

The Federation of  
Groundwork Trusts



# ANNUAL REPORT & FINANCIAL STATEMENTS 2017/18





## ABOUT GROUNDWORK UK

Groundwork is a charity working locally and nationally to transform lives in the UK's most disadvantaged communities.

We're passionate about creating a future where every neighbourhood is vibrant and green, every community is strong and able to shape its own destiny and no-one is held back by their background or circumstances.

We help people gain confidence and skills, get into training and work, protect and improve green spaces, lead more active lives and overcome significant challenges such as poverty, isolation, low skills and poor health.

Groundwork operates as a federation, harnessing the passion, skills and experience of more than 1,000 employees and hundreds of volunteer trustees across the UK. In 2017/18 the Groundwork federation delivered projects and programmes to a value of some £88 million.

Groundwork UK is the central body of Groundwork, responsible for the brand, systems and agreements that hold the federation together. We add value to Groundwork's local activities by building the organisation's profile, developing relationships with national partners, funders and commissioners, unlocking resources and managing programmes and contracts. We act as Groundwork's national voice in the outside world and help all parts of Groundwork share the benefits of being in a federation by providing opportunities to share knowledge, increase their resilience and learn from good practice.

Groundwork UK is registered as a company and charity under the name The Federation of Groundwork Trusts, denoting its status as the membership body for Groundwork Trusts. This report outlines the activity, priorities and financial position of Groundwork UK and sits within the wider narrative about Groundwork's collective achievements, which can be found in our federation impact report.

# CONTENTS

Chairman's statement.....	4
Governance .....	5
Objectives and public benefit.....	8
Strategic report.....	9
Overview.....	9
Activity highlights.....	11
Our plans for the future.....	17
Financial performance.....	19
Principal risks and uncertainties.....	23
Statement of trustees' responsibilities.....	24
Independent auditor's report.....	25
Statement of financial activities .....	28
Charity balance sheet.....	29
Cash flow statement.....	30
Notes forming part of the financial statements.....	31
Advisers .....	48
Board of Trustees, Committees and Executive Team .....	49

## The Federation of Groundwork Trusts operating as Groundwork UK

Charity registration no. 291558

Company registration no. 01900511

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# CHAIRMAN'S STATEMENT

This is my third year as Chairman of Groundwork and in that time our organisation has changed considerably. 36 years have passed since Groundwork was first established on Merseyside and many things are almost unrecognisable compared to those early beginnings.

The principles underpinning what we do, however, haven't changed at all. We're still focused on practical action – getting things done that make an immediate difference to the quality of life in local communities. Partnership remains core to the way we work – harnessing the talents and energy of people from all sectors to deliver holistic solutions to the challenges faced in local areas. Thirdly, our approach remains rooted in the principles of empowerment – providing the tools, resources and expert support to help people improve their own prospects and work with others to make change happen and to make it last.

These principles are very much to the fore in the programmes and campaigns we run. Supporting Tesco in delivering the national Bags of Help programme means we can utilise our professional expertise in managing grants alongside our ability to provide hands-on support to community groups. Our Groundwork Youth initiative, meanwhile, puts power and responsibility into the hands of our young ambassadors as they inspire and encourage their peers to take practical action in their own neighbourhoods.

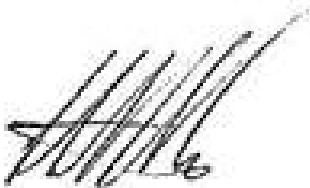
Unlocking the power and potential within communities to fashion solutions to their own challenges has never been more important. Analysis of spending by local authorities shows that those services and projects that exist to support communities and improve the environment have felt the brunt of funding cuts, with the steepest reductions in the areas that are already most disadvantaged.

We need to respond by ensuring that we are delivering our work as efficiently as possible while building the profile and relationships we need to unlock alternative sources of income. For this reason our strategy for 2020, which we have reviewed and refreshed during the year, commits us to a process of change designed to promote collaboration and support increased consolidation across our federation.

The last year has been a tough one for the voluntary sector as a whole as we continue to adjust to austerity, plan for the loss of EU funds and witness some high profile failings. If we don't use this as a springboard to improve the efficiency and effectiveness of our operations we will be doing a disservice to all those we exist to help.

Our national organisation has had a good year, delivering significant impact for communities through our programmes, building and managing the relationships we will need to diversify our income base and leading our federation-wide consolidation plan. We have also strengthened our reserves position, ensuring we have the resilience needed to continue supporting Groundwork's local operations in uncertain times.

My thanks go to our UK team and to all Groundwork staff, trustees and volunteers across the country for their tireless dedication to our mission. I'd also like to thank our many partner organisations – both national and local – for helping us deliver such impact in local communities. Our promise to you is that we will strive for quality in everything we do and show integrity and professionalism in the way we do it. Above all else we will put the needs of communities and our collective responsibility towards the environment first.



**Graham Hartley**  
Chairman

17 September 2018

# GOVERNANCE

## Registration numbers

Charity Registration Number 291558

Company Registration Number 01900511

## Structure

Groundwork UK is the operating name of The Federation of Groundwork Trusts, a charity and a company limited by guarantee. The governing documents are its Memorandum and Articles of Association, which were last amended by written resolution on 11 December 2009.

## Members

Membership of Groundwork UK comprises Groundwork Trusts. Groundwork Trusts are organisations which are registered charities and companies limited by guarantee with similar objects to Groundwork UK but delivering in a specific geographical area. A membership agreement sets out our internal roles, relationships and behaviours and the whole of Groundwork operates to a single, common strategy, which is overseen by our board of trustees.

## Board of trustees

The board of trustees comprises the trustees of Groundwork UK in accordance with the Charities Act 2011, who are also the directors of the company in accordance with the Companies Act 2006. The majority of our trustees are appointed from the boards of our member Groundwork Trusts. A number of independent trustees, including our Chair, are co-opted by the board to broaden its skills base or to enable us to benefit from specialist expertise or networks.

We take our governance responsibilities very seriously, recognising the need to ensure as much of our resource as possible is expended on delivering our charitable mission while ensuring our organisation is strong, well-managed and financially viable in the long term.

New trustees are provided with an induction to the organisation, which includes a specific focus on their role and responsibilities.

Trustees are responsible for ensuring sound organisational systems, processes and policies are maintained and embedded in the way Groundwork UK is managed. This includes policies governing our fundraising standards, our investments and our responsibilities to our staff, volunteers and beneficiaries. We pay particular attention to issues of health and safety, safeguarding, data protection and information security, each of which has a champion on our board, and maintain comprehensive business continuity arrangements. We undertake a regular skills audit of our board to ensure we have access to the expertise needed to run our organisation efficiently, effectively and safely.

The work of our board is supported by four sub-committees:

**Groundwork UK Committee** – supports our fundraising and business development processes, oversees the management of programmes and contracts for which Groundwork UK is the accountable body, ensures appropriate management of risk and governs the operational and financial performance of our organisation.

**Groundwork UK Audit Committee** – oversees our audit process and reviews our Annual Report and Financial Statements independently of the Groundwork UK Committee.

**Federation Executive Team** – executives from each Groundwork Trust support the board with the formulation of strategy for the whole of Groundwork, overseeing the operational and financial performance of all parts of the federation, including Groundwork UK, and supporting change management.

**Chairs' Committee** – assists with appointments to the Board, selection of the Chair and appointment of senior staff at Groundwork UK.

Groundwork UK's Management Team is led by the Chief Executive and includes senior staff members responsible for financial and business management, business development, communications and fundraising and programme management. This team is fully accountable to the Board and its Committees. It operates through delegated powers outlined in our financial regulations and provides regular reports on financial and operational performance and risk management.

## Relationships within Groundwork

Groundwork is a federation of independent charities, each working under a common brand to a common strategy. This strategy sets the direction, milestones and targets which influence operational decision-making across all parts of Groundwork and against which executives hold each other to account.

Within this strategic framework Groundwork Trusts make their own decisions about the project work they develop and deliver. The federation strategy supports this local decision-making by focusing on those areas of development and delivery where there is a need or an opportunity for Groundwork to act collectively in order to achieve maximum benefit for the communities it serves.

Groundwork UK delivers services and activities to support Groundwork Trusts by building brand and profile, generating income for local delivery and supporting quality and impact. Groundwork UK is held to account for its performance by its members. Each Groundwork Trust signs a membership agreement which sets down the obligations of Trusts to Groundwork UK and to each other and the services and standards Groundwork UK will deliver on behalf of the federation.

## Related party transactions

Each Groundwork Trust is an independent charity with similar aims to Groundwork UK. Each Trust is therefore responsible for its own management and administration, and for developing and delivering projects that meet its objectives and core purposes. The appointed trustees of Groundwork UK are, by definition, also trustees of Groundwork Trusts. However, the SORP determines that a charity is not necessarily related to another charity simply because a particular person happens to be a trustee of both. It will only be related if one charity subordinates its interests to the other charity in any transaction because of this relationship. Groundwork Trusts are therefore not considered to be related parties under the definition of the SORP and transactions between Groundwork UK and Groundwork Trusts do not require separate disclosure.

Groundwork UK has considered the other disclosure requirements of the SORP and believes that there are no other related party transactions except for those between itself and its wholly owned subsidiary companies, as listed on page 39.

## Our commitments

Everything we do is underpinned by our values, which inform the way we work and behave. We will be environmentally aware and focused on communities in need. We will be collaborative, show integrity and strive for quality in everything we do. Our decisions, actions and operations will also be guided by our sustainable development policy, which sets out how we aim to contribute to creating a strong and just society living within environmental limits.

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes". Funds we receive in this way are presented in our accounts as 'voluntary income' and include donations and gifts.

All of our fundraising is managed internally and we do not employ commercial participators or professional third-party fundraisers. The day to day management of all income generation activity is delegated to the senior management team, who are accountable to the trustees.

Groundwork UK is not required to be bound by any regulatory scheme. We are registered with the Fundraising Regulator and comply with relevant codes of practice. We have received no complaints in relation to fundraising activities. Our terms of employment require staff to behave in accordance with our values at all times. Given the nature and scale of our fundraising activities, we don't consider it necessary to design specific procedures to monitor these activities.

As a charity dedicated to supporting people who are vulnerable we are committed to ensuring our operations are delivered safely and to the highest ethical standards. We have committed to a federation-wide review of our arrangements for safeguarding and whistleblowing which will lead to us identifying and embedding best practice in terms of local management, governance oversight and transparent reporting.

# OBJECTIVES & PUBLIC BENEFIT

Groundwork UK's charitable objectives are set down in its Memorandum of Association and date from the interpretation of charitable activities when they were drafted in 1985, as amended at annual general meetings and by written resolution. They commit Groundwork UK to delivering and promoting regeneration and sustainable development as follows.

- To conserve, protect and improve the physical and natural environment anywhere in the United Kingdom and Republic of Ireland.
- To improve quality of life by providing welfare, recreation or leisure facilities.
- To advance public education in environmental matters.
- To promote urban or rural regeneration in areas of social and economic deprivation through:
  - » the relief of poverty and unemployment
  - » providing education, training or work experience for people who are unemployed
  - » delivering financial assistance, technical assistance, business advice or consultancy in order to help people get back to work
  - » creating training and employment opportunities by providing work space, buildings and land
  - » maintaining or improving public amenities such as footpaths and cycle ways
  - » the preservation of buildings or sites of historic or architectural importance
  - » reclaiming derelict land for use as open space
  - » providing public health facilities and schemes to promote healthier living
  - » alleviating anti-social behaviour and supporting crime prevention.
- To promote sustainable development for the benefit of the public by:
  - » preserving, conserving and protecting the environment
  - » promoting the prudent use of natural resources
  - » improving quality of life in socially and economically disadvantaged communities
  - » promoting sustainable means of achieving economic and social growth and regeneration
  - » educating the public in how to protect and improve the environment.
- To promote the efficiency and effectiveness of charities in helping them deliver their objectives by providing information, advice and assistance.

Groundwork UK's trustees have referred to the Charity Commission's general guidance on public benefit when reviewing the organisation's objectives and planning future activities. In particular, the trustees consider how planned activities will contribute to the charitable objectives set out above. Further details about the impact of Groundwork UK's activities during 2017/18 can be found on the following pages.

Our work at Groundwork UK sits within the wider context of the projects, programmes and services delivered by the whole Groundwork federation. Each independent Groundwork Trust determines its own priorities and has its own charitable objectives. Groundwork operates to a collective strategy which binds all federation members to a clear set of overarching goals in support of these objectives.

Our work is designed to address the needs of all sections of the community and we provide equal access to our services regardless of race, gender, disability or sexual orientation.

For further details about our work visit [www.groundwork.org.uk](http://www.groundwork.org.uk)



# STRATEGIC REPORT

## FOR THE YEAR ENDED 31 MARCH 2018

The Board of Trustees presents its report for the year ended 31 March 2018. This includes statements about our organisation (page 2), its objectives and governance (pages 5-8), our financial and operational review for the year (pages 9-13), our plans for the future (page 14) and details of our trustees, senior staff and advisers (pages 48-49).

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### 1.

#### Performance overview

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2017/18 was a year of positive performance for Groundwork UK with financial targets met, good levels of success against our KPIs and some exciting new programme opportunities in development.

During the year we have provided extensive support to local communities through the provision of grant funds in partnership with businesses, government, public agencies and housing organisations. We have supported Groundwork Trusts and other partner organisations to deliver practical support to those most in need – from designing gardens to help people with dementia to providing mentoring to help young care leavers find their feet and move towards employment. We have run events and campaigns to inspire and mobilise the next generation to become advocates of practical environmental action in their local community.

Through our management of national relationships and programmes we have helped Groundwork as a whole deliver more than **3,000 projects**, supporting nearly **7,000 community organisations**. We have used this experience to help inform the development of policy and practice, for example by contributing to the work of the government's **Parks Action Group** and working groups on the future of funding post Brexit. We have also striven to shine a light on the work being done – often by unsung volunteer groups – to provide support and hope to others in the local community, in particular through our national **Groundwork Community Awards**.

We have reviewed our progress and achievements in the year based on a '4 Ps' approach.

#### Planning

We take an organisation-wide approach to planning and reviewing our activities designed to ensure collective ownership by our staff and trustees. During 2017/18 we led a mid-term review of our five-year Groundwork 2020 strategy resulting in a refreshed set of aims and targets. Surveys undertaken during the year show that 91% of staff feel they are able to contribute directly to the organisation's success and 88% express high levels of confidence in the organisation's leadership and direction. 100% of staff say they understand our values. Our planning and people management processes have been recognised externally as excellent, reflected in our retention of the **Investors in People** Gold standard.

#### Performance

Performance against our business plan KPIs for the past year has been good with the majority of targets substantially met or exceeded by the year end. Financially we exceeded our projected income generation targets resulting in an increased operating surplus to help improve our reserves position. Our average level of programme

performance has been below target, impacted by the challenges faced by Groundwork Trusts and other partners in meeting stretching delivery targets on public sector contracts. However, average stakeholder satisfaction rates have remained high throughout the year at over 90%.

*Evaluation of the Tesco Bags of Help programme concluded that the support provided by Groundwork UK to grant recipients was well received with a satisfaction rating of 98%*

### Process

We manage our charity in a business-like way, ensuring we have the systems, skills and processes to operate safely, efficiently and effectively. During the year we have invested significant time in reviewing our safeguarding and data protection procedures and achieved **Cyber Essentials Plus** accreditation, demonstrating our commitment to high standards in information management. We regularly undertake reviews of our systems and processes as part of programme evaluations. Recent evaluation of the **Tesco Bags of Help** programme concluded that the support provided by Groundwork UK to grant recipients was well received with a satisfaction rating of 98%. We have also made significant strides in quality management, particularly in our ability to assess and continually improve the service we are providing to people engaged in programmes of learning.

### People

Recruiting, developing and retaining committed and capable employees is core to the way we operate and vital to our performance. Levels of staff turnover in the last year have been low and attendance rates high. Our staff survey showed an average 'very satisfied' rate of 80% (a 1% increase on last year). We have welcomed and inducted a number of new staff to our national team to supplement our grant and programme management capability. We have also refreshed the way our Board operates to ensure strategic discussions are informed by the knowledge, skills and networks of a wider group of trustees.

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## 2.

### Activity highlights

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Groundwork continues to deliver a rich tapestry of local projects, programmes and services that are transforming lives in local communities and helping more people get involved in taking action to improve their personal circumstances and the quality of life in their area.

Groundwork UK supports this activity by developing and managing national relationships, running contracts and programmes delivered by Groundwork Trusts and other partners and helping the federation share good practice, collaborate effectively and demonstrate the impact of its work.

Last year we helped Groundwork access **£88m of funding** to support our mission and directly distributed **£24m in grants** to help local groups improve their neighbourhoods.

Set out below are some of the ways in which our national activities have added value to Groundwork's local delivery.

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## 2.1

### Creating better places

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Helping communities improve, manage and use the shared outdoor spaces in their local areas has been at the core of our mission for nearly four decades and ongoing budget cuts in the public sector means creativity in how we do this is needed more than ever.

Groundwork helps people to organise and work together to create, protect, preserve, improve and manage parks, play areas, allotments and school grounds and to deliver a wide range of activities that celebrate the diversity of our communities. Each year more evidence shows how important good green spaces and good community facilities are to our wellbeing and there is increasing recognition that involving people in collective social action and connecting them with nature can bring real benefits in terms of physical activity, mental health, loneliness and integration.

Despite this, funding for 'neighbourhood services' has been cut dramatically, with even greater reductions in the most disadvantaged local authority areas. We're determined to demonstrate the huge social benefits to be gained from investing in a stronger infrastructure to help communities make change happen and make it last and are working with a network of partner organisations to influence policy and highlight best practice.

As part of this mission to help communities secure the resources and support they need to bring about change, we have continued to grow our portfolio of grant distribution activities.

Our partnership with **Tesco** to manage the **Bags of Help** programme in conjunction with greenspace Scotland has now seen **16,000 local community groups, charities and schools** benefit from more than £50m in funds generated from the sale of carrier bags. Projects supported range from wildlife gardens to community choirs with Tesco customers casting 186 million votes to determine how funds are distributed. Importantly, the programme is demonstrating how small grants can help build the capacity of local groups to improve their areas. More than 40% of groups funded say their project is helping them develop better working relationships with other organisations, including local authorities and nearly 60% say the funding has helped boost their ability to attract more volunteers.

*Projects supported range from wildlife gardens to community choirs with Tesco customers casting 186 million votes to determine how funds are distributed.*

Similar stories emerge from the small grant programmes we manage for the OneStop convenience store chain and the housing organisation Clarion. In the last year we have supported **770 projects** through **OneStop Carriers for Causes** including a grant to the Polish Mums and Children's Centre in Leicester, who improved an allotment space with



## GROUNDWORK IN ACTION PEMBROKESHIRE PUFFINS

Welsh swimming team Pembrookshire Puffins received £1,500 Tesco Bags of Help funding to support the 10th annual disability swimming gala for teams in the local area.

Pembrookshire Puffins was formed in 2005 and meet every Sunday during term time. Volunteer coaches train over 20 members – adults and children – who have a wide range of disabilities. The club provides a place for local disabled people to get fit, improve mobility and boost confidence.

Tesco Bags of Help funded paying for pool hire, trophies, printing of programmes and refreshments.

local families, teaching them to plant, grow and harvest vegetables and fruit. **Clarion's community grants programme** has seen **£400k invested in projects** which benefit residents such as the Stone Quarry Crew in East Grinstead who were funded to hold a traditional Christmas event which provided activities for residents from all backgrounds promoting community cohesion on the estate.

Our grant management expertise is also being accessed by public sector bodies. We continue to distribute grants on behalf of the **Ministry of Housing, Communities and Local Government** to support neighbourhood planning activities in local areas and recently secured a contract to work with the same department on the assessment of applications for its **Coastal Communities Fund**.

Our role as the **independent grant manager for HS2** is helping to support communities and businesses impacted by the project and has to the end of March seen 24 awards made. Fitzrovia Youth in Action received £75k for their project 'Active in Euston' which will provide sports activities and dance classes for local young people, as well as offering workshops on healthy living. At the other end of the route Upcycle Birmingham, a furniture recycling venture, received £70k to run the 'Upcycling Our Community' project, which will enable them to expand on their current volunteer opportunities by recruiting an experienced trainer to support people who are long-term unemployed.

We have a long track record of helping to unlock funds and promote voluntary action to improve and maintain green spaces and this expertise and capacity is being fed directly into the national debate unfolding around the future of funding for parks. We have harnessed the expertise of Groundwork's landscape architects to develop best practice in the design of dementia-friendly gardens through the **Living Through Landscapes** programme and have secured funds from the **Heritage Lottery Fund** to invest in our ability to engage more young people in the upkeep and management of parks and green spaces.

Adding value to this work is our growing network of business volunteers. During the year we have helped more than 500 volunteers from companies including **JLL, GVA and ENGIE** to support practical projects to benefit local communities across the country ranging from creating natural educational resources for deprived communities in Birmingham to developing 'energy gardens' at overground stations across London.

### Value and impact

Last year we helped Groundwork:

- **unlock over 400,000 hours of voluntary action to improve local communities**
- **improve and maintain 4,300 open spaces covering over 10 million square metres of land**
- **support 6,750 community organisations to carry out projects in their area**
- **plant 24,000 trees.**

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## 2.2

### Improving people's prospects

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Our economic future is difficult to predict, but what is certain is that many people will continue to need support to gain the confidence, skills and opportunity to find rewarding work and enjoy healthy, independent lives.

Economic change as a result of public sector austerity, Brexit and the development of new technologies will have big impacts on how we work, with some communities at risk of being more adversely affected than others.

Groundwork has always believed that no-one should be disadvantaged because of where they live or because of their background. We aim to stop talent and lives from being wasted due to long-term unemployment, a lack of aspiration or opportunity or poor health and wellbeing.

Across our federation we provide a range of projects and services to help people improve their prospects and maintain their independence and these are constantly being adapted to new circumstances. We have a particular focus on motivating and supporting young people who face challenging circumstances and disadvantage to raise their aspirations, build self-confidence and plan for their future.

Our national teams support this effort by generating resources and identifying good practice while maximising the opportunities for Groundwork's local projects and programmes to be built into the delivery of government contracts to deliver skills and employment support.

Many parts of Groundwork are engaged in partnerships to deliver support to those furthest removed from the labour market using **European Social Funds co-financed by the Big Lottery Fund** through its **Building Better Opportunities** programme. Groundwork UK has been leading the **Progress** programme in Coventry and Warwickshire, which provides tailored one-to-one support to vulnerable unemployed

or economically inactive young people through a dedicated Progress 'coach' for up to 12 months. **386 young people** have been supported on the programme with, to date, more than 100 moving into employment and education.

During the last year we achieved a long-standing aim of being awarded a national funding allocation from the Education and Skills Funding Agency, enabling us to support the delivery of skills and qualifications to those engaged in our programmes. This has enabled us to develop our capacity and put in place the systems we need to ensure we are continually improving the service we provide to learners.

This new capability will be used to ensure our programmes are delivering the support and skills needed by participants while responding to the priorities of local employers. In particular we are focused on evolving our long-standing and highly successful **Green Team** model into a vehicle for helping those who are out of work to prepare for entry level roles in sectors such as horticulture, construction, utilities and infrastructure management.

### Value and impact

Last year we helped Groundwork:

- support more than 40,000 young people to learn and achieve in partnership with 2,000 schools
- coach learners of all ages secure nearly 5,000 qualifications
- progress nearly 5,500 people into education, training or employment.

## GROUNDWORK IN ACTION

### Courtney's story

Courtney has gained employment skills and received mental health support thanks to Groundwork's 'Progress' project – a tailored programme of coaching and support for young people living in Coventry and Warwickshire.

Courtney said: "Progress has offered me the support I needed, both in helping me get a job and improving my emotional wellbeing and outlook.

"The sessions have focused my thoughts and feelings in situations, and how I respond to them. It has enabled me to find helpful ways to communicate and express my emotions or concerns. As a result, I don't feel as depressed and have significantly decreased my self-harming. I am now having a lot more positive, than negative, emotions and have a much more positive outlook on life."

'Progress' is a part of 'Building Better Opportunities' – a programme funded by the European Social Fund and the National Lottery, through the Big Lottery Fund.



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## 2.3

### Promoting greener living and working

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As the impacts of climate change begin to be felt and global agreements falter, the need for bottom-up action to create healthier, more sustainable communities is growing.

Climate-related events such as flooding and poor air quality impact first and worst on those who have least in our society. People living in more disadvantaged communities or more deprived circumstances are also more likely to be trapped in cold, damp homes or live in neighbourhoods with less access to fresh, healthy food.

Through our projects we help individuals, households and whole organisations think and act differently to reduce waste, conserve natural resources and cut carbon emissions. Those actions can in turn reduce bills, boost health and raise living standards.

Groundwork's **Green Doctors** tackle fuel poverty in targeted areas and our sustainable business consultants help firms large and small to manage their environmental impact. We work closely with our specialist local teams to identify opportunities to improve practice and unlock resources. We are a strategic partner of **AgilityEco** in providing fuel poverty support to households in the North West, West Yorkshire, London and Wales, working closely with local authorities in each area. Over the last year, Groundwork has delivered nearly **2,500 visits for vulnerable people** resulting in an average lifetime bill saving of over **£900 per household**.

*Our Young Green Leaders programme, funded by the Big Lottery Fund, has involved more than 700 young people in delivering social action activities in six areas of the country.*

We know that creating a more sustainable world means inspiring the next generation of decision makers to become champions and activists – at both neighbourhood and national level. Our **Groundwork Youth** initiative, made possible by generous funding from the **Esmee Fairbairn Foundation**, is providing a platform for empowering young ambassadors to engage their peers in national campaigns and deliver practical projects in their local areas.

Our **Young Green Leaders** programme, funded by the **Big Lottery Fund**, has involved more than **700 young people** in delivering social action activities in six areas of the country. Activities range from designing a climate change themed community garden in Manchester to establishing a website to encourage environmental pledges in Northamptonshire. Through the programme 42 young people have so far been supported to extend and deepen their local leadership role by working through a personal development programme with modules on communication, leadership and influencing others.

#### Value and impact

Last year we helped Groundwork:

- provide energy and water efficiency advice to 65,000 households
- support more than 2,400 businesses to operate more sustainably
- provide advice and practical solutions to help businesses and households avoid the equivalent of 4.8m kg of CO2 emissions.



## GROUNDWORK IN ACTION Katie's story

'Recycle Cycle Sundays' was created by Katie Campbell – a Groundwork Youth Ambassador who was tired of seeing litter on local beaches near her home city of Newcastle.

Inspired by the 'plogging' trend she wanted to create something that was more inclusive, so more people could join in. So she created cycling sessions and encouraged the local community to join her in getting fit and cleaning up as they went along.

Katie said: "It's disappointing when you see such a beautiful place and a beautiful beach and you come across so much litter.

"A lot of my generation is speaking up about issues such as the environment. Recycle Cycle Sundays is my way of getting involved and helping to encourage the local community to both protect and enjoy their outdoor spaces."



### 3.

## Our plans for the future

During 2017/18 all parts of Groundwork engaged in a process to review and refresh our collective five-year strategy, **Groundwork 2020**. Our plans for the future recognise the fact that, whatever the political backdrop, public spending will continue to decline due to cuts which are already 'locked in' to the system, local politicians will be focused on ensuring statutory services such as adult social care are protected and transformed and national politicians will be pre-occupied with all-consuming issues around exiting the EU.

Our strategy has a number of purposes:

- it provides a consistent foundation for business and operational planning across Groundwork
- it provides a single reference point to guide the priorities and activities of our national team at Groundwork UK
- it provides a powerful tool to support the communication of Groundwork's mission and the marketing of its services to external audiences.

It is summarised below.

## GROUNDWORK 2020

### Our mission

Groundwork is a charity working locally and nationally to transform lives in the UK's most disadvantaged communities.

### Our strategy

#### Between 2018 and 2020 we have collectively committed ourselves to:

- improving people's prospects
- creating better places
- promoting greener living and working

#### by delivering projects, programmes and services with the following targets:

- mobilise people of all ages to give one million hours of their time to social action in their communities
- inspire and support 100,000 young people to learn, achieve and develop as more active citizens
- help 10,000 people to progress in education, access training or start work
- provide advice, funding and practical support to 15,000 community groups
- improve and help look after 5,000 green spaces
- help 150,000 people save money on their bills or stay warm and well in their homes
- support 5,000 businesses to reduce their impact on the environment or increase their commitment to the community

#### and by transforming our organisation through the following priority actions:

- improving our communications and building a network of ambassadors and supporters giving their time, voice and money to support our mission
- strengthening and diversifying our income base by demonstrating our distinctive value to public sector commissioners and engaging more creatively with business partners
- increasing the quality and impact of our local projects and services by enabling our specialist staff to operate at bigger scale with better systems and support from high quality and consistent enabling functions.

Groundwork UK's business plan sets out what we will do over the next year to help the Groundwork federation work towards these strategic aims.

In the next year we will:

- develop and manage programmes that support delivery of Groundwork's mission
- build Groundwork's brand and supporter networks to support income diversification
- manage Groundwork's national operations and assets to support federation-wide consolidation.

Key elements in this plan include:

- growing the scope and scale of our grant administration contracts so that we can continue providing much needed resources to local community groups, including renewing a number of existing partnerships
- establishing new business partnerships based on our ability to help companies demonstrate their commitment to communities and their ability to deliver social value through their contracts and services
- using the experience and information gained through our programmes to build a case for investment in a stronger infrastructure to support community action
- building on the work initiated through our Groundwork Youth programme to build a national network of committed young activists and to encourage and equip more community organisations to operate in a more 'young people friendly' way
- disposing of our premises in central Birmingham and finding new accommodation so that we can meet our reserves policy and invest in the capability needed to strengthen our federation.

As part of its strategic review Groundwork collectively agreed to progress a plan for federation-wide consolidation aimed at increasing resilience, managing risk, supporting income diversification and growth and reducing duplication and cost.

2018/19 will be a year in which the details of this plan are agreed and the first steps implemented. This could have significant impacts on the way Groundwork UK is organised, managed and governed. Whilst our plan for the year ahead needs to stay flexible to enable us to respond to this change as it progresses, we will also lead work that we believe is integral to Groundwork realising its aspiration to be 'a significant, radical, national force for driving change in local communities'. This work plan includes:

- consolidating our business management functions into 'service hubs' better able to support local Groundwork delivery through consistent, high quality services
- working with federation colleagues and consultants to develop plans for consolidation in bidding and contracting, risk management and communications
- spearheading work to diversify and grow income streams through supporting collaborative business development and building the profile and relationships needed to unlock non-contract income.

We have kept our staff informed of these plans as they develop and are confident that we have the commitment, engagement and openness to change in the team to play our full part in building a better Groundwork.

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## 4.

### Financial performance

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Groundwork UK's net incoming resources for 2017/18 totalled £29 million (2017: £34 million), with an unrestricted surplus of £396k (2017: £ 268k). This includes an increase in the valuation of our Lockside property in Birmingham of £260k (2017: £161k). The underlying operating surplus of £136k (2017: £ 107k) exceeded budget by £38k and will help us bolster our reserves position.

In addition to the above income, we received funds and distributed grants totalling £6 million, funds for which we are responsible but which are not included in our stated turnover.

Our long-term financial strategy has three clear and linked strands as follows:

- to minimise our overhead costs to ensure discretionary spending is focused on supporting front line delivery and generating more income
- to achieve an operating surplus so that we can meet our reserves policy and increase the strength of our balance sheet
- to use this increased financial strength to withstand unexpected challenges ahead and to invest in the capability we need to help the whole of Groundwork diversify its income streams and ensure high quality provision.

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## 4.1

### Reserves

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In line with this financial strategy our trustees have agreed that we should aim to hold 12 months operating costs (c £1 million) in liquid reserves. We believe this is appropriate for the following reasons:

- to absorb short term setbacks such as loss or delays in funding
- to provide the working capital required to finance retrospective programme funding which can result in considerable timing differences between expenditure and receipt of funds
- to cover the cost of investing in staff training and development to develop new and improved services for Groundwork
- to cover the cost of developing new services, such as improved communications, research and quality and business information systems
- to set aside funds for capital assets such as ICT equipment and for properly equipping our properties
- to provide funding to cover any unforeseen downturn in activity, allowing alternative activity to be generated and/or a planned down-sizing of our staff team.

The above needs for reserves have to be balanced against the following factors:

- the need to be seen as a responsible charity by the Charity Commission, our partners and funders, our member Trusts within Groundwork and the communities we serve
- the need to avoid the creation or retention of unnecessary surpluses for which there is no future planned requirement or that bear no relation to our charitable aims.

Our level of free liquid reserves at the end of 2017/18 stands at £487k. Our general fund reserve does not include designated funds which have been set aside to support development, or restricted funds which represent advance payments by funders held by Groundwork UK pending completion of project work by Groundwork Trusts and other delivery partners.

At the end of the financial year, unrestricted reserves, excluding designated reserves, totalled £1,936k (2017: £1,540k) with restricted funds of £298k (2017: £224k). Designated Funds stand at £185k (2017: £236k). We continue to make prudent use of these designated funds to provide a platform for future development. They include £65k to support our drive to increase our brand recognition in order to diversify income sources, £26k to underpin the systems, skills and capacity we need to manage our operations effectively and £94k to facilitate change management across our federation. It is anticipated that all designated funds will be spent over the next two to three years.

Restricted funds can only be used in accordance with agreements reached with funders relating to programmes of work and therefore do not form part of the general reserves that are under the control of the trustees. These funds will all be distributed during 2018/19. The future movements on any such restricted funds reflect the long-term nature of Groundwork UK's programme activity and in no way reflects on the organisation's financial efficiency or performance.

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## 4.2 Investments

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The majority of the programme funds obtained by Groundwork UK are provided against specified projects for particular needs and are therefore of a restricted nature.

This funding is substantially distributed to member Groundwork Trusts and other delivery partners acting as subcontractors on programmes under our management or to third party organisations in the form of grants for local project activity. Therefore, any funds that are built up in advance of expenditure need to be kept as liquid as possible, whilst making every effort to maximise any available investment return.

Cash that is unrestricted in nature and is not required in the short term, which is regarded as six months, is considered for long term investment.

Since 2010 we have invested these funds with Barings Asset Management Ltd in a managed fund arrangement with a target to deliver an annual return of 5% above the Consumer Prices Index. The economic and political backdrop remains turbulent and uncertain with the result that, in the last year, our investments only returned a 2.9% increase (compared to 11% in the previous year). The value of units in the fund has grown by 37% since the initial investment. All of these funds can be converted into cash without notice or penalty, should there be an immediate need for liquid funds.

During the last year our trustees undertook a review of our investment arrangements and agreed to switch to new investment managers (Rathbones) with the aim of achieving the same or improved levels of return while accessing investment products with more transparent ethical arrangements. These new arrangements will be introduced during 2018/19.

We have reviewed the investment appetite of our trustees and consider that the current focus on protecting our capital from the volatility of the stock market while targeting steady, long-term growth, remains the most appropriate strategy.

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## 4.3 Grant making policy

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Groundwork UK's key activities are in part achieved through a programme of grants distributed to member Groundwork Trusts and other delivery organisations. Such grants are considered to be in the nature of performance related grants and are recognised in these financial statements to the extent that the projects which they are funding have been completed. All grant programmes have specific guidelines, criteria and priorities with a formal process of approval.

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## 4.4

### Principle funding sources

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The major sources of funding during the last year are set out below.

#### **Private sector grants and contracts - £25m (£32m in 2016/17)**

This includes funds provided by businesses, charitable trusts and foundations, most notably £20m provided by Tesco to support grants awarded through the Bags of Help programme. Other major funders during 2017/18 included OneStop, PwC, Clarion Housing Group and United Utilities.

#### **Public sector grants and contracts - £3m (£2m in 2016/17)**

This includes funding secured to deliver programmes and services on behalf of government departments, public bodies and lottery distributors. Major funders during 2017/18 included the Big Lottery Fund, the European Social Fund and the Ministry for Housing, Communities and Local Government.

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## 4.5

### Expenditure on charitable objectives

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In line with the objectives set in our Groundwork 2020 strategy and the Groundwork UK business plan, our expenditure in the year was directed towards the following activities.

#### **Grants to community groups - £22.5m (2017: £30m)**

providing resources to enable local communities to deliver projects aimed at improving their neighbourhoods

#### **Programme delivery - £3.5m (2017: 2.4m)**

providing resources to support front line delivery by Groundwork Trusts and other partner organisations as part of commissioned services or funded programmes

#### **Programme management - £1m (2017 £1.1m)**

providing management and coordination of local programme delivery, ensuring the needs of our partners and funders are met while learning from Groundwork's delivery to influence future programmes and policy

#### **Fundraising - £286k (2017: £290k)**

The cost of generating resources to support local delivery and enhance national programmes and campaigns

#### **Supporting our federation - £187k (2017: £128k)**

providing systems and services to enable Groundwork Trusts to communicate effectively, share knowledge and collaborate

#### **Running Groundwork UK - £562k (2017: £313k)**

ensuring Groundwork UK is effective and flexible and generating maximum revenue from its assets and investments to support its charitable objects.

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## 4.6

### Key performance indicators

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A number of key performance indicators are presented to our trustees on a quarterly basis to measure our success in income generation and programme management, levels of stakeholder visibility and satisfaction and progress against actions agreed in our plans for continual improvement. These KPIs are tracked on a rolling basis and compared to target levels of performance outlined in the business plan.

Monthly management accounts track progress against our business plan targets and reforecasts to the year end are made monthly. A key performance indicator is the amount of income secured as a percentage of forecast salaries and operating costs. This informs year end forecasts based on prior years' experience.

Performance during 2017/18 has been positive across the majority of indicators with targets exceeded in terms of income generation, visibility and stakeholder satisfaction. Programme performance has been a more mixed picture with high levels of success

achieved in our grant administration activities but more challenge encountered in meeting stretching targets attached to our programmes of subcontracted delivery. We have worked closely with our member Trusts and other delivery partners to address this through supportive performance management arrangements, keeping our funders fully informed.

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## 4.7

### Sustainable development report

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Groundwork's charitable mission is to promote sustainable development – helping communities and individuals develop the understanding and capability to take action and make choices that deliver social equity and economic prosperity while recognising the need to live within the earth's finite natural resources. In order to have credibility as an organisation we need to demonstrate that the principles of sustainable development underpin the way we go about our work. Our sustainable development policy commits us to reporting on how these principles are integral to the way we plan and manage our operations, support our employees and utilise our resources.

#### Areas of progress

We continue to make strides in ensuring that our staff adopt more sustainable practices in the workplace, both through ongoing reinforcement of messages around electricity use and waste but also through dedicated campaigns to promote sustainable travel, meat-free diets and volunteering. Our dedication to recycling has seen us achieve a Gold Recycling Standard from First Mile, with 92% of our waste being recycled in 2017. We have also extended the information and support we offer staff to promote active lifestyles and positive physical and mental health through awareness campaigns and the dissemination of training. During the year our trustees agreed to a proposal to switch our investment management arrangements to a company with a stronger commitment to ethical fund management and reporting. We continue to prioritise ethical suppliers in our purchasing arrangements for utilities, catering, cleaning and promotional materials.

#### Priorities for action

We recognise that, as a small team of people, our biggest potential opportunity for promoting sustainable development lies in the impact we can have on others through the programmes we manage and the campaigns we run. While some funders specifically require us to incorporate sustainability considerations in the due diligence we apply to organisations we fund and contract, this is not universal. We will look to extend this approach to as many programmes and partnerships as possible, including exploring the potential to signpost grant recipients to resources and support to help them deliver their projects and activities in a way that minimises harm and delivers positive environmental outcomes.

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## 5. Principal risks and uncertainties

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The Board of Groundwork UK fully accepts its responsibilities under the Charity Commission's Statement of Recommended Practice (SORP) for ensuring that the major risks to which the charity is exposed are identified and reviewed, and that there are systems in place to mitigate them. Major risks are those that have a high probability of occurring and would, if they occurred, have a severe impact on our ability to deliver our mission, either because they jeopardise our operational performance or damage our reputation and ability to generate income and support.

Groundwork UK's trustees regularly review the development and operation of our risk management process and receive quarterly updates on actions put in place to mitigate the most significant ongoing risks. Our process operates through both top-down and bottom-up mechanisms with risks identified by our staff teams and reviewed on a regular basis by our management team. All of Groundwork UK's major programmes are managed on a risk basis with individual risk registers used both as management and reporting tools. We have a comprehensive business recovery plan in place which is designed to ensure continuity of Groundwork UK's operations in the event of a crisis or disaster situation and which is tested through scenarios in each team.

The major areas of potential risk, for which we have active and specific mitigation strategies in place, are as follows:

- business failure, poor delivery quality or other reputational issues within the Groundwork federation or associated with our programmes jeopardises future income generation
- a serious incident occurs on a programme managed by Groundwork UK leading to reputational damage
- non-compliance with information security or data protection requirements leads to financial penalties and reputational damage
- an unexpected cessation or clawback of funding from a major partner, for example due to failure to meet targets or comply with funding requirements
- failure of our ICT or online systems results in significant loss of data or capability.

In addition, our trustees have recognised that the project to relocate our staff team following the planned disposal of our Lockside premises risks leading to disruption in our core business. Mitigating this risk is a key consideration in progressing our plans for a sale.

Groundwork UK recognises that risk management is an essential part of good business practice and an effective mechanism of good governance. The Board is committed to ensuring that risk management processes are embedded throughout the organisation, and that these processes are used to help identify at an early stage issues that affect performance or the achievement of our purpose. However, trustees also recognise that our process can only seek to manage rather than eliminate risk, and that it should therefore be only one of the tools that the Board uses to provide effective control and management of the administration of the charity.

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## 5.1 Financial instruments

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Groundwork UK's financial risk management objective is broadly to seek to make neither profit nor loss from exposure to currency or interest rate risks. Our policy is to finance fixed assets and working capital through a mixture of retained reserves and bank borrowing. Groundwork UK does not use hedge accounting. We finance fixed assets through borrowings for a term broadly expected to match the useful economic lives of the assets. We currently have an arrangement with our bankers such that no interest is payable if sufficient cash funds are held in our accounts.

# STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the Annual Report and 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 charity and of the incoming resources and application of resources, including the income and expenditure of the charity 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 charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 charity 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.

## Events after the year end

In line with our plans for the year, the trustees have agreed the sale of our Lockside building in order to generate additional funds to support consolidation in the Groundwork federation and to meet our reserves policy. This will also allow Groundwork UK to move to premises that are more suited to its current needs. A sale price of £2.45m has been agreed subject to contract.

## Disclosure of information by the trustees to the auditor

Each of the trustees has confirmed that, so far as they are aware, there is no relevant audit information of which Groundwork UK's auditor is unaware, and that they have taken all the steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that Groundwork UK's auditor is aware of that information.

Signed on behalf of the board of trustees.



**Graham Hartley, Chairman**

Date: 17 September 2018



# INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF THE FEDERATION OF GROUNDWORK TRUSTS (TRADING AS GROUNDWORK UK)

## Opinion

We have audited the financial statements of Groundwork UK (The Federation of Groundwork Trusts) ("the Charitable Company") for the year 31 March 2018 ended 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31st March 2018 and of the 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.

## 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## 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: the Annual report. The Trustees are responsible for the other information.

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

### **Opinions on other matters prescribed by the Companies Act 2006**

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.

### **Matters on which we are required to report by exception**

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 by the Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Charitable Company 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 Directors' responsibilities statement, 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.

### **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.

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.

The logo for BDO LLP, featuring the letters 'BDO' in a stylized font followed by 'LLP' in a smaller, simpler font.

### Kyla Bellingall (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor  
Birmingham

Date: 8th October 2018

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

# THE FEDERATION OF GROUNDWORK TRUSTS (GROUNDWORK UK)

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2018

		2018	2018	2018	2018	2017
		Unrestricted Funds		Restricted Funds	Total	Total
	Note	General	Designated			
		£	£	£	£	£
<b>Income From</b>						
Donations and Legacies	2	22,858	-	-	22,858	34,639
Charitable activities	3	3,256,248	19,270	24,843,858	28,119,376	33,976,059
Other trading activities	2	270,527	-	-	270,527	195,790
Investments	2	127,220	-	-	127,220	183,192
<b>TOTAL</b>		<b>3,676,853</b>	<b>19,270</b>	<b>24,843,858</b>	<b>28,539,981</b>	<b>34,389,680</b>
<b>Expenditure on</b>						
Raising funds	4	33,068	-	252,491	285,559	(289,562)
Charitable activities	5	3,541,035	30,429	24,517,092	28,088,556	(34,298,765)
<b>TOTAL</b>		<b>3,574,103</b>	<b>30,429</b>	<b>24,769,583</b>	<b>28,374,115</b>	<b>(34,588,327)</b>
Net gains on investment	11	123,145	-	-	123,145	146,620
Net income	8	225,895	(11,159)	74,275	289,011	(52,027)
Transfers between funds		40,000	(40,000)	-	-	-
Net (income/expenditure) after transfers		265,895	(51,159)	74,275	289,011	(52,027)
<b>Other recognised gains</b>						
Gains on revaluation of fixed assets for charity's own use		130,000	-	-	130,000	80,500
Net movement in funds		395,895	(51,159)	74,275	419,011	28,473
<b>Reconciliation of funds</b>						
Fund balances brought forward	18	1,539,888	236,322	223,537	1,999,747	1,971,274
Fund balances carried forward	18	1,935,783	185,163	297,812	2,418,758	1,999,747

Incoming resources and resources expended derive from continuing operations.

The company has no other recognised gains or losses other than those passing through the statement of financial activities.

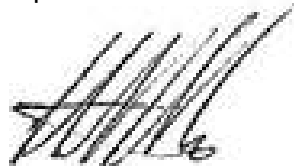
The notes on pages 31 to 47 form part of these financial statements.

# THE FEDERATION OF GROUNDWORK TRUSTS (GROUNDWORK UK)

## CHARITY BALANCE SHEET AT 31 MARCH 2018

<i>Company number 01900511</i>	Note	2018 £	2018 £	2017 £	2017 £
<b>Fixed assets</b>					
Tangible assets	9		1,042,169		912,219
Investment property	9		1,027,500		897,500
Investments	10		5		5
			<u>2,069,674</u>		<u>1,809,724</u>
<b>Current assets</b>					
Investments	11	964,506		937,486	
Debtors	12	6,413,127		4,482,721	
Cash at bank		4,881,084		4,252,632	
		<u>12,258,717</u>		<u>9,672,839</u>	
<b>Creditors: amounts falling due within one year</b>	13	(11,381,738)		(8,857,533)	
<b>Net current assets</b>			<u>876,979</u>		<u>815,306</u>
<b>Total assets less current liabilities</b>			<u>2,946,653</u>		<u>2,625,030</u>
<b>Creditors: amounts falling due in more than one year</b>	14		(479,293)		(557,029)
<b>Provisions for liabilities</b>	16		(48,602)		(68,254)
<b>Net assets</b>	17		<u>2,418,758</u>		<u>1,999,747</u>
<b>Reserves</b>					
Unrestricted funds:					
General Funds	18		1,608,283		1,342,388
Designated funds	18		185,163		236,322
Investment property revaluation	18		327,500		197,500
Restricted funds	18		297,812		223,537
			<u>2,418,758</u>		<u>1,999,747</u>

These finance statements were approved by the Board of trustees and authorised for issue on 17<sup>th</sup> September 2018 and were signed on its behalf by:



Graham Hartley  
Chairman

The notes pages 31 to 47 form part of these financial statements.

# THE FEDERATION OF GROUNDWORK TRUSTS (GROUNDWORK UK)

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

	Note	2017/18 £	2016/17 £
<b>Cash flow from operation activities</b>			
Net cash provided by operating activities	22	626,627	1,430,165
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments		127,220	183,192
Purchase of property, plant and equipment		(13,784)	(5,160)
Purchase of investments		(33,875)	(26,689)
		-----	-----
<b>Net cash provided by investment activities</b>		706,188	1,581,508
<b>Cash flows from financing activities</b>			
Repayments of borrowing		(77,736)	(77,736)
		-----	-----
Change in cash and cash equivalents in the reporting period		628,452	1,503,772
<b>Cash and cash equivalents at the beginning of the reporting period</b>		4,252,632	2,748,860
		-----	-----
<b>Cash and cash equivalents at the end of the reporting period</b>		4,881,084	4,252,632
		=====	=====

The notes pages 31 to 47 form part of these financial statements.

# THE FEDERATION OF GROUNDWORK TRUSTS (GROUNDWORK UK)

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### a) *Basis of preparation*

The financial statements have been prepared under the historical cost convention and comply with the Companies Act 2006. The financial statements have been prepared in accordance with applicable Accounting Standards and comply with the requirements of the Statement of Recommended Practice, "Charities SORP (FRS 102)".

The results of acquisitions are accounted for from the relevant date of acquisition under the acquisition method of accounting.

Accounting policies are supplemented by estimation techniques where judgement is required in measuring the value of income and expenditure and of assets and liabilities. The onerous lease provision at Fourways House has been calculated based on the estimation for future expenditure against potential future income. The building valuation at Lockside, Scotland Street, has been valued based on a professional surveyor's opinion

#### b) *Grants and other income*

Revenue and capital based grants are credited to the statement of financial activities in the year in which they are received or become receivable under the terms of a grant agreement.

Where grants are considered to be performance related, income is recognised to the extent that the services outlined in the funding agreement had been performed by the year end. Where income has been received but the related services had not been performed by the year end, the balance is carried forward as deferred income. Donations are accounted for on a cash received basis. Rental income is recognised in the period to which it relates.

Incoming resources have been allocated between the key strategic areas of activity on a basis consistent with the allocation of expenditure (note 1(d)).

#### c) *Grants payable*

Grants offered to Groundwork Trusts and other organisations are typically paid in stages, with stage payments dependent upon the submission of claims detailing the work that has been completed. Claims which fall due within the year, which relate to work completed before the year-end, have been accrued for if they had not been paid during the year.

#### d) *Expenditure*

All expenditure is accounted for on an accruals basis and has been listed under headings that aggregate all the costs related to that activity. Where costs cannot be directly allocated they have been allocated to activities on a basis consistent with the use of resources.

Costs of raising funds relate to the cost of external promotion and publicity to raise the profile of the charity and its objectives and costs associated with bids for funding.

Direct costs of charitable activities are those costs, which have been expended on delivery programmes. Support costs have been allocated to the key strategic areas of activity on the basis of the percentage of staff time spent on each of these areas.

e) *Funds*

Unrestricted funds are those which are available for use at the discretion of the Board of Trustees in furtherance of the general objectives of the charity. The Board may, at its discretion, set aside unrestricted funds for specific future purposes and these are referred to as Designated Funds. Where such funds are no longer required for the intended purposes they are released back to general unrestricted reserves.

Restricted funds are those which can only be used for purposes specified by the donor, or which have been raised under the terms of a specific bid. Expenditure under the terms of the grant agreement is shown as restricted expenditure.

f) *Depreciation*

Tangible fixed assets are stated at cost less provision for depreciation.

Depreciation is calculated so as to write off the cost less the estimated residual value of tangible fixed assets by equal annual instalments over their estimated useful economic lives as follows:

Leasehold buildings	-	50 years
Office equipment	-	4 years
Computer equipment	-	3 years

g) *Pensions*

The company contributes to two defined contribution schemes. Contributions are charged to the statement of financial activities as they become payable.

h) *Operating leases*

Rentals paid under operating leases are charged to the statement of financial activities on a straight-line basis over the life of the asset.

i) *Provisions*

Provisions for future liabilities are recognised when the charity has a legal or constructive obligation that can be reliably estimated and for which there is an expectation that payment will be made.

j) *Current asset investments*

Investments held are valued at market value. Unrealised gains and losses on the revaluation of investments are recognised in the statement of financial activities.

k) *Investment Properties and Revaluation of Fixed Assets*

The Charities SORP (FRS 102) requires that mixed use properties should be split between tangible fixed assets and investment property. Our property is valued on a fair value basis and has been split 50/50 based on two of the four floors being available to let. Going forward, an adjustment will be made each year end based on current fair value.



l) *Estimates and Judgements*

The property valuations referred to above are based on professional opinion of fair value from an RCIS qualified valuer at Savills (UK) Ltd, chartered surveyors. The property is valued at fair value, which is the price that would be received to sell an asset or transfer a liability in an orderly transaction by willing participants at the measurement date, 31<sup>st</sup> March 2018. The valuer's have determined that fair value is the value of the building and car park for residential use.

In addition, an estimate has been made by management on liabilities associated with an onerous lease on our Fourways House property in Manchester. The estimate is made based on expected future outgoings less secured income to the end of the lease in 2020.

## 2 Incoming resources

### Incoming resources from generated funds

	2018 Unrestricted £	2018 Designated £	2018 Restricted £	2018 Total £	2017 Total £
<b>Voluntary income</b>					
Donations and gifts	22,858	-	-	22,858	34,639
	-----	-----	-----	-----	-----
	22,858	-	-	22,858	34,639
	=====	=====	=====	=====	=====
<b>Other Trading Activities</b>					
Rental income	139,027	-	-	139,027	60,690
Membership Fee	131,500	-	-	131,500	135,100
	-----	-----	-----	-----	-----
	270,527	-	-	270,527	195,790
	=====	=====	=====	=====	=====
<b>Investment income</b>					
Rental income	83,575	-	-	83,575	146,131
Dividends	33,875	-	-	33,875	26,689
Bank interest	9,770	-	-	9,770	10,372
	-----	-----	-----	-----	-----
	127,220	-	-	127,220	183,192
	=====	=====	=====	=====	=====

## Incoming resources from charitable activities

	2018 Unrestricted £	2018 Designated £	2018 Restricted £	2018 Total £	2017 Total £
<b>Income on projects was provided by:</b>					
Central government	142,811	-	-	142,811	122,951
Local authorities	9,287	-	-	9,287	-
Public agencies	148,882	-	1,685,257	1,834,139	434,247
Private sector	2,805,600	19,270	21,825,838	24,650,708	31,056,842
National Lottery	-	-	1,231,765	1,231,765	1,281,115
Other	149,668	-	100,998	250,666	1,080,904
	<u>3,256,248</u>	<u>19,270</u>	<u>24,843,858</u>	<u>28,119,376</u>	<u>33,976,059</u>
<b>Income was allocated to:</b>					
Programme delivery	3,049,197	18,045	23,264,146	26,331,388	32,444,587
Programme management	120,265	712	917,576	1,038,553	1,094,782
Federation support	21,685	128	165,449	187,262	127,123
Running Groundwork UK	65,101	385	496,687	562,173	309,567
	<u>3,256,248</u>	<u>19,270</u>	<u>24,843,858</u>	<u>28,119,376</u>	<u>33,976,059</u>

For definitions of the above categories, see page 21

## 4 Cost of raising funds

	2018 Unrestricted £	2018 Designated £	2018 Restricted £	2018 Total £	2017 Total £
Staff costs	24,223	-	184,955	209,178	129,152
Other costs	8,845	-	67,536	76,381	160,410
	<u>33,068</u>	<u>-</u>	<u>252,491</u>	<u>285,559</u>	<u>289,562</u>

## 5 Charitable activities

	2018 Unrestricted £	2018 Designated £	2018 Restricted £	2018 Total £	2017 Total £
<b>Expenditure on projects related to the following activities:</b>					
Programme delivery	3,315,875	28,494	22,958,158	26,302,527	32,752,747
Programme management	130,784	1,124	905,507	1,037,415	1,105,180
Federation support	23,582	203	163,273	187,058	128,331
Running Groundwork UK	70,794	608	490,154	561,556	312,507
	-----	-----	-----	-----	-----
	3,541,035	30,429	24,517,092	28,088,556	34,298,765
	=====	=====	=====	=====	=====

	Grants Payable £	Other direct costs of activities £	Support Costs £	2018 Total £	2017 Total £
<b>Expenditure on projects comprised:</b>					
Programme delivery	22,519,652	3,034,738	748,137	26,302,527	32,752,748
Programme management	888,212	119,695	29,508	1,037,415	1,105,180
Federation support	160,154	21,583	5,321	187,058	128,331
Running Groundwork UK	480,793	64,791	15,972	561,556	312,506
	-----	-----	-----	-----	-----
	24,048,811	3,240,807	798,938	28,088,556	34,298,765
	=====	=====	=====	=====	=====

Analysis of grants	Grants to institutions £	Grants to individuals £	Grant support costs £	2018 Total £
Creating Better Places	23,012,211	-	764,500	23,776,711
Improving Peoples Prospects	767,929	-	25,512	793,441
Promoting Greener Living and Working	268,671	-	8,926	277,597
	-----	-----	-----	-----
	24,048,811	-	798,938	24,847,749
	-----	-----	-----	-----

Analysis of grants	Grants to institutions £	Grants to individuals £	Grant support costs £	2017/17 Totaltal £
Creating Better Places	29,410,669	-	962,338	30,373,007
Improving Peoples Prospects	890,824	-	29,148	919,972
Promoting Greener Living and Working	106,475	-	3,484	109,959
	-----	-----	-----	-----
	30,407,968	-	994,970	31,402,938
	-----	-----	-----	-----

The analysis of grants splits grants into our three thematic areas of work as described on pages 11-16.

	2018 £	2017 £
<b>Support costs are analysed as follows:</b>		
Staff costs	403,197	489,552
Temporary staff and recruitment	1,086	449
Legal and professional	20,898	38,144
Travel and subsistence	21,304	23,352
Training and meetings	5,322	20,225
IT support	129,701	185,884
Other costs	217,430	237,364
	-----	-----
	798,938	994,970
	=====	=====

## 6 Employees

The average monthly number of employees during the year, analysed by category, was as follows.

	2018	2017
Programmes	25	25
Management and administration	4	5
Fundraising and publicity	6	4
	-----	-----
	35	34
	=====	=====

The aggregated cost of these persons was as follows:

	2018 £	2017 £
Wages and salaries	1,078,047	1,049,010
Social security costs	106,050	102,215
Pension costs (see note 20)	178,154	170,503
	-----	-----
	1,362,251	1,321,728
	=====	=====

The emoluments of employees (excluding pension contributions) over £60,000 per annum are disclosed in £10,000 bands as follows.

	2018	2017
	£	£
£60,000 - £70,000	2	2
£80,000 - £90,000	1	1
	<u>          </u>	<u>          </u>

The key senior management personnel of the charity are the Chief Executive Officer, Director of Finance and Corporate Services, Director of Partnerships and Programmes and the Head of Contracts with a total cost in 2018 of £300,284 (2017 - £298,303).

Total contributions under defined contribution schemes on behalf of these higher paid employees were £15,601 (2017 - £15,490).

## 7 Transactions with trustees

No trustees received any remuneration for services performed on behalf of the charity. The accounts include £300 worth of donations made by one Trustee.

During the year ended 31 March 2018 12 Trustees (2017 - 12) received reimbursed travel and subsistence expenses amounting in total to £1,489 (2017 - £5,280).

## 8 Net incoming resources

	2018	2017
	£	£
Net incoming resources for the year is stated after charging:		
Auditor's remuneration:		
Audit - company	16,450	14,400
Depreciation	13,834	19,320
Rentals payable under operating leases:		
- Equipment	1,423	1,641
- Land and buildings	102,056	105,391
	<u>          </u>	<u>          </u>

Premiums of £6,736 (2017 - £6,132) were paid on a professional indemnity policy to protect the charity and trustees from loss arising from the neglect or defaults of trustees.

## 9 Tangible assets

	Long leasehold land and buildings £	Office and company equipment £	Total £
<i>Cost or Valuation</i>			
At 1 April 2017	1,178,433	787,278	1,965,711
Additions	-	13,784	13,784
Revaluation Reserve	130,000	-	130,000
	-----	-----	-----
At 31 March 2018	1,308,433	801,062	2,109,495
	-----	-----	-----
<i>Depreciation</i>			
At 1 April 2017	280,933	772,559	1,053,492
Charged for the year	-	13,834	13,834
	-----	-----	-----
At 31 March 2018	280,933	786,393	1,067,326
	-----	-----	-----
<i>Net book value</i>			
At 31 March 2018	1,027,500	14,669	1,042,169
	=====	=====	=====
At 31 March 2017	897,500	14,719	912,219
	=====	=====	=====

### Investment property

	Long leasehold land and buildings £
<i>Cost or Valuation</i>	
At 1 April 2017	897,500
Revaluation Adjustment	130,000
	-----
At 31 March 2018	1,027,500
	=====

## 10 Investments held as fixed assets

	Shares in subsidiary undertakings £
Cost	
At 1 April 2017	5
Additions	-
	-----
At 31 March 2018	5
	=====

Name	Nature of business registration	Country of registration	Class of shares held	Proportion
Groundwork Trade Association Ltd	Dormant	England	Ordinary	100%
Groundwork Enterprises Ltd	Dormant	England	Ordinary	100%
Groundwork UK Ltd	Dormant	England	Ordinary	100%
Groundwork North West Ltd	Dormant	England	Ordinary	100%
Groundwork NW Ltd	Dormant	England	Ordinary	100%
The Crime Concern, Marks & Spencer, Groundwork Partnership ("Youthworks")	Dormant	England	Guarantee	100%
Groundwork in the North West	Dormant	England	Guarantee	100%
Groundwork South East	Dormant	England	Guarantee	100%

All of the above companies are registered in England and Wales.

Subsidiary undertaking	Net assets		Retained surplus for the year	
	2018 £	2017 £	2018 £	2017 £
Groundwork Trade Association Ltd	4,000	4,000	-	-
Groundwork Enterprises Ltd	25,002	25,002	-	-
Groundwork UK Ltd	1	1	-	-
Groundwork North West Ltd	1	1	-	-
Groundwork N W Ltd	1	1	-	-
Youthworks	-	-	-	-
Groundwork in the North West	-	-	-	-
Groundwork South East	-	-	-	-
	=====	=====	=====	=====

## 11 Current asset investments

	Listed investments £
Cost	
At 1 April 2017	937,486
Income reinvested dividend	33,875
Net loss on revaluation	(6,855)
	-----
At 31 March 2018	964,506
	=====

Note: net gains (losses) shown in the SOFA on page 24 includes a £130,000 gain on investment property (note 9)

## 12 Debtors

	2018 £	2017 £
Grants receivable	4,798,378	1,469,956
Other debtors	4,869	4,689
Prepayments and accrued income	1,609,880	3,008,076
	-----	-----
	6,413,127	4,482,721
	=====	=====

## 13 Creditors

	2018 £	2017 £
Bank loans	77,736	77,736
Grants due and payable	2,200,915	944,129
Social security and other taxes	45,260	74,179
Other creditors	14,181	58,157
Accruals	8,879,398	7,277,578
Deferred income (note 15)	164,248	425,754
	-----	-----
	11,381,738	8,857,533
	=====	=====



#### 14 Creditors: amounts falling due in more than one year

	2018 £	2017 £
Bank loan	479,293	557,059
	-----	-----
Bank loan: 1 Year	77,736	77,736
2 to 5 years	233,208	233,208
> 5 Years	168,349	246,085
	-----	-----
	479,293	557,029
	-----	-----

Creditors include amounts not wholly repayable within 5 years as follows

	2018 £	2017 £
Bank loans	168,349	246,085
	=====	=====

Bank loan relates to mortgage loan, secured over Groundwork UK's leasehold property in Birmingham (Lockside), being repaid by monthly instalments. Interest is charged on the outstanding amount at 2.75% over the banks' base rate. The charity has an arrangement with its bankers such that no interest is payable if cash funds are held with its bankers in excess of loan amounts.

#### 15 Deferred income

Movements in deferred income during the year were as follows.

	Balance at 1 April 2017 £	Transferred from deferred income £	Balance at 31 March 2018 £
Programmes	425,754	261,506	164,248

Net incoming resources as show in the Statement of Financial Activities result from the following.

	Income Received £	Transferred from deferred income £	Net incoming resources £
Unrestricted funds	28,278,475	261,506	28,539,981

Deferred income related to income received for programmes with delivery in the next year.

## 16 Provisions for liabilities

	Onerous lease £
<b>Charity</b>	
At 1 April 2017	68,254
Additions	21,914
Utilised	(41,566)
	-----
At 31 March 2018	48,602
	=====

The provisions relate to an onerous lease provision on Groundwork UK's Fourways House premises in Manchester. During prior years the charity reduced its usage of the building on which it has a lease which runs until 2020. The provision represents any rent and service charges due to be paid less any expected amounts receivable from sub-letting the property.

## 17 Analysis of net assets at 31 March 2017

	Unrestricted funds £	Restricted funds £	Total £
Tangible fixed assets	912,219	-	912,219
Investment property	897,500	-	897,500
Investments	5	-	5
Net current assets	591,769	223,537	815,306
Long term creditors	(557,029)	-	(557,029)
Provisions	(68,254)	-	(68,254)
	-----	-----	-----
	1,776,210	223,537	1,999,747
	=====	=====	=====

## Analysis of net assets at 31 March 2018

	Unrestricted funds £	Restricted funds £	Total £
Tangible fixed assets	1,042,169	-	1,042,169
Investment property	1,027,500	-	1,027,500
Investments	5	-	5
Net current assets	579,167	297,812	876,979
Long term creditors	(479,293)	-	(479,293)
Provisions	(48,602)	-	(48,602)
	-----	-----	-----
	2,120,946	297,812	2,418,758
	=====	=====	=====

## 18 Statement of funds

### Unrestricted funds

	Designated fund £	Revaluation reserve £	General fund £	Total £
At 1 April 2016	281,457	117,000	1,155,041	1,553,498
Incoming resources	34,639	-	3,732,246	3,766,885
Resources expended	(59,774)	-	(3,564,899)	(3,624,673)
Property revaluation	-	80,500	-	80,500
Transfers	(20,000)	-	20,000	-
	-----	-----	-----	-----
<b>At 31 March 2017</b>	<b>236,322</b>	<b>197,500</b>	<b>1,342,388</b>	<b>1,776,210</b>
	=====	=====	=====	=====

### Statement of funds

#### Unrestricted funds

	Designated fund £	Revaluation reserve £	General fund £	Total £
At 1 April 2017	236,322	197,500	1,342,388	1,776,210
Incoming resources	19,270	-	3,676,853	3,696,123
Resources expended	(30,429)	-	(3,450,958)	(3,481,387)
Property revaluation	-	130,000	-	130,000
Transfers	(40,000)	-	40,000	-
	-----	-----	-----	-----
<b>At 31 March 2018</b>	<b>185,163</b>	<b>327,500</b>	<b>1,608,283</b>	<b>2,120,946</b>
	=====	=====	=====	=====

The designated fund represents funds allocated for the development of new programme activities.

Transfers during the year relate to previously received donations brought back into general funds.

#### Restricted Funds

Restricted funds comprise performance related grants as follows

	Balance at 1 April 2016 £	Incoming resources £	Resources expended £	Balance at 31 March 2017 £
Tesco Bags of Help Programme	-	28,511,853	(28,511,853)	-
Other Programmes	417,776	2,257,562	(2,451,801)	223,537
	-----	-----	-----	-----
<b>At 31 March 2017</b>	<b>417,776</b>	<b>30,769,415</b>	<b>(30,963,654)</b>	<b>223,537</b>
	=====	=====	=====	=====

	Balance at 1 April 2017 £	Incoming resources £	Resources expended £	Balance at 31 March 2018 £
Tesco Bags of Help	-	20,198,325	(20,198,325)	-
Other	223,537	4,645,533	(4,571,258)	297,812
<b>At 31 March 2018</b>	<u>223,537</u>	<u>24,843,858</u>	<u>(24,769,583)</u>	<u>297,812</u>

Programme funds are only available for expenditure in accordance with the funders' directions.

Restricted funds include the following National Lottery grants.

	Balance at 1 April 2016 £	Incoming resources £	Resources expended £	Balance at 31 March 2017 £
Big Potential Advanced	-	93,254	(93,254)	-
Building Better Opportunities	-	700,368	(597,562)	102,806
Communities Living Sustainably	82,468	147,390	(229,858)	-
	-----	-----	-----	-----
<b>Total</b>	<u>82,468</u>	<u>941,012</u>	<u>(920,674)</u>	<u>102,806</u>

	Balance at 1 April 2017 £	Incoming resources £	Resources expended £	Balance at 31 March 2018 £
Building Better Opportunities	102,806	721,849	(775,432)	49,223
Heritage Lottery Fund	-	13,800	(13,800)	-
	-----	-----	-----	-----
<b>Total</b>	<u>102,806</u>	<u>735,649</u>	<u>(789,232)</u>	<u>49,223</u>

## 19 Commitments under operating leases

As at 31 March 2018, the charity had total commitments under non-cancellable operating leases as set out below.

	2018 £	2017 £
Year 1	102,175	100,702
Year 2	102,056	100,569
Year 3	76,542	75,427
	-----	-----
	<u>280,773</u>	<u>276,698</u>

## 20 Pensions

During the year ended 31 March 2018 Groundwork UK paid contributions into a defined contribution scheme. The total charge to the defined contribution scheme amounted to £178,154 (2017 - £170,503). There were no contributions either pre-paid or outstanding at the year-end or the previous year end.

## 21 Related party transactions

At the year-end a balance of £4,000 (2017 - £4,000) was owed to Groundwork Trade Association Limited, a wholly owned subsidiary of the company.

## 22 Reconciliation of net income to net cash flow from operating activities

	2018	2017
	£	£
Net income /(expenditure) for the reporting period (as per the SOFA)	289,011	(52,027)
<b>Adjusted for:</b>		
Net gains on investments	(123,145)	(146,620)
Depreciation charge	13,834	19,320
Investment Income	(127,220)	(183,191)
(Increase) / Decrease in debtors	(1,930,406)	(3,829,105)
Increase / (Decrease) in creditors	2,524,205	5,658,788
Increase / (Decrease) in provisions	(19,652)	(37,000)
Net cash provided by / (used in) operating activities	<u>626,627</u>	<u>1,430,165</u>

## 23 Grants payable

All grants payable relate to institutional grants paid to Groundwork Trusts, delivery partners and community groups. The detailed breakdown of all grant payments is available on request from the charity's principal address.

## 24 Acknowledgements

Groundwork UK would like to thank all its funders. In particular, substantial major contributions were received from the following organisations.

	£
Agility Eco	8,232
Big Lottery Fund and ESF Building Better Opportunities grant	721,849
Careers & Enterprise Fund	100,998
Clarion Housing Group	334,968
Ministry for Housing, Communities and Local Government	142,811
Esmee Fairbairn Foundation	75,000
HS2 Limited	1,637,602
Learning Through Landscapes	116,138
Locality	27,996
Heritage Lottery Fund	13,800
NCS Trust	5,000
One Stop Stores	1,309,853
Price Waterhouse Coopers	30,854
Royal Society of Wildlife Trusts	382,839
Education & Skills Funding Agency	9,941
Sport England	237,875
Tesco PLC	22,661,916
United Utilities	82,210

## 25 Financial Instruments

The Company's financial instruments may be analysed as follows

	2018 £	2017 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit and loss	1,992,006	1,834,986
Financial assets that are debt instruments measured at amortised cost	12,258,717	9,672,839
	-----	-----
	<u>14,250,723</u>	<u>11,507,825</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	11,861,031	9,414,562
Derivative financial instruments designated as hedges of variable interest rate risk		-
	-----	-----
	<u>11,861,031</u>	<u>9,414,562</u>

Financial assets measured at fair value through profit or loss comprise fixed asset investments in unlisted company shares and current asset investments in a trading portfolio of listed company shares.

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors, amounts owed by joint ventures and associated undertakings.

Financial liabilities measured at amortised cost comprise convertible loan stock, irredeemable preference shares, bank loans and overdrafts, trade creditors, other creditors and accruals.

Information regarding the company's exposure to and management of credit risk, liquidity risk, market risk, cash flow interest rate risk, and foreign exchange risk is included in the Directors' report.

# ADVISERS

## Auditors

BDO LLP  
Two Snowhill  
Birmingham  
B4 6GA

## Bankers

The Co-operative Bank plc  
PO Box 82  
118-120 Colmore Row  
Birmingham  
West Midlands  
B3 3BA

HSBC  
114 High Street  
Stourbridge  
West Midlands  
DY8 1DZ

Scottish Widows Bank plc  
PO Box 12757  
67 Morrison Street  
Edinburgh  
EH3 8YJ

## Solicitors

Anthony Collins Solicitors LLP  
134 Edmund Street  
Birmingham  
B3 2ES

Bates, Wells & Braithwaite  
2-6 Cannon Street  
London  
EC4M 6YH

## Investment Managers

Baring Asset Management Limited  
155 Bishopsgate  
London  
EC2M 3XY



# THE BOARD OF TRUSTEES

The trustees (who are the directors of the company in accordance with the Companies Act 2006) on the date of approval of this report, or who served as trustees at any time during the year reported on, are as follows:

Appointed trustees	First appointed	Last appointed	Retired/resigned
Stuart Baker	November 2007	AGM 2017	
Tony Berry	August 2012	AGM 2015	Resigned March 2018
John Bland	March 2018		
Jenny Bradley	June 2015	AGM 2015	Resigned May 2018
Ian Brown	March 2016	AGM 2016	
June Campbell	September 2014	AGM 2015	
Bryn Davies	December 2013	AGM 2017	Resigned Aug 2018
Wendy Golland	September 2014	AGM 2017	
Mike Master	September 2008	AGM 2017	
Alan Smith	June 2014	AGM 2017	
Co-opted trustees	First appointed	Last appointed	Retired/resigned
Kate Culverhouse	December 2013	AGM 2017	
Graham Hartley (Chair)	August 2015	AGM 2015	
Steve Harvey	December 2013	AGM 2017	Resigned March 2018
Geoff Howsego	June 2012	AGM 2015	
Mike Ormerod	June 2018		
Erica Zimmer	March 2013	AGM 2013	Resigned Sept 2017

Company Secretary: Paul Viles

## Committees of the Board

Chairs' Committee – Chair: Graham Hartley

Federation Executive Team – Chair: Mike Ormerod

Groundwork UK Committee – Chair: Geoff Howsego

Audit Committee – Chair: Mike Master

Chief Executive: Graham Duxbury

