

Registered number: 01792921
Charity number: 515060

LOCAL SOLUTIONS

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

LOCAL SOLUTIONS

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For the year ended 31 March 2021

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LEGAL AND ADMINISTRATIVE DETAILS

For the year ended 31 March 2021

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. 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".

Company registration number: 01792921

Charity registration number: 515060

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

Trustees:

Hazel J Snell	Chair from 1 April 2021
Helen R Heap*	Chair, Finance, Audit & Risk Committee
Rev Dr Crispin Palling*	Chair, People & Culture Committee
Louise C Towers*	Chair, Operations & Development
Katie E Clubb	
Niranjana Patel	
Dr Bruce W Taylor	
Jonathan H Mounsey FCA	Honorary Treasurer to 31 March 2021
Andrew J Cooke QPM	Retired 11 April 2021
Robert T H Owen, JP, DL	Retired 31 March 2021
Richard M White	Retired 2 October 2020
Nigel S Lanceley FCA, DL	Chair, retired 31 March 2021
Jillian M Jones	Appointed 20 May 2021
Ellie J Acton	Appointed 20 May 2021

* Committees formed 11 February 2021

Chief Executive: Steve Hawkins Retired 1 January 2021
Robert Thomas Harrison Appointed Chief Executive 15 March 2021

Secretary: Karen Paton

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

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

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

LOCAL SOLUTIONS

REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT

For the year ended 31 March 2021

A message from our Chair and Chief Executive

2020-21 was a year of change for Local Solutions. In dealing with the COVID-19 pandemic and significant restructuring of the organisation, we have shown tremendous adaptability and resilience to ensure that we continue to deliver high quality services effectively. We are proud of the way Local Solutions has dealt with the challenges we faced, and we are looking to the future with confidence and excitement.

As a Board we have spent time reviewing how we work. Building on the longstanding support of now retired previous Chairs, Robert Owen, and Nigel Lanceley, we have considerably strengthened our governance by implementing new committee structures and recruiting additional trustees to add to the Board's knowledge and expertise.

With the retirement of Steve Hawkins after 15 years as Chief Executive and the appointment of Tom Harrison as our new Chief Executive, we have reviewed and restructured the senior management team to ensure that all levels within Local Solutions are able to support our operational delivery in the most effective way.

The shape of the organisation is firmly focused on our mission of 'Improving Lives', centred on a commitment to do the most we can with the resources available to us. We also want to ensure that Local Solutions maintains its reputation as a supportive and creative place to work with a renewed focus on how we can help each member of staff flourish, learn, and develop in their roles.

Our people continue to be our biggest asset and despite the continuing challenges of COVID-19 our staff and volunteers make a huge difference for thousands of people every day. We were delighted that our Head of Communities, Hazel Brown, was awarded an MBE in the Queen's Birthday Honours for her work in support of carers, which is indicative of the commitment and high standards we see across Local Solutions.

Together we look forward to the year ahead in the knowledge that we are fit for the future and can continue to transform lives and meet need where it arises.

Hazel and Tom



Hazel Snell
Chair



Tom Harrison
CEO

Date: 1st September 2021

Date: 1st September 2021

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 2021

OBJECTIVES

Local Solutions is a charity founded in 1974 that delivers services to people England and Wales, primarily within the Liverpool City Region and North Wales with a focus on people who face disadvantage, exclusion, and vulnerability.

Our work is guided by our Vision of a society where people can live in safety and dignity and lead fulfilled lives. Our Mission is to improve people's lives.

We will deliver our mission by truly understanding the needs and challenges facing individuals and communities and working together to design and deliver approaches that create sustained, positive impact.

The Board promotes the charity's values of compassion, respect, professionalism, and inclusivity, and ensures that these are reflected in all its work. The objects of the organisation are set out in the Memorandum and Articles of Association. The main areas of activity are to benefit the community through the promotion of charitable purposes in the fields of social welfare, education, and recreation.

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 2021.

The Charity Governance Code was published to help charities and their trustees develop high standards of governance. The code sets out seven principles and recommended practice, which Local Solutions addresses and complies with, as explained below.

ORGANISATIONAL PURPOSE

Our purpose is to improve the lives of individuals and communities through transformative services and approaches. Our work is in three principal areas:

Social Care

Personal and support services for people who are older, are affected by physical and mental health issues, have mobility problems, or disabilities. This includes older people and those with physical disabilities, physical and sensory impairments, drug and alcohol problems, autism, Asperger's syndrome, mental health conditions and/or learning difficulties.

Support & Accommodation

Support and accommodation for young people and families who are homeless, vulnerable, marginalised, or at risk of exploitation. Specific services providing housing, support, mentoring, skills, advice and independence.

Communities

Services for people who are affected by exclusion focusing on access to community support, advice, recreation, and skills. Specific support services for those not in education, employment, or training, those affected by domestic abuse or bullying, people who have mobility issues and those who provide unpaid care for others.

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For the year ended 31 March 2021

LEADERSHIP, BOARD EFFECTIVENESS, OPPENESS AND ACCOUNTABILITY

Local Solutions is governed by its Board of Trustees, which is a body of volunteers with distinguished careers in a wide variety of fields. The Trustees who served on the Board throughout the year are listed on page 1.

The Charity's Leadership Team comprises the Chief Executive, Chief Operating Officer, and departmental heads for key areas of the charity.

The Chief Executive is appointed by the Trustees to manage the day-to-day operations of the Charity.

The remuneration of the Chief Executive and Leadership Team is set by the Trustees recognising:

- 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)
- the level of knowledge, skills and experience required, and the responsibilities and accountabilities associated with the position.

The Chief Executive selects an appropriate Leadership Team to manage the operations and activities of the Charity. This includes: The Chief Operating Officer, Heads of Social Care, Support and Accommodation, Communities, Finance, Human Resources, IT & Services, and Business Development.

A system of performance management, including objectives, key performance indicators, development plans, management reporting and appraisal is in place to monitor the effectiveness of management and their teams.

During the year, a Trustee Committee structure was established comprising: Finance, Audit and Risk; People and Culture; Operations & Development. Each Committee includes suitably skilled Trustees plus an appropriate member(s) of the Leadership Team. Other Task and Finish groups are set up as considered appropriate. During the year these included Governance, Chief Executive Recruitment and Premises.

The Trustees meet as a Board six times a year as a minimum. In addition, each Trustee serves on one or more of the three Committees and Task and Finish groups. Each of the Committees has outlined a clearly defined work programmes for the coming 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 being allowed in exceptional circumstances. Following several retirements in the year, an active Trustee recruitment programme is underway to fill gaps and to ensure that the Board has an appropriate range of relevant expertise and diversity. 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. Ongoing training is provided for all Trustees.

The Committee Chairs and the Chief Executive report into the Board of Trustees on key issues and actions. Trustees receive other bespoke reports as appropriate. The Charity has a comprehensive set of policies and procedures in place in relation to operations, finance, human resources, risk management and health and safety.

Trustees declare any potential conflicts of interest at every Board meeting, and these are recorded. The Board acts in the best interests of the charity and its beneficiaries and is not influenced by those who have special interests.

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REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT

For the year ended 31 March 2021

Four long-serving Trustees retired during the year. Andrew Cooke, Chief Constable of Merseyside, retired after 5 years on the Board. Ritchie White had served as a Trustee for 20 years; Robert Owen served from 2001 to 2021 and was Chair for 7 years during his tenure; Nigel Lanceley served from 2007 to 2021 and was Chair from 2014 until his retirement from the Board. We congratulate Nigel Lanceley on becoming High Sheriff of Merseyside. He will continue to maintain his associations with Local Solutions as a Vice President. Local Solutions would like to place on record our sincere gratitude for the service and contribution that these Trustees have given to the charity.

Steve Hawkins retired as Chief Executive during the year. Steve had held the role since 2006, working for Local Solutions for 39 years. Steve's significant contribution to the life and success of Local Solutions is recognised and appreciated by everyone within the organisation and we wish him a long and healthy retirement.

INTEGRITY

The Board of Trustees is committed to integrity, protecting the Charity's reputation, and promoting the core values through transparent and objective decision making. The Committee structure provides appropriate scrutiny, challenge, and independence. Trustees follow Best Practice, and the Board maintains registers of interest and disclosures of actual or potential conflicts.

DECISION MAKING, RISK AND CONTROL

Decision Making

Local Solutions operates a clear scheme of delegation identifying the operational matters for which the Leadership Team have delegated authority. The Board of Trustees ensures decision making is scrutinised, timely, and in line with the Charity's strategic aims. Committees for Finance, Audit and Risk, Operations and Development, and People and Culture, provide assurance and frameworks around decision making, performance and risk.

Local Solutions' Board of Trustees and Leadership Team deliver regular reviews and hold an annual away day to consider strategic direction.

Risk Management

Local Solutions takes a robust approach to managing risk and maintains 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 regularly considered at Board, Finance, Audit and Risk Committee and Leadership Team meetings.

The Risk Register considers governance and management, operational, financial, reputational, environmental and compliance aspects of the activities of Local Solutions. It covers risks that the organisation may face, and steps and control procedures in place to mitigate those risks, as well as providing an ongoing review of existing systems and procedures.

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REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT

For the year ended 31 March 2021

Principal Risks and Challenges

The principal risks and challenges which the organisation currently faces are:

Risks

- Impact of Covid-19
- Failure to satisfy regulatory quality benchmarks
- Serious incidents and safeguarding
- Financial viability of the organisation
- Loss of a major service or contract
- Cashflow management
- Serious breach of data protection regulations
- Failure to secure new or grow existing business
- Failure of premises strategy

The Board of Trustees has overall responsibility for the management of risk. During the year the Finance, Audit and Risk Committee was established with delegated authority to review all aspects of risk management for Local Solutions and to provide oversight of the design, implementation, and effectiveness of risk management processes.

The Risk Register is a live document which is subject to ongoing change as circumstances require, and which involves the Leadership Team and Trustees in identifying, assessing, and monitoring risk. The Finance, Audit and Risk Committee reviews the Risk Register quarterly.

The Winter 2020 Review of the Risk Register identified four Principal Risks:

- Severe Reputational Risk.
- Loss of Major Contracts
- Financial Sustainability
- Failure in New Business

Reputational risk is mitigated through the adoption and implementation of robust Health and Safety and Safeguarding Policies, regular staff training and feedback from service users.

The loss of a significant contract poses a high risk and would have widespread implications on the rest of the organisation's operations. This is mitigated through regular performance reviews of existing contracts using key performance indicators covering both quantitative and qualitative performance measures.

Following several years of losses and the continuation of challenging underlying financial conditions for Local Solutions, together with the difficulties caused by COVID-19, the Trustees have taken significant, decisive action to improve the financial sustainability of the organisation. This includes substantial cost reductions and new governance arrangements to improve risk monitoring and financial processes.

The newly established Operations and Development Committee is responsible for overseeing Local Solutions' development strategy, monitoring key performance indicators, and reviewing underperforming services. This will reduce the risk of failure in new business by ensuring that the organisation only takes on new contracts that are financially viable and which can be delivered sustainably.

Cash flow is carefully managed using cash flow forecasting. Cash reserves are monitored and controlled daily, with surplus funds transferred to an interest-bearing account. An overdraft facility is available to cover any short-term liquidity issues. This did not need accessing during the year. The overdraft facility is renewed annually. The principal credit risk arises from debtors. 92% of debtors are public sector bodies who are perceived as low-level credit risk. The balance of debtors are mainly private individuals, for whom the risk is considered higher. Credit limits are reviewed regularly, taking into account debt ageing and collection history.

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Local Solutions maintains an Internal Audit function which ensures 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, with day-to-day line management by the Chief Executive.

Serious Incidents and Safeguarding

The Trustees recognise the requirement to report serious incidents to the Charity Commission. 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 has appropriate strategies in place in the event of an incident.

Local Solutions provides a wide range of services within the North West of England and North Wales, including domiciliary and residential social care, accommodation services, domestic abuse services and other services for a cross-section of young people and older people. By the nature of the provision we deliver, we have frequent interaction with the police, local authorities, and other statutory and regulatory bodies, such as the Care Quality Commission, in the reporting of serious incidents, for which there are established protocols which must be followed.

Monthly Key Performance Indicators relating to Complaints and Safeguarding Allegations are reported to the Board of Trustees to keep them fully informed about serious incidents. There is a specific operational lead for safeguarding and a Safeguarding Strategy Group which includes a nominated Trustee. This Group provides scrutiny, review, and analysis on safeguarding matters. Our Safeguarding Policies and Procedures outline a clearly defined reporting process.

DIVERSITY

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. In 2021 Local Solutions was awarded the Disability Confident Employer kitemark for a further 2 years. Local Solutions uses the Disability Confident Symbol, which 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 plans.

Employee Involvement

Employees receive regular communications through a range of different media informing them of organisational news, service updates and forthcoming events. Additionally, staff receive regular updates from the Chief Executive. Local Solutions has an Employee Forum - a recognised employee group with clear terms of reference which allows all to participate through member representation.

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For the year ended 31 March 2021

OVERVIEW OF THE YEAR

KEY HIGHLIGHTS

A long-term ambition of the organisation was to develop move on accommodation for young people. We are delighted that we have furthered that ambition by securing and refurbishing a property in Liverpool for the purposes of providing access to housing for excluded young people within three units of accommodation. A partnership approach with the LandAid Trust, including a grant, has been key to this endeavour.

Our work with young people through Mentoring programmes received a boost during the year with significant further investment by the Linbury Trust to augment our Young Persons' Hub and AIMS service.

A grant awarded by the WCVA and Comic Relief has enabled us to develop new digital services within North Wales and the Liverpool City Region for vulnerable people living within our accommodation services and those who have been resettled in the community. This programme has included providing equipment and setting up a 'virtual hub' for service users to stay in touch during the pandemic and to have access to advice, training, and specialist agencies.

The Liverpool Watersports Centre further improved its accessibility for people with disabilities to participate in water-based activities. The new facilities include a refurbished lift, ramps, and pontoons to enhance access to the water. This builds on other previous investments such as the Wheelyboat, specifically designed for people in wheelchairs to participate. Local Solutions is proud to enhance its offer to people with disabilities and this investment will benefit so many over the years.

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 support ambition.

The entire year of operations has been affected by the COVID-19 pandemic. For some of our services, the impact of the pandemic has been significant including closures of facilities such as the Liverpool Watersports Centre and Shopmobility for long periods. All our services have had to adjust and transform delivery in accordance with government guidelines and public health advice. However, we are proud of the efforts of all our teams in ensuring the key delivery of vital services and the flexibility and responsiveness demonstrated to maintain high levels of support to our service users during this most challenging period.

Our key activities in the year were:

Social Care

The Homecare department provides social care to individuals in their own homes. The service operates 24 hours a day, 7 days a week, 365 days a year. The majority of the services provided are delivered on behalf of the local and health authorities within the Liverpool City Region. In the year, Local Solutions delivered care to 1,635 people (500,024 hours of care). 882 individuals receiving care (54%) were new to the service in 20-21. There was a significant degree of fluctuation during the year for demand due to the pandemic and the service cared for between 800 and 900 individuals. The size of the active workforce similarly fluctuated in year due to shielding, however, in general a workforce of approx. 400 care support workers supported individuals.

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For the year ended 31 March 2021

Local Solutions delivers all of the homecare services from one of three locations registered with the Care Quality Commission (CQC). The service is registered to provide personal care. No inspections took place during the year, however the CQC contacted all three locations to check that the services were continuing to provide safe and effective services during the pandemic. No concerns were highlighted. All three locations are rated as 'Good' overall.

The desired outcomes of the homecare service are to meet individuals' social care needs and keep them safe in their own homes, remove or delay the need for residential or hospital care, reduce individual's need to access primary and secondary health care services, minimise the number of long-term social care interventions required by an individual, and improve the quality of life for those requiring social care.

During the year, Local Solutions has delivered the following services:

- Scheduled domiciliary care visits during the day and night
- Unscheduled emergency response to telecare alerts throughout the day and night
- Carers respite service
- Short term discharge to assess reablement service for people coming home from hospital
- Housing and social care support in Extra Care setting
- Support to access community facilities

The majority of people using the service were older people and require support due to either:

- frailty,
- managing long terms health conditions,
- have a physical or sensory impairment, or
- living with dementia

Services are delivered at the frequency, duration and time commissioned by the local authority and in agreement with the individual. The majority of visits are a minimum of 30 minutes in duration. The amount of time that we actually spend with service users and the punctuality of the service is monitored in real time using an electronic call monitoring system. During the year, over 90% of services were monitored in this way. Although some services (15%) were commissioned on a 'block', meaning that income is guaranteed regardless of the utilisation of the service, the majority of services were commissioned on a 'spot' basis, meaning that income is subject to fluctuation.

The service regularly sought feedback from service users, completing an annual survey and a monthly spot check. Of the 290 service users contacted during the year, 93% concluded the service that they received was either good or excellent.

Support and Accommodation

A core element of Local Solutions' work is projects to help young homeless people and families feel secure, build resilience, increase personal capacity and skills so that they can plan for a successful future. Our services are based in the Liverpool City Region and North Wales and during the year 356 people were accommodated and supported through our provision.

Homeground provides accommodation and support for young homeless people aged 16-21. In the year, 63 young people received focused support to meet individual needs, enabling them to make positive life changes to promote their independence, with 73% moving on from Homeground in a planned and positive way.

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Supported Lodgings provides placements for young homeless people, aged 16-25, with householders who live in the community. In the period, 135 young people were placed in schemes across seven local authority areas in England and Wales. 91% of leavers made a positive, planned transition to their next accommodation.

Nightstop is an emergency accommodation service providing accommodation within the homes of people in the community that we currently operate in North Wales. 23 young people used the Nightstop service for 410 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 20 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, 33 adults and 43 children were supported at Plas Bellin and 63% of families who left, did so in a planned, positive way.

Sunraye is a nine-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, 15 women were accommodated at Sunraye and 67% of leavers did so through a planned, positive move-on.

Our work in **Mentoring** for young people continues to grow, predicated on the strong approaches that have been developed over the years. The 'Young Persons' Hub', based at our Homeground site, provides support for young people facing disadvantage including those who are homeless, care leavers, those having multiple and complex needs and those who are Not in Education, Employment or Training (NEET). The services include AIMS (Accommodation Intense Mentoring and Skills) and Sports Horizons that uses sport and water-based activities as a catalyst for engagement and mentoring with young people who have no secure place to live. During the year 55 young people were supported through varying programmes and a new service 'Inform Nurture Know' (INK) was developed to work with young people specifically at risk of Child Criminal Exploitation.

Communities

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 1,571 referrals to the service for support, and 1,010 support plans completed. In addition, 282 carers experienced a respite break through the **MyTime** initiative that provides free access to a hotel stay or leisure activity for carers in the city.

People affected by domestic abuse are supported through several specialist initiatives including the Independent **Domestic Violence Advisory Service (IDVA)**, **Worst Kept Secret** helpline and initiatives to tackle violence and abuse. Work is carried out in a multi-agency approach and a principal partner is Merseyside Police. In the period, 1,095 high risk victims accessed the service. The specialist interventions have produced significant, life-changing outcomes, meaning that only 25% of service users then seek further support in terms of their domestic abuse issues and 97% of service users claim to feel safer after interventions.

Bullybusters is an anti-bullying initiative that aims to reduce incidents and raise awareness of bullying, including training and awareness raising sessions for young people, a freephone helpline, mediation work and web-based resources, which are delivered in Liverpool, Sefton and Knowsley. During the year 3,317 young people attended one of the 158 school based anti-bullying training/awareness sessions.

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The **Shopmobility** scheme in Liverpool assists people with mobility restrictions to gain access to retail, leisure, and cultural amenities through the hire of equipment. The service made 250 hires of equipment and 160 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.

The **Liverpool Watersports Centre** provides water sports and outdoor activities for the whole community, with a particular focus on enabling young people and those experiencing disadvantage to participate in challenging experiences that enhance personal capabilities. The year was severely affected by the pandemic but there were 14,377 hours of activity at the centre.

PUBLIC BENEFIT

The Trustees of Local Solutions confirm that they have given due consideration to the Charity Commission's published guidance on the operation of public benefit when reviewing the charity's aims and objectives and in planning strategy and future activities. Our activities in 2020/21 demonstrated, in all accepted definitions, that Local Solutions continues to provide charitable services across England and Wales that are of public benefit through the delivery of our transformative services and approaches.

PLANS FOR FUTURE PERIODS

High Level Ambitions

Our high-level ambitions are guided by our mission to Improve the Quality of Life, and focus on extending our reach, expertise and impact.

Social Care

- Develop innovative pilot projects exploring new approaches to social care based around assets, strengths, and wellbeing
- Connect our Social Care and Communities activity to create new and additional benefits for the people we care for
- Develop personal commissioning and extended service offers

Support and Accommodation

- Continue to advance and integrate a Local Solutions approach to youth homelessness that is dynamic and demonstrates leadership in this work
- Develop our access to accommodation through ownership and partnership
- Identify new hostel provision for our young person's service
- Extend our offer to other vulnerable client groups

Communities

- Extend MyTime service into new geographical areas and roll out the new app for MyTime users
- Create pathways between community projects to extend and enhance our impact
- Take additional existing services into the community and make them more accessible to, and representative of, people and place.

Organisation

- Work towards new solutions for premises
- Review and refresh communications strategy including re-branding of Local Solutions.
- Further articulate our impact through dedicated annual reporting
- Recruit new Trustees to support the organisation in meeting future challenges and opportunities
- Enhance our expertise, learning and development and performance management

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For the year ended 31 March 2021

FINANCIAL REVIEW

Income and Expenditure

The overall surplus for the year was £100,048 (2020: £463,672 deficit). Income for the year has increased to £14,465,881 (2020: £14,275,999). Expenditure has decreased to £14,365,833 (2020: £14,739,671).

COVID-19 has impacted the results significantly with additional income being received via grant funding and Local Authority support to fund additional expenditure in various areas. There have been various ongoing challenges in relation to care delivery arising from the pandemic. Increased regulatory and legislative work, increases in National Minimum Wage rates and staff costs have all added pressure to already tight margins.

Domiciliary care services remain a substantial and crucially important part of Local Solutions. We have maintained a "Good" rating by the Care Quality Commission ("CQC") for all areas of our domiciliary care services. The sector continues to face challenges around the provision of domiciliary care services and Local Solutions, in conjunction with sector partners, continues to play a role in ensuring challenges are highlighted at regional and national levels.

The Liverpool Watersports Centre and Shopmobility were both affected by long periods of closure during the financial year in line with Government guidelines, resulting in significant loss of income, whilst still incurring fixed costs.

There was also significant investment in new projects and initial set-up costs of new initiatives, along with increased costs being incurred during the financial year in relation to COVID-19. Whilst most of the issues are outside of the organisation's control, we continue to respond to these challenges to minimise the financial impact as far as possible through cost saving measures, scenario planning and sourcing of new revenue streams.

Local Solutions has continued to make improvements in the efficiency of internal tasks. Technology plays an important role within the organisation, streamlining many previously laborious and cumbersome manual processes. Modernised systems help to deliver a range of high quality, customer focused services. The wide array of projects that Local Solutions delivers remains critically dependent on its highly motivated, hardworking, and committed workforce. It is of no surprise that the greatest proportion of the organisation's expenditure continues to relate to staff costs. This equates to 82% (2020: 82%) of total costs for the year ended 31st March 2021.

To comply with the Charity Governance Code, the financial implications associated with adherence to the Code are considered when setting the organisation's annual Budget and are expended as incurred.

Balance Sheet

The Balance Sheet remains strong despite the impact of challenges during the year. Cash flow has been satisfactory with a closing cash position of £1,613,603 (2020: £996,325) at the end of the year. This represents 1.3 times average monthly expenditure. The working capital position has remained positive throughout the year with no cause to access the overdraft facility of £450,000. Net assets of the charity have increased to £2,037,024 at the year-end (2020: £1,936,976).

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Reserves Policy

Charity reserves are that part of a charity's unrestricted funds that are available to spend at the discretion of the charity trustees. They are unrestricted and are intended to cover unanticipated reductions in income or to fund charitable activities.

The reserves policy seeks to ensure that Local Solutions can meet all its current cash flow needs and future obligations, while also enabling uninterrupted operation and provide time to adjust in the event of any change in financial circumstances.

As part of their regular assessment of the Charity's reserves requirements, the Board of Trustees has reviewed analyses of several scenarios in relation to reserves. It was agreed that no change to the reserves policy is required now but that this will be kept under annual review by the Finance, Audit and Risk Committee.

A significant proportion of Local Solutions' costs are contract-linked expenditure and therefore directly recoverable under contracts for services. This means that, in the event of the loss of one or more of these contracts, most of the costs associated with them would be transferred to the succeeding contractor. Following the loss of such a contract, Local Solutions would be left to cover central support costs which are not contract-linked.

The Trustees consider that it is appropriate for the Charity to hold reserves equivalent to two months' central support costs to which there is no directly linked contract. Based on the 2021/22 Budget, two months' central support costs currently amount to approximately £340,000. The current level of unrestricted free reserves is £1,210,199 providing a relatively comfortable 3.5 times of cover for the target level of central support costs.

Unrestricted free reserves are defined as unrestricted funds plus revaluation reserve less tangible fixed assets. Tangible fixed assets cannot be realised quickly and so are not included in the calculation of unrestricted free reserves.

The Trustees recognise the need to ensure the level of reserves is appropriate for the size of the organisation. The Finance, Audit and Risk Committee will keep reserve levels and the reserves policy under close review to ensure that reserves are adequate to meet the charity's cash flow needs and that the policy is fit for purpose.

Investment Policy

The Memorandum and Articles of Association sets out the company's powers of investment. Currently we do not hold any long-term investments. Short-term surplus funds are placed in cash deposit investment schemes with the company's bankers. The Trustees are satisfied with the return achieved given prevailing interest rates.

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.

LOCAL SOLUTIONS

REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT

For the year ended 31 March 2021

Going Concern

Following several years of losses and challenging underlying financial conditions for the organisation, the Trustees have taken various actions to address the situation. This includes substantial cost reductions, restructuring of operations and teams, and strengthened governance arrangements to improve risk monitoring and financial processes.

Trustees have commissioned both internal and external reviews of the strategy, operations, corporate structure, and governance of Local Solutions in light of the difficult financial position and the potential threats and opportunities arising from the COVID-19 pandemic. Three new committees have been established – Finance, Audit and Risk; People and Culture; Operations and Development – to provide a sound and effective decision-making and monitoring framework which will enable Local Solutions to deliver its charitable purposes in a financially sustainable and impactful way. The Finance, Audit and Risk Committee has been meeting monthly since October 2020 with a remit to closely monitor the financial position, require timely action to get back on track if significant variances vs budget emerge, and to identify, mitigate and manage risks appropriately.

During the latter part of the year, a robust restructuring programme, Project Sustainment, was undertaken to align costs more closely with income and to improve organisational resilience. Budgets and forecasts have been prepared by the Finance Team in detailed consultation with senior management. They have been scrutinised and reviewed by the Finance, Audit and Risk Committee. Assumptions used in the preparation have been discussed and challenged in detail and have been subjected to sensitivity analysis. This analysis includes an assessment of provisions that are made in the budget to provide a degree of headroom against negative variances.

The Charity has a strong Balance Sheet with a cash position of £1,613,603 and Net Assets of £2,037,024 at the end of the year. The working capital position has remained positive throughout the year with no cause to access the overdraft facility of £450,000. Given the Charity has no anticipated borrowings, the risk of any breach of terms or conditions associated with the overdraft facility is assessed as low.

A balance of £400,000 from an historic payment on account is owed to Liverpool City Council. A repayment arrangement is in place whereby this balance will be repaid over the course of the next four years, in equal annual amounts. The Committee views that there are adequate existing cash resources to be able to settle this outstanding debt in the unlikely event of changes to repayment term. The full balance is held within creditors on the charity's balance sheet.

Forecasts have been prepared for the coming year and beyond and the level of reserves has been assessed. Based on this the Trustees have a reasonable expectation that Local Solutions has adequate resources to continue operations for at least 12 months from the date of approval of these accounts. Trustees have reviewed the presumption that Local Solutions remains a Going Concern and have concluded this to be accurate and appropriate.

Further information in this respect is given in the principal accounting policies.

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.

LOCAL SOLUTIONS

REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT

For the year ended 31 March 2021

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.

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 is 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 is 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.

Trustee Indemnity Insurance

The Board of Trustees has the benefit of Trustee Indemnity Insurance which is authorised in the Articles of Association and is in relation to certain losses and liabilities which the Trustee(s) may incur to third parties in the course of acting as a Trustee (Director) of the Charity.

Auditor

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

LOCAL SOLUTIONS

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LOCAL SOLUTIONS

For the year ended 31 March 2021

OPINION ON THE FINANCIAL STATEMENTS

In our opinion, the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 March 2021 and of its incoming resources and application of resources 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.

We have audited the financial statements of Local Solutions ("the Charitable Company") for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet, the cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charitable Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises: Trustees Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so,

LOCAL SOLUTIONS

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LOCAL SOLUTIONS

For the year ended 31 March 2021

consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

We have nothing to report in respect of the following matters in relation to which 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the statement of trustee responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Charitable Company or to cease operations, or have no realistic alternative but to do so.

LOCAL SOLUTIONS

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LOCAL SOLUTIONS

For the year ended 31 March 2021

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As a part of our audit in accordance with United Kingdom Generally Accepted Accounting Practice; and requirements of the Companies Act 2006 we exercise professional judgement and maintain professional scepticism throughout the audit. Based on our understanding and accumulated knowledge of the Charity and the sector in which it operates we considered the risk of acts by the Charity which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. These included but were not limited to those that relate to the form and content of the financial statements, such as the Charities SORP 2019, Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice) the UK Companies Act 2006 and those that relate to the payment of employees. All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and improper revenue recognition associated with year-end cut-off. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to recoverability of debtors and valuation and completeness of deferred revenue;
- Revenue year end cut-off procedures;
- Identifying and testing journal entries, in particular any journal entries posted with specific unusual narrative, manual journals to revenue and cash, and review of journals posted to least used accounts;
- Discussions with management; including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Obtained an understanding of how the Charity is complying with those legal and regulatory frameworks such as Companies Act 2006 & Employment Taxes Act by making enquiries to management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and other evidence gathered during the course of the audit;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charity's internal control; and

LOCAL SOLUTIONS

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LOCAL SOLUTIONS

For the year ended 31 March 2021

- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:
HELEN KNOWLES
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Helen Knowles (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Manchester

02 September 2021

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 ended 31 March 2021

	Note	Unrestricted Funds	Restricted Funds	Total 2021	Total 2020
		£	£	£	£
Income and endowments from:					
Donations and legacies	1	111,552	29,598	141,150	145,599
Income from charitable activities	1	13,116,014	935,396	14,051,410	14,126,239
Coronavirus Job Retention Scheme	1	272,586	-	272,586	-
Income from investments	3	735	-	735	4,161
Total income		<u>13,500,887</u>	<u>964,994</u>	<u>14,465,881</u>	<u>14,275,999</u>
Expenditure on:					
Charitable activities	2	<u>13,457,951</u>	<u>907,882</u>	<u>14,365,833</u>	<u>14,739,671</u>
Total expenditure		<u>13,457,951</u>	<u>907,882</u>	<u>14,365,833</u>	<u>14,739,671</u>
Net (expenditure)/income		<u>42,936</u>	<u>57,112</u>	<u>100,048</u>	<u>(463,672)</u>
Net movement in funds		42,936	57,112	100,048	(463,672)
Reconciliation of funds					
Total funds brought forward at 1 April	11	<u>1,849,234</u>	<u>87,742</u>	<u>1,936,976</u>	<u>2,400,648</u>
Total funds carried forward at 31 March	11,12	<u>1,892,170</u>	<u>144,854</u>	<u>2,037,024</u>	<u>1,936,976</u>

All of the principal activities of the charity were continuing for the year ended 31 March 2021.

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

LOCAL SOLUTIONS

BALANCE SHEET

As at 31 March 2021

	Note	£	2021 £	£	2020 £
Fixed assets					
Tangible assets	8		1,100,003		1,042,053
Current assets					
Debtors	9	1,157,191		1,393,142	
Cash at bank and in hand		<u>1,613,603</u>		<u>996,325</u>	
		2,770,794		2,389,467	
Creditors: amounts falling due within one year	10	<u>(1,833,773)</u>		<u>(1,494,544)</u>	
Net current assets			937,021		894,923
Net assets			<u>2,037,024</u>		<u>1,936,976</u>
Funds					
Restricted	11		144,854		87,742
Unrestricted	11		1,210,355		1,153,119
Revaluation reserve	11		681,815		696,115
			<u>2,037,024</u>		<u>1,936,976</u>

The financial statements were approved by the Board of Trustees on 1st September 2021 and signed on their behalf by:



Hazel Snell

Chair

Company Number: 01792921

LOCAL SOLUTIONS

CASH FLOW STATEMENT

For the year ended 31 March 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Surplus for the financial year		100,048	(463,672)
Adjustments for:			
Depreciation, impairment and amortisation of fixed assets	8	34,185	36,860
Net interest (receivable)	3	(735)	(4,161)
Decrease in trade and other debtors	9	235,951	673,177
Increase in trade and other creditors	10	339,229	(574,370)
		<hr/>	<hr/>
Cash from operations		708,678	(332,166)
Taxation paid		-	-
		<hr/>	<hr/>
Net cash generated from operating activities		708,678	(332,166)
		<hr/>	<hr/>
Cash flows from investing activities			
Purchases of tangible fixed assets	8	(94,268)	(4,409)
Interest Received		735	4,161
Proceeds from disposal of Fixtures, Fittings & Equipment		2,133	2,437
		<hr/>	<hr/>
Net cash from investing activities		(91,400)	2,189
		<hr/>	<hr/>
Cash flows from financing activities			
Interest paid	3	-	-
Repayment of loans		-	-
		<hr/>	<hr/>
Net cash used in financing activities		-	-
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		617,278	(329,977)
Cash and cash equivalents at beginning of year		996,325	1,326,302
		<hr/>	<hr/>
Cash and cash equivalents at end of year		1,613,603	996,325
		<hr/>	<hr/>
Cash and cash equivalents comprise:			
Cash at bank and in hand		1,613,603	996,325
Bank overdrafts		-	-
		<hr/>	<hr/>
		1,613,603	996,325
		<hr/>	<hr/>

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 2021

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 2019 (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 trustees confirm that the Charity meets the definition of a public benefit entity under FRS 102.

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

GOING CONCERN POLICY

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 several contracts in place which secure income and cash flows for at least 12 months from the date of approval of these accounts. Forecasts have been prepared and reviewed for the forthcoming year and beyond, with various different scenarios and key assumptions being made to look at a variety of scenarios.

The Charity has a strong Balance Sheet with a cash position at the end of the year of £1,613,603 and Net Assets of £2,037,024. The working capital position has remained positive throughout the year with no cause to access the overdraft facility that is in place of £450,000.

The financial impact of the COVID-19 pandemic, in the main, has related to the temporary closure of operational revenue generating sites and a curtailment in delivery of some services. The Trustees and Management Team have managed expenditure robustly, cutting it significantly where possible and appropriate. In addition, specific additional support has been received from various Local Authorities and other bodies which has mitigated the negative impact of the pandemic on the Charity's finances.

The Trustees and the Management Team 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. They continue to monitor the various scenarios that reduced income levels could give rise to.

The overdraft facility is in the process of being renewed, even though the projections produced indicate that there will be no need to draw on it. Indeed, the projections show there to be considerable headroom if assumptions hold good.

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

In the light of the projections produced, including various scenario planning, and with the benefit of the various actions taken in the year, the Trustees and Management Team have a reasonable expectation that the Charity has adequate resources to continue in operational existence for at least 12 months from the date of approval of these accounts that the going concern basis remains appropriate.

INCOME

Fee income

Fee 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.

Grants receivable and Deferred Income

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.

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.

Coronavirus Job Retention Scheme income is accounted for within unrestricted charitable income, with the associated wage costs included within unrestricted charitable expenditure.

Donations and legacies

All monetary donations and gifts are included in full in the statement of financial activities when received, if there are no donor-imposed restrictions as to the timing of the related expenditure, in which case recognition is deferred until any pre-conditions have been met.

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

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

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

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.

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

EXPENDITURE

Expenditure is included on the accruals 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.

Allocation of Overheads

Local Solutions operates centralised services for senior management, human resources, finance, IT and services, and quality functions.

The costs of these centralised services are allocated to individual projects based on 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 deemed cost, net of depreciation and any provision for impairment.

Depreciation is calculated to write down the deemed cost less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their estimated useful economic lives.

The charity capitalises all individual items of fixed assets more than £3,000 for small items and £5,000 for fixed items.

Assets during construction are included within Fixed Assets as a separate category. Depreciation will only commence once the property is brought into use and will then be applied in line with the depreciation policy.

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

The rates generally applicable are:

- | | |
|---|----------------------------|
| - Freehold properties | - 2% of deemed cost |
| - Leasehold improvements | - Remaining life of leases |
| - Motor vehicles | - 5 Years |
| - Fixtures, fittings, equipment and computer software | - 2 to 5 Years |

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 Schemes

The pension costs charged against the operating surplus are the contributions payable to the schemes 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

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.

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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 8)

- Tangible fixed assets are depreciated over their useful lives considering 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 considered. 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 2021

1 ANALYSIS OF INCOME

	2021 £	2020 £
Donations deferred at 1 April 2020	23,072	29,409
Donations receivable in the year	118,078	139,262
Donations deferred at 31 March 2021	-	(23,072)
	<u>141,150</u>	<u>145,599</u>
	£	£
Project income deferred at 1 April 2020	240,716	168,929
Project income receivable in the year	14,552,760	14,198,026
Project income deferred at 31 March 2021	(469,480)	(240,716)
	<u>14,323,996</u>	<u>14,126,239</u>
	£	£
Analysis of income		
Project income for charitable services provided	14,051,410	14,126,239
Donations	141,150	145,599
Investment Income	735	4,161
Coronavirus Job Retention Scheme	272,586	-
	<u>14,465,881</u>	<u>14,275,999</u>
	£	£
Project income is analysed as follows:		
Social Care & Inclusion/Enablement	10,486,313	10,707,339
Young People & Families/ Engagement	3,268,990	3,342,334
Central Services	568,693	76,566
	<u>14,323,996</u>	<u>14,126,239</u>

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

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

1 ANALYSIS OF INCOME (continued)

Restricted Grants within Project Income

	2021	2020
	£	£
Liverpool City Council – AIMS2	25,000	50,000
Government & Local Authority COVID-19	513,025	-
Others	256,137	154,750
Lottery Funding	-	35,130
Comic Relief	125,406	79,844
Sports England	15,828	84,172
	<u>935,396</u>	<u>403,896</u>

Costs relating to COVID-19, for which Restricted Grants have been received from Government and Local Authorities, are included in Note 2 Restricted Expenditure

2 ANALYSIS OF EXPENDITURE

	Staff costs £	Other costs £	Depreciation £	2021 £	2020 £
Direct charitable expenditure	11,796,037	2,478,633	34,185	14,308,855	14,673,561
Governance costs	-	56,978	-	56,978	66,110
	<u>11,796,037</u>	<u>2,535,611</u>	<u>34,185</u>	<u>14,365,833</u>	<u>14,739,671</u>
	Staff costs £	Other costs £	Depreciation £	2020 £	2019 £
Direct charitable expenditure	12,133,399	2,503,302	36,860	14,673,561	13,861,845
Governance costs	-	66,110	-	66,110	77,832
	<u>12,133,399</u>	<u>2,569,412</u>	<u>36,860</u>	<u>14,739,671</u>	<u>13,939,677</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 £2,022,587 (2020: £1,759,262), which includes fundraising costs of £52,472 (2020: £92,201).

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 £17,600 (2020: £16,702).

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

Governance Costs	2021	2020
	£	£
Professional & Legal	39,378	49,408
Auditors' remuneration – statutory audit	17,600	16,702
Auditors' remuneration – other services	-	-
Governance costs at 31 March 2021	56,978	66,110

Contained within Restricted Expenditure are the following costs in respect of the Resources Unit funding:

	Restricted	Restricted
	2021	2020
	£	£
Salaries and on costs	583,845	240,820
Maintenance/repairs	38,298	74,988
Utilities	83	130
Volunteers expenses	-	218
Office expenses	18,111	28,791
Telephone/internet	10,612	5,067
Equipment	24,689	8,436
Bank Charges	-	-
Insurance	2,261	2,182
Travel	955	4,080
Local Authority Rates	21,998	-
Sundry expenses	207,005	64,961
Leasing costs	25	368
	907,882	430,041

Other costs of running these projects of £53,863 (2020: £122,147) are included in Unrestricted Fund Expenditure.

The following amounts are included in expenditure:

	2021	2020
	£	£
Depreciation	34,185	36,860
Operating Lease rentals:		
- Land & Buildings	306,671	343,864
- Other	9,382	10,269
Auditors Remuneration – statutory audit	17,600	16,702
Auditors Remuneration – other services	-	-

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3 INTEREST RECEIVABLE

	2021 £	2020 £
Other interest receivable and similar income	<u>735</u>	<u>4,161</u>

4 EMPLOYEES

Staff costs during the year were as follows:

	2021 £	2020 £
Wages and salaries	10,787,979	11,141,031
Social security costs	744,432	760,727
Other pension costs	263,627	251,640
	<u>11,796,038</u>	<u>12,153,398</u>

The average number of employees during the year was 743 (2020: 768).

	2021 Number	2020 Number
Project staff	736	760
Fundraising and publicity	2	2
Management and administration of the charity	5	6
	<u>743</u>	<u>768</u>

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

	2021 Number	2020 Number *
£60,001 to £70,000	2	3
£70,001 to £80,000	-	1
£80,001 to £90,000	2	1
£90,001 to £100,000	1	-
£100,001 to £110,000	-	-
£110,001 to £120,000	-	1
£120,001 to £130,000	-	-

*2020 prior year values have been amended to reflect a reinterpretation of the Charities SORP, whereby employers' National Insurance contributions, employers' pension contributions and termination amounts are excluded, and benefits-in-kind are included.

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

4. EMPLOYEES (continued)

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

	2021 £	2020** £
Pension contributions to money purchase schemes	<u>86,299</u>	<u>71,980</u>

During the year five higher paid employees (2020: six higher paid employees) participated in a money purchase pension scheme.

** 2020 prior year values have been amended to include Salary Sacrifice Pension Contributions.

During the year, a robust restructuring programme has been undertaken to put the charity on a more sustainable financial path and to improve resilience. Total redundancy and termination amounts agreed were £111,706 (2020: £40,000). The amounts are a combination of redundancy and severance payments. The accounting policy is to recognise redundancy or termination amounts on communication of intent and when reasonably quantifiable. Such amounts are accounted for as staff costs and are funded from unrestricted funds and have been provided for at 31 March 2021.

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, (2020: £NIL) during the year. There were no related party transactions in the 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, including employers' pension contributions and salary sacrifice pension contributions but excluding termination amounts, for key management personnel in the year totalled £484,534 (2020: £531,305). As a result of the restructuring programme mentioned in Note 4, the number of Key Management Personnel has been substantially reduced during the year. Termination amounts in respect of Key Management Personnel were £45,000 (2020: £20,000).

7 INDEMNITY INSURANCE

The Charity purchases Directors and Officers Liability Insurance. The cost of the premium in the year was £2,128 (2020: £2,128).

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

8 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Assets under Construction £	Motor vehicles £	Fixtures, equipment, fittings & computer software £	Total £
Cost					
At 1 April 2020	1,125,111	-	10,699	52,002	1,187,812
Additions	-	94,268	-	-	94,268
Disposals	-	-	-	(10,693)	(10,693)
At 31 March 2021	1,125,111	94,268	10,699	41,309	1,271,387
Depreciation					
At 1 April 2020	112,500	-	3,026	30,233	145,759
Provided in the year	22,500	-	2,136	9,549	34,185
Eliminated on disposals	-	-	-	(8,560)	(8,560)
At 31 March 2021	135,000	-	5,162	31,222	171,384
Net book amount at At 31 March 2021	990,111	94,268	5,537	10,087	1,100,003
Net book amount at 31 March 2020	1,012,611	-	7,673	21,769	1,042,053

Freehold buildings are included in the financial statements at deemed cost and depreciated at 2%. The Scotland Road site is included within freehold land and buildings at a deemed cost of £965,000. It was valued by Lambert Smith Hampton, commercial property consultants, at £1,080,000 on 2 May 2018.

Freehold land is not depreciated. Assets during construction are included within Fixed Assets with depreciation commencing once the asset is brought into use.

All tangible fixed assets were used for charitable purposes.

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

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

9 DEBTORS

	2021 £	2020 £
Accrued income	242,851	596,169
Trade debtors	726,682	607,831
Other debtors	21,931	19,432
Prepayments	165,727	169,710
	<u>1,157,191</u>	<u>1,393,142</u>

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade creditors	65,582	31,952
Other creditors	528,133	693,301
Social security and other taxes	120,188	180,139
Accruals	650,390	325,364
Deferred income	469,480	263,788
	<u>1,833,773</u>	<u>1,494,544</u>

Included within other creditors is an amount of £400,000 (2020: £500,000) owing in respect of a historic payment on account for Homecare provision from Liverpool City Council.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

11 FUNDS

	Revaluation Reserve £	Restricted funds £	Unrestricted funds £	Total £
At 1 April 2020	696,115	87,742	1,153,119	1,936,976
Incoming resources	-	964,994	13,500,887	14,465,881
Resources expended	-	(907,882)	(13,457,951)	(14,365,833)
Reserve transfer	(14,300)	-	14,300	-
At 31 March 2021	<u>681,815</u>	<u>144,854</u>	<u>1,210,355</u>	<u>2,037,024</u>
At 1 April 2019	710,415	82,205	1,608,028	2,400,648
Incoming resources	-	435,578	13,840,421	14,275,999
Resources expended	-	(430,041)	(14,309,630)	(14,739,671)
Reserve transfer	(14,300)	-	14,300	-
At 31 March 2020	<u>696,115</u>	<u>87,742</u>	<u>1,153,119</u>	<u>1,936,976</u>

12 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Revaluation Reserve £	Restricted funds £	Unrestricted funds £	Total £
Tangible Fixed assets	681,815	-	418,188	1,100,003
Current assets	-	499,993	2,270,801	2,770,794
Current liabilities	-	(355,139)	(1,478,634)	(1,833,773)
Liabilities over one year	-	-	-	-
Net assets at 31 March 2021	<u>681,815</u>	<u>144,854</u>	<u>1,210,355</u>	<u>2,037,024</u>
Tangible Fixed assets	696,115	-	345,938	1,042,053
Current assets	-	87,742	2,301,725	2,389,467
Current liabilities	-	-	(1,494,544)	(1,494,544)
Liabilities over one year	-	-	-	-
Net assets at 31 March 2020	<u>696,115</u>	<u>87,742</u>	<u>1,153,119</u>	<u>1,936,976</u>

LOCAL SOLUTIONS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

13 RETIREMENT BENEFITS

The charity operates two defined contribution pension schemes for the benefit of the employees. The assets of the scheme are administered by Trustees in a fund independent from those of the charity.

Included in accruals is an amount of £34,890 (2020: £40,406) owing in respect of the charity's pension schemes. This liability was paid subsequent to the year end.

14 OPERATING LEASE COMMITMENTS

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

	Leasehold properties 2021 £	Leasehold properties 2020 £
Not later than one year	70,750	84,229
Later than one year and not later than five years	80,000	80,000
Greater than five years	24,712	44,712
	<u>175,462</u>	<u>208,941</u>

15 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2020 £	Cash flows £	Other changes £	At 31 March 2021 £
Cash and cash equivalents	<u>996,325</u>	<u>617,278</u>	<u>-</u>	<u>1,613,603</u>

	At 1 April 2019 £	Cash flows £	Other changes £	At 31 March 2020 £
Cash and cash equivalents	<u>1,326,302</u>	<u>(329,977)</u>	<u>-</u>	<u>996,325</u>