
Not later than one year	136,752	184,613
Later than one year and not later than five years	<u>205,359</u>	<u>69,421</u>
	<u>342,111</u>	<u>254,034</u>

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For the year ended 31 March 2017

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	392,611	392,611

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.