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GROUNDWORK North London
(A Company limited by guarantee)
YEAR END 31 MARCH 2009

DIRECTORS' REPORT

The Directors, who are also the Trustees of the charity, have pleasure in presenting their report and financial statements of Groundwork North London ("The Trust") for the year ended 31 March 2009.

Directors and Trustees

Dinah Nichols	Chair	Groundwork UK Nominated
John Smith	Hon Treasurer	Groundwork UK Nominated
Cllr Anna Berent		London Borough of Islington Nominated (<i>resigned 14 May 2009</i>)
Cllr Wally Burgess		London Borough of Islington Nominated (<i>appointed 19 May 2008; resigned 14 May 2009</i>)
Cllr Jill Fraser		London Borough of Camden Nominated (<i>appointed 19 August 2008; resigned 11 June 2009</i>)
Richard Merrin		London Borough of Camden Nominated (<i>resigned 11 June 2009</i>)
Cllr Lee Rowley		City of Westminster Nominated (<i>resigned 21 October 2008</i>)
Cllr Audrey Lewis		City of Westminster Nominated (<i>appointed 21 October 2008; resigned 12 May 2009</i>)
Jerome Frost		Co opted (<i>resigned 28 April 2009</i>)
Theodore Spyrou		Co opted (<i>resigned 28 April 2009</i>)
Paul Acland		Co opted (<i>resigned 28 April 2009</i>)
Darren Levy		Co opted (<i>appointed 8 April 2008; resigned 28 April 2009</i>)
Brian Haley		Co opted (<i>appointed 21 October 2008; resigned 28 April 2009</i>)

Trust Administrative details and Advisers

Executive Director
Company Secretary
Principal and Registered Office

Nicholas Durston
Stuart Harrison
12 Baron Street
London N1 9LL
02897074
1040347

Company Number
Registered Charity Number

Auditors

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3rd Floor, Marlborough House
179-189 Finchley Road
London, NW3 6LB

Bankers

The Royal Bank of Scotland plc
London Holborn (A) Branch
127 High Holborn
London WC1 6PQ

Solicitors

Bates, Wells & Braithwaite
61 Charterhouse Street
London EC1M 6HA

Russell-Cooke
2 Putney Hill
London SW15 6AB

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Structure, Governance and Management

Groundwork is a Federation of Trusts in England, Wales and Northern Ireland, each working with partners to improve the quality of the local environment, the lives of local people and the success of local businesses in areas in need of investment and support. The Partnership Agreement is a bilateral agreement jointly signed by both the Trust and the Federation, setting out the obligations, defining the minimum quality and ethical standards, setting out the core values and defining the circumstances and procedures whereby Trusts may be required to leave the Federation.

Each Trust is a partnership between the public, private and voluntary sectors with its own Board of Trustees. The work of each Trust is supported by the national and regional offices of GWUK.

The Trust is a registered charity and company limited by guarantee and is governed by its memorandum and articles of association. This is the Trust's 15th year of operation in Camden, 8th year in Islington, 3rd year in Westminster and 2nd year in Haringey.

The Governing body of the Trust is the Board of Trustees whose members are unpaid. The Board comprises not more than 15 Directors of whom not more than seven are nominated by the members and not more than eight co opted by the Board itself. Nominated Directors serve for a fixed period not exceeding three years and co opted directors not exceeding two years.

The members of the Trust who may nominate directors (not more than 7) are as follows:

Groundwork UK	2
London Borough of Camden	2
London Borough of Islington	2
Westminster City Council	1

The Board is responsible for major strategic decisions and has ultimate responsibility for the conduct and financial viability of the organisation. The full Board meets formally four times a year. Specific HR and Finance Sub Groups of the Board have been established with delegated responsibility. The HR Subgroup meets at least once a year and the Finance Subgroup meets at least quarterly.

During the year to 31 March 2009, three new Trustees were appointed including a nominated member representative.

New Trustees are sent a set of briefing papers to help them familiarise themselves with the charity and the context within which it operates.

	<u>Apr 08</u>	<u>Resigned</u>	<u>Appointed</u>	<u>Mar 09</u>
Members' Representatives	6	1	1	6
Co opted	4	-	1	5

Since the year end and following the merger with Groundwork London, 10 Trustees have resigned including the 5 local authority nominated member representatives. Only the Groundwork UK representatives remain as Directors and Trustees.

The Trust would like to thank all directors for their invaluable contribution in these challenging times.

Employees and Volunteers

The Executive Director (ED) and the Senior Management Team (SMT) meet monthly to review the operational and financial status of the Trust.

The average number of staff employed during the year has remained at 25 (2007/8 25) made up of eight in Communities, one in Education, four in Employment, four in Landscape, one in Youth, four in Development and three in Trust Administration.

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Staff turnover remained high at 31% (as compared with 34% for 2007/08), although there were no particular issues outlined in the staff exit interviews that would require attention. Several members of staff left on 31 March 2009 as their contracts came to an end, and this has inflated the turnover percentage. The reasons for leaving range from promotion, further education to the expiry of fixed term contracts. The average length of service for staff employed was 34 months at 31 December 2008 (26 months 2007).

The annual staff survey which was carried out in November 2008 was made available online for the first time. SMT undertook the task of ensuring that the survey questions were relevant to the probable integration with Groundwork London. Survey results revealed that the Average satisfaction was 4 (out of 5) against 3.7 in 2007. There no particular reason given for this slight shift in satisfaction. The response rate was 21 (out of 25).

Equally important are our volunteers, whose contributions in time, resources and 'gift in kind' have helped increase the long term impact of Trust programmes and projects.

Internal Control and Risk Management

The Directors have assessed the major risks to which the charity is exposed, in particular those that related to the operations and finances of the Trust, and are satisfied that systems are in place to mitigate exposure to these risks.

Quarterly reports to the Board monitor income & expenditure and progress towards financial targets. Detailed management accounts are examined by the Finance Sub Group which meets two weeks after the period end (to ensure accurate information for that period) and one week prior to each Board meeting.

At the six month period the Trust carries out a 'Best Case, Worse Case' risk assessment which informs and aids planning and management for the second half of the financial year.

The Trust submits detailed accounts to the Federation on a quarterly basis and is monitored on secured income and financial stability which is given in a "financial health" indicator by GWUK. The Trust is currently in the Green category.

SMT reviews the financial accounts each month, monitors actual income against target and ensures that all expenditures are within budget. These are then shared with the rest of the staff team with the aim of focusing attention on achieving Business Plan targets.

The Financial management of projects is controlled by GPMS (Groundwork Project Management System), which is now in its sixth year of operation. Expenditure is only made on projects once income has been secured. The amount of secured and unsecured income together with direct costs and staff time on all projects are analysed on a monthly basis. Detailed management information is imported from the system to provide up to date financial and operational performance against targets.

The Trust's risk register represents its approach to risks and reflects:

- the Board's desire to see an explicit recognition of the risks associated with the option of merging with Groundwork London
- the 2008/09 business plan objectives, and the strategic context within which these have been set
- current guidelines and best practice in risk management

The Risk Register identifies 25 risks, with the three most significant risks to the organisation being:

Failure to secure funding and tap into new income streams

Loss/reduction of national or local government sponsorship

Partners' dissatisfaction with our service, especially in the context of a major organisational restructure

The first two risks have always been prominent whilst the third is new. This new risk reflects the special risk analysis undertaken by SMT as part of the assessment of the option to merge with Groundwork London, and fulfils the Board's desire to identify the main areas of risk that will need to be monitored in the event of the merger.

Grant Making Policy

Where the Trust administers applications for Small Community Grants schemes on behalf of partnerships with local authorities, applications are reviewed against specific criteria and business objectives which are set out by the grants panels.

Principal activities

Groundwork's approach is to work alongside communities, public bodies, private companies and other voluntary sector organisations to develop and implement programmes that bring about concurrent social, economical and environmental benefits such as:

- Better local environments
- People more satisfied with the places where they live
- People feeling more empowered to engage in local decision-making
- People and organisations better equipped to connect with economic opportunity
- People behaving in socially and environmentally more positive ways

The Trust operates with the Groundwork London's Strategic objectives to:

- create and deliver programmes and projects across the four thematic Service Areas of Communities & Youth, Urban Landscapes & Open Space, Employment & Skills Training and Environmental Services
- build productive relationships and partnerships
- influence and shape policies, share learning, and demonstrate positive impacts
- maintain a strong, viable business, achieving excellence in service delivery

The actions necessary to achieve these objectives are set out in Groundwork London's annual Business Plan.

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REVIEW 2008-09

Introduction

Groundwork North London's 2008/09 business plan set out its key objectives for the year. These were agreed in the context of a challenging financial environment, a rapidly changing policy and funding landscape, and significant changes happening within Groundwork at the regional and national levels. The detailed plans for 2008/09 were prepared in accordance with a broader strategic analysis of the trust's ambitions for the medium term. This analysis noted the extent to which borough expansions had dominated the trust's agenda for several years, and the trustees' agreement that consolidating and developing the trust's core offer to its four boroughs should be a priority.

Aims and Objectives

The trust set three aims for 2008/09. These were in line with the charity's purposes as set out in the objects of the organisation contained in the Memorandum of Association and, satisfied the Groundwork Federation's aims, as set out in its Strategic Plan for 2006-09. Collectively, they represented a response to the challenging agenda of needing to demonstrate the relevance of the trust's offer whilst continuing to improve the quality of its work against sharper competition, changing policy and funding priorities, and an increasing focus from commissioning bodies on outcomes (impact) and value for money. The objectives were:

To increase project income in each of the four boroughs by developing Groundwork's programmes

The continuing improvement of the trust's partnerships and relationships with each of its four local authorities was the most important objective for 2008/09, a reflection of their importance in terms of commissioning, strategic and financial support, and the role they play in delivering community and environmental services in their local areas. Income targets were set for each borough, reflecting the trust's broader ambitions for developing its programmes in these areas.

To maintain or improve client satisfaction scores to ensure that the charity delivers a consistently high standard of service to its partners and communities

The trust aimed to maintain client satisfaction scores at their all time highest level, whilst raising the benchmark for all projects to score against.

To demonstrate the impact and value of our work on communities and individuals - to show how Groundwork changes places and changes lives

In recognition of the need to demonstrate the impact of its work, the trust continued its involvement in the Urban Buzz initiative, so as to further develop and implement its project evaluation framework.

Achievements

Project and Borough Income

The trust did achieve an increase in its project income on the previous year, as shown by the table below, but it did not achieve its overall growth target, largely as a result of the impact of the economic downturn on commissioning bodies - very few new commissions were confirmed in the second half of the year.

<i>Project income</i>	<i>2008/09 Actual</i>	<i>2008/09 Target</i>	<i>2007/08 Actual</i>
<i>(excluding Cross Boundary)</i>	<i>'000s</i>	<i>'000s</i>	<i>'000s</i>
<i>Camden</i>	64	284	120
<i>Islington</i>	575	608	560
<i>Westminster</i>	577	386	375
<i>Haringey</i>	117 ¹	303	60
<i>Total</i>	1,333	1,581	1,115

¹ Higher income level actually secured in 2008/09, but some project expenditure carried over into 2009/10

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There were variances; with income growth (measured against the previous year) in Westminster, Haringey and Islington and a decrease in Camden. Only in Westminster did the trust exceed its income growth target for 2008/09. Project activity remained reasonably stable in Islington, but income was significantly down on target in Camden as a result of the delay in getting a new strategic partnership in place, and the resulting impact on the number of new projects commissioned. The sponsorship agreement between Groundwork London and London Borough of Haringey was finally signed in August 2008 and an effective borough steering group subsequently set-up in mid March 2009. Significant fundraising successes were achieved in Haringey, but the current procurement regulations have resulted in some projects and income being carried over into the next financial year.

<i>Programme income</i>	<i>2008/09 Actual</i> <i>'000s</i>	<i>2008/09 Target</i> <i>'000s</i>	<i>2007/08 Actual</i> <i>'000s</i>
Land	1,077	1,098	889
Communities	263	491	415
Employment	239	306	288
Youth	11	63	20
Education	42	35	21
Business	5	5	4
Total	1,637	1,998	1,637

In terms of the trust's programmes, the focus has been on delivering land and community focused projects across all boroughs, with employment work accounting for a significant element of our operations. The trust's land programme grew modestly in the year with a corresponding drop in employment as new contracts in this programme became pan London in scope and fell under Groundwork London's remit. The other programmes (education, business and youth) remain relatively modest in terms of actual income. The community programme suffered the most as a result of the downturn - it was apparent at the mid year review that there were very few opportunities to secure project funding from commissioning bodies.

Client Satisfaction

The trust continued to place an important emphasis on the collection and analysis of client satisfaction scores, and these are included as a key performance indicator. The scores measure a number of qualitative aspects of the trust's delivery and client management performance. Projects are scored between -10 and 10 and the average score for all projects was 7.6 at the year end.

Impact and Value

The trust, in partnership with other organisations including University College London, has completed the self evaluation framework, the Groundwork Project Evaluation (GPE), for environmental regeneration projects. This new tool kit is now an integral part of the trust's project management process and will become the standard for Groundwork London.

In Westminster, Haringey and Islington programme leverage (the proportion of funding raised by Groundwork) was in excess of 30%. The trust delivered a number of projects that contributed to individual Council's priority Local Area Agreement targets. Along with the ongoing implementation of the trust's performance management systems, we believe that these measures demonstrate the trust's commitment to the Federation's strategic objective of ensuring excellence in delivery, knowing that we are succeeding, and evidencing our impact.

Groundwork London

Finally, whilst not set as a specific objective, the Board acknowledged that during 2008/09, the trust would need to assess the benefits and risks of merging with Groundwork London and would need to play a full role in the development of Groundwork London's approach to programme delivery, particularly the pan-London services of employment and landscape whilst also ensuring that it benefited from sharing resources, securing funding, and improvements in quality and outcome performance. Some of these issues are addressed in the following section: The Future.

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Success stories

The trust continued to play a key role in a wide range of environmental regeneration and sustainable community initiatives in the London Boroughs of Camden, Islington and Haringey, and in the City of Westminster. A total of two hundred and three projects were implemented, ranging from very small community gardening events costing little more than a few hundred pounds, to large scale landscape improvement schemes. Some project case studies are provided below.

Andover and New Orleans Walk Estates, Islington: celebrating play

The Andover and New Orleans Walk Estates play areas provided the trust with a fantastic opportunity to redesign sites that were in real need of refurbishment. The brief encouraged the use of natural materials, and we worked with local residents, Islington Council and Homes for Islington to design spaces that combined a more natural environment with quality play equipment. We incorporated grassy slopes, boulders and planting, with slides, timber rolling logs and climbing nets, and each play area is now a physically challenging space that also encourages creative & imaginative play. At the launch events, it was a real privilege to see so many children of very different ages and abilities having such a lot of fun. It is hoped that these play areas will be a focus for community life on the estates, as well as giving local children in some of the boroughs most deprived areas the chance for exciting, active and imaginative play.

Islington was selected by the Government in 2008 as one of the first local authorities to receive £1.173 million of Playbuilder money over three years. The money is being used to redevelop 22 play sites across the borough, of which seven have been completed in year one.

Belmont Recreation Ground, Haringey

With the assistance of Homes for Haringey and local residents, the trust created a masterplan strategy for and improvements to revitalise this valuable but under-used park. The children's playground has been completely redesigned, using brightly coloured play equipment including swings, roundabouts and climbing towers. The play equipment was chosen specially to cater for a wide range of ages and abilities, and to allow space for children to run and ride their bikes. Within the playground are large grassed areas and picnic benches for families to safely use. A 'dead end' road, which had a history of fly-tipping and anti-social behaviour, was transformed as the park's new main entrance with gates, paving and planting and providing a welcoming and safe route into the park. A programme of soft landscape improvements – the planting of a new avenue of trees, attractive and colourful biodiversity planting and native hedging along the park boundary was also implemented.

Bourne Estate Natural Play, Camden

Funding was secured through the Play Pathfinder funding stream from the Department for Children Schools and Families to improve an open space on the Bourne Estate. The project has transformed the site into an area of exciting play and recreation opportunities for people of many ages. This is the first Play Pathfinder project Groundwork has delivered in Camden.

Cleaner Estates Programme, Islington

The Cleaner Estates Programme, commissioned by Islington Strategic Partnership completed its second and final year on 31 March 2009. Building on meetings with residents and tenants, a number of clean-up action days were organised and a door knocking exercise to promote the 'Cleaner Estate Pledge' was carried out across thirteen estates lying within the five most deprived Super Output Areas in the borough. A number of 'grotspots' (small run down green areas) were replanted by trainee grounds maintenance people, and an 'art on bins' project with a cleanliness theme was undertaken with a local youth club and senior citizens. Six dog events were also held to address the critical issue of dog fouling on the estates. The results of the January 2009 Local Environment Quality Survey on standards of cleanliness with regard to litter, detritus, graffiti and fly tipping, found that most of the estates have improved in terms of positive cleanliness perception. The Cleaner Estates Programme won a Special Award at the 2008/09 national Cleaner Britain Awards - a fantastic achievement.

Green Behaviours, Islington

The trust's Green Behaviours project won the 2008 Sustainable Housing Award for best Community Involvement project. Empowering people to make their own changes is central to spreading sustainability, and this project did this brilliantly, training 12 unemployed people to be green champions, who then helped 14,000 residents to change their lifestyles. Residents were asked to make three pledges and almost all stuck to them, saving 32 million litres of water and 200 tonnes of carbon dioxide.

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Up To No Good, Westminster

Over three years, the Up To No Good intergenerational programme carried out six projects on various estates throughout North London. The programme aims to promote understanding and cohesion between young and older people through heritage based activities. Heritage was explored through a number of accessible ways including arts, trips, games and storytelling. At the end of each project participants put on performances and exhibitions to showcase the heritage collected and to share their experiences with others. In 2008/09, the project was delivered successfully in two locations in Westminster. On the Churchill Gardens estate, the 'Passport to Pimlico' project was well supported by a range of local partners including City West Homes, and caught the imagination of the local and national press. The project featured on the Paul O'Grady show which now employs one of the young participants as a reporter.

The project was primarily funded by the Heritage Lottery Fund and the Rank Foundation and engaged over 200 people. As well as the improved intergenerational relationships, increased knowledge of heritage and quality art based outputs, Up To No Good was also received an Archives Landmark Award with distinction, in recognition of the project's success in bringing together communities to work on heritage projects.

Local Employment Action Programme: Green Economy

The Cultivating Recovery programme recruits local unemployed people, providing the opportunity for actual work experience and training with the Green Team supervisors. The scheme is currently involved in long term commercial, grounds maintenance contracts in housing estates off the Caledonian Road and Old Street. Various small landscape projects completed by the team have made an impact within the community such as installing a pond at Lauriston Lodge and working on raised beds at the West Euston Community Centre H-Pod.

The Employment and Skills team are constantly on the lookout for jobs for the clients such as park keepers, attendants, maintenance operators and gardening roles in the landscaping sector after they have gained experience. When training is completed, the clients are given a guaranteed job interview opportunity with Glendales, who are one of the largest local authority grounds maintenance companies in the area. Many will obtain full time employment and some of the clients will progress their gardening skills by going into further education.

Project Performance Measures

Each year, the trust sets targets for its Project Performance Measures (PPM), the standard methodology for reporting Groundwork's project outputs across the Federation. The table below shows actual performance against target for each PPM. Overall, performance against target has been good; of the 12 measures, seven were either achieved or exceeded, and in all of the five measures that underperformed, the negative variance was very low (2%) with only one measure having a negative variance greater than 5%. Particular highlights include achieving over 7,500 young person days involved in projects, improving over 30,000 square metres of land, and providing nearly 800 training weeks.

The Board of Directors extend their thanks to all the staff, volunteers and partners who have worked for Groundwork North London in the year. The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aim and objectives and in planning future activities. In particular, the trustees have satisfied themselves that planned activities contribute to the aims and objectives that have been set.

Project Performance Measures 2008/09

Measure	Unit	Target 08/09	Actual 08/09
Trees planted	no. of trees	-	21
Area of land improved	square metres	33000	31520
Area of land maintained	square metres	90000	84733
Young people actively involved	person days	7300	7764
Adults actively involved	person days	13390	13154
Partners actively involved	person days	1000	1053

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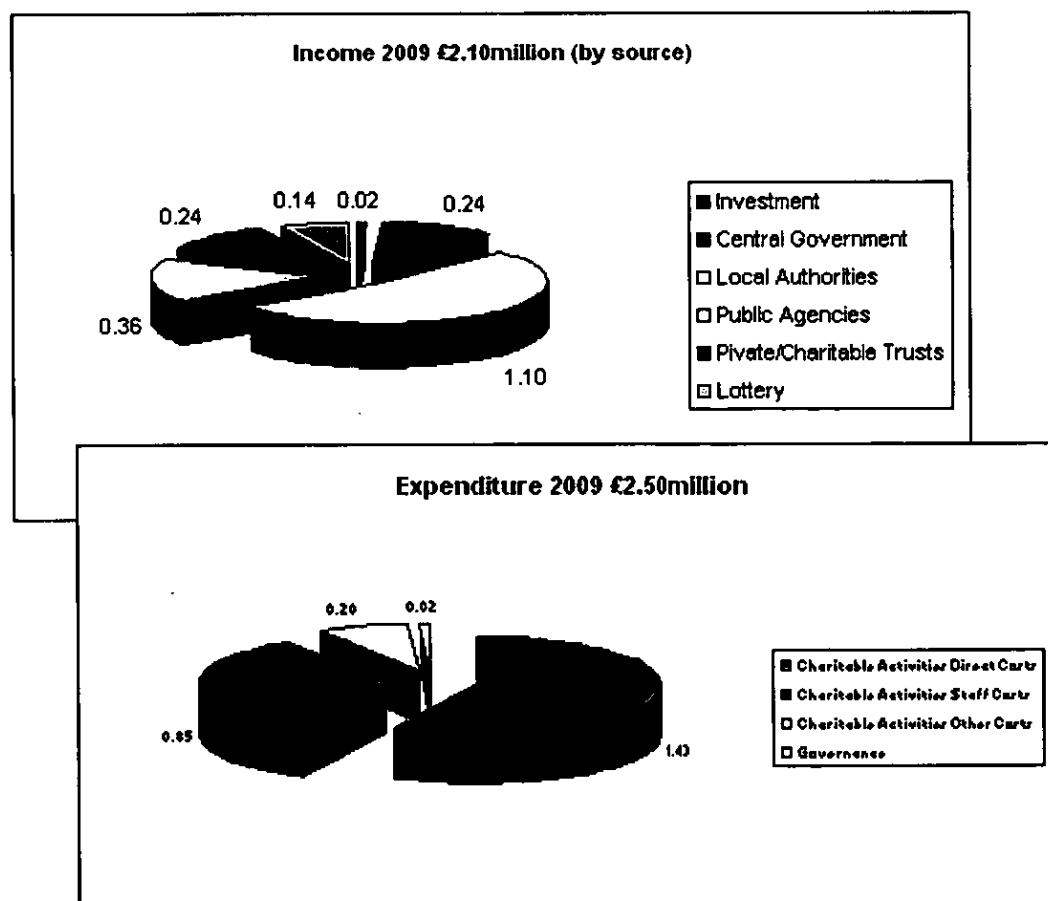
Schools actively involved	no. of schools	28	27
Training weeks provided	no. of weeks	800	791
Participants satisfied with education projects	%	90	90
Businesses supported	no. of businesses	35	36
Jobs created	no. of jobs	25	28
Jobs safeguarded	no. of jobs	22	24
Total number of projects progressed	no of projects	170	203

Financial Performance

After a successful year in 2007/08, the trust experienced a more challenging period in 2008/09. The key results for the year were:

- total income fell by 0.9% on the previous year, and the trust didn't achieve its income growth target
- expenditure increased by 32% on the previous year, largely as a result of the movement in restricted funds caused by significant amounts of project expenditure carried forward from 2008/09
- there was a net deficit of £60,253 compared with an unrestricted surplus of £75,911 in 2007/08
- 124 days of reserves were held, against a target of 180 days

The following charts show the breakdown of income and expenditure in the year.



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Income and Expenditure summary	2009 Actual £m	2009 Target £m	2008 Actual £m
Income	2.10	2.32	2.12
Expenditure	<u>(2.50)</u>	<u>(2.29)</u>	<u>(1.90)</u>
Net Surplus/(Deficit)	<u>(0.40)</u>	<u>0.03</u>	<u>0.22</u>
Attributable to:			
Restricted-surplus(deficit)	(0.34)	-	0.15
Unrestricted-surplus(deficit)	<u>(0.06)</u>	<u>0.03</u>	<u>0.07</u>
Unrestricted reserves	416	502	476

For the year to 31 March 2009, the trust had total incoming resources of £2,104,806 (2008: £2,123,831) and total resources expended of £2,506,113 (2008: £1,900,285) which resulted in a combined deficit of £401,307 (2008: surplus of £223,546). This deficit was made up of £341,054 in restricted funds and £60,253 in unrestricted funds. However, the deficit of £341,054 in restricted funds was due to the timing differences in income and expenditure on projects between 2008 and 2009. In 2008, the trust received significant income in respect of projects which had still to be completed at year-end, and on which expenditure did not occur until 2009 as a result of them being carried forward. The deficit reflects the movement of funds between the two years.

As mentioned above, actual income did not achieve its growth target, largely due to the impact of the economic downturn on commissioning bodies and funders, with the result that very few new projects were confirmed in the second half of the year. This had an impact on the trust's ability to cover its costs in the year, resulting in the deficit of £60,253 in unrestricted funds. This level of projected deficit was reported to trustees and, after careful analysis of the operating context and funding projections for 2010, it was agreed to accept this projected outcome.

The trustees acknowledge that a significant proportion of senior management time has been spent on transfer to Groundwork London and that this effectively represents an opportunity cost to the organisation, as this time could have been used to secure new commissions and external funding. As such, the trustees have confirmed that the designated fund of £40,000 which was set aside at 31 March 2008 for this purpose, can be used to cover most of the shortfall, effectively reducing the final deficit for the year to £20,253.

Managed projects, where the trust provides technical expertise and project management to a partnership, continued to be a feature of the trust's activities. In addition to the income that passed through the trust's books, staff managed an additional £460,429 of managed project work. Equally important is the amount of time, resources, 'gift in kind' given by partners and volunteers from the statutory, private and voluntary sectors, which adds significant value to the long term impact of trust programmes and projects but which is not quantified in the accounts.

Reserves Policy

The Board of Trustees has agreed a long term aim of holding unrestricted, free reserves equivalent to six month's (180 days) running costs. The Board believes this is a prudent level of reserves for a Charity based in Central London and is in line with other Groundwork trusts. The Board has agreed that a reasonable level of Reserves is required:

- to absorb short term set backs such as loss or delays in funding
- to finance working capital needs and fund time delays between the expenditure and receipt of funds
- to set aside funds for appropriate capital assets such as IT equipment and securing and developing suitable premises

The Board will monitor unrestricted reserves on a quarterly basis and the Reserves Policy will be reviewed on an annual basis to assess the needs of the organisation.

At the year end reserves shown in the balance sheet covered 124 days running costs (2007/08 154 days).

THE FUTURE

In March 2009, and after an extensive examination of the options facing the trust going forward, the Board of Directors approved the recommendations of its Working Group to merge its charitable activities with Groundwork London. The Working Group was originally established in 2007 as a sub group of the Board, to assess the case for merger, and the associated risks and benefits. Following the Board's decision, Groundwork North London's charitable activities including all its projects and contracts, staff, assets and liabilities were assigned to Groundwork London on 1 April 2009.

Groundwork London

It is recognised that Groundwork has to change to remain effective in a changing world. A number of key "drivers" for the creation of Groundwork London were identified and debated by all of the former trusts operating in London, Groundwork UK, and a range of external organisations including local authority partners.

London is the only part of England to have regional government and its own strategic planning framework with statutory force. The Greater London Authority and elected Assembly, the London Development Agency and other regional agencies have created a common framework for the spatial, economic and social development of London, within which Groundwork, along with other key agencies, must work. There is also the national and regional desire for new localism, with greater devolution of responsibilities and resources for local services to local people, and emphasis on citizen empowerment. The London Mayor's policy is to work more closely with all boroughs. Local Strategic Partnerships, Local Area Agreements and other neighbourhood focused initiatives are setting local agendas.

Groundwork operates in a complex policy framework reflecting local, regional, national and international policy trends, across which it is expected to be able to inform and influence public policy on a broad range of social, economic and environmental matters. Funders expect programmes and services to deliver the outcomes that meet their particular objectives. But Groundwork is also operating in an increasingly competitive environment where it must contend with many other players. Securing funding will be increasingly challenging and with a greater emphasis on commissioning of services. In addition, the availability of public sector funds is likely to get tighter.

The challenge is to stay ahead of the changing field, while operating as an efficient business, delivering consistently high quality programmes and services. Many of the competencies it offers are no longer unique as individual elements. The value now lies in the strategic combination of all these elements and the particular qualities which Groundwork London can bring. Creating a single trust reflects the need to ensure that Groundwork has the most effective structure to deliver the best possible service to its partners, stakeholders and London's communities in the future. To do this, Groundwork must be able to make the most of its skills and expertise, share best practice, access regional and local opportunities with equal effectiveness, and continue to recruit and develop a strong team of professionals and volunteers.

Groundwork London was constituted as a legal entity in September 2007 and became operational in November 2007 following the transfer of Groundwork Southwark and Lambeth, Groundwork Merton and Groundwork South East London. Groundwork West London transferred its staff and assets in April 2008, and staff from Groundwork UK's London Regional Office transferred to Groundwork London at the same time. With the concurrent mergers of Groundwork North London and Groundwork East London on 1 April 2009, all formal decisions and the majority of legal actions involved with creating Groundwork London are now complete.

The ultimate aim of this process is to create a robust organisation, able to engage effectively with regional partners and deliver its services to the whole of London, whilst maintaining its local focus. Local relationships and delivery will remain at the heart of Groundwork's approach.

Groundwork London's strategic objectives and organisational plan

Groundwork London has developed a strategic framework (its Vision and Purpose) and the broad objectives that underpin its activities as a Groundwork trust.

Groundwork London strategic objectives are to:

- 1) Build productive relationships and partnerships*
- 2) Create and deliver programmes through four thematic service areas*
- 3) Influence and shape policies, share learning, and demonstrate positive impacts*
- 4) Maintain a strong, viable business, achieving excellence in service delivery*

Groundwork London has put in place sub regional and area management structures that have specific responsibility for managing and building local relationships on a borough by borough basis to ensure that it keeps its local focus. The core North London team remains responsible for delivering Groundwork's work, working with London-wide service teams as appropriate. Under its new structure, Groundwork London's projects and programmes are delivered through four thematic areas:

- Communities & Young People
- Urban Landscapes & Open Space
- Environmental Services
- Employment & Skills Training

Working closely with local authorities and other key partners remains central to Groundwork London's purpose, as it did to Groundwork North London. The Board of Directors is confident that Groundwork North London's purpose and mission is best taken forward through the transfer to Groundwork London.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements the Directors have:-

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that are reasonable and prudent
- prepared the financial statements on the going concern basis

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Charities Act 1993, Companies Acts 1985 and 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


In accordance with company law as the company directors we certify that:

- so far as we are aware there is no relevant audit information of which the company's auditors are unaware; and
- we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information

This report has been prepared in accordance with the statement of recommended practice: Accounting and Reporting by Charities (issued in March 2005) and in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Board on 29 July 2009

And signed on its behalf by:

 _____ Honorary Treasurer
John Smith

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GROUNDWORK NORTH LONDON

This report is issued in respect of an audit carried out under section 43 of the Charities Act 1993 as amended.

We have audited the financial statements of Groundwork North London for the year ended 31 March 2009 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes on pages 16 to 24. These financial statements have been prepared under the accounting policies set out on pages 18 and 19.

This report is made solely for the charity's trustees, as a body, in accordance with section 43 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the trustees and auditors

As described in the Statement of Trustees' Responsibilities, the trustees who are also the directors of Groundwork North London for the purpose of company law are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards and for being satisfied that the charity's financial statements give a true and fair view.

The trustees have elected for the financial statements not to be audited in accordance with the Companies Act 1985. Accordingly we have been appointed as auditors under section 43 of the Charities Act as amended and report in accordance with regulations made under section 44 of that Act.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Charity has not kept sufficient accounting records or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

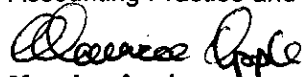
Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the charity's affairs as at 31 March 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 1985.



Maurice Apple

Chartered Accountants and Registered Auditors
29 July 2009

3rd Floor, Marlborough House
179-189 Finchley Road
London, NW3 6LB

GROUNDWORK North London
(A Company limited by guarantee)
YEAR END 31 MARCH 2009

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an income and expenditure account)

	Note	Unrestricted Funds	Restricted Funds	2009	2008
Incoming Resources					
Incoming Resources from Generated Funds	2				
Voluntary Income		441,848		441,848	456,301
Investment Income		23,419		23,419	26,326
Activities for generating funds		2,512		2,512	4,448
Incoming Resources from Charitable Activities	3	460,429	1,176,598	1,637,027	1,636,756
Total Incoming Resources		928,208	1,176,598	2,104,806	2,123,831
Resources Expended					
Cost of Generating Funds	4				
Costs of generating voluntary income		401		401	5,021
Charitable Activities		966,902	1,517,652	2,484,554	1,840,205
Governance costs	5	21,158		21,158	12,123
Grantmaking activity	3				42,936
Total Resources Expended		988,461	1,517,652	2,506,113	1,900,285
Net movement in funds:					
Surplus/(deficit) for the year		(60,253)	(341,054)	(401,307)	223,546
Reconciliation of funds					
Total funds brought forward		476,416	746,390	1,222,806	999,260
Total funds carried forward		416,163	405,336	821,499	1,222,806

All incoming resources and resources expended are derived from continuing activities.

The Statement of Financial Activities contains all the gains and losses recognised in the current and preceding year.

The notes on Pages 18 to 24 form part of these accounts

GROUNDWORK North London
(A Company limited by guarantee)
YEAR END 31 MARCH 2009

BALANCE SHEET AT 31 MARCH 2009

	Notes	2009	2008
		£	£
FIXED ASSETS			
Tangible fixed assets	9	8,703	15,576
CURRENT ASSETS			
Debtors	10	332,945	577,454
Cash at bank and in hand		707,024	831,948
		<u>1,039,969</u>	<u>1,409,402</u>
CREDITORS: amounts falling due within one year	11	<u>227,173</u>	<u>202,172</u>
NET CURRENT ASSETS		<u>812,796</u>	<u>1,207,230</u>
NET ASSETS		<u>821,499</u>	<u>1,222,806</u>
FUNDS			
Unrestricted	15		
General		416,163	436,416
Designated			40,000
		<u>416,163</u>	<u>476,416</u>
Restricted	14	405,336	746,390
		<u>821,499</u>	<u>1,222,806</u>

These accounts are prepared in accordance with the special provisions of part VII of the companies Act 1985 relating to small entities.

The financial statements were approved by the Board / Trustees on 29 July 2009, and signed on their behalf by:

Dinah Nichols

Dinah Nichols
Chair
29 July 2009

John W. Smith

John Smith
Honorary Treasurer
29 July 2009

The notes on Pages 18 to 24 form part of these accounts

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards, Charities Act 1993, Companies Acts 1985 and 2006 and Accounting and Reporting by Charities - Statement of Recommended Practice (revised 2005) ("SORP 2005").

b) Fund accounting

Unrestricted funds are available for use at the discretion of the directors/trustees in furtherance of the general objectives of the charity.

Designated funds are unrestricted funds set aside at the Trustees discretion for specific future purposes or projects.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund.

c) Incoming Resources

All incoming resources are recognised when the charity is legally entitled to the income, there is certainty of receipt and the amount can be quantified with sufficient reliability.

Where grants or other arrangements giving rise to income require the charity to provide services or which are linked to the performance of particular services, these are recognised to the extent that the service has been provided or performance carried out. Where conditions are attached to grants or donations, the charity recognises these as income to the extent that it is certain that the conditions imposed can be met.

Managed projects, where the Trust provides technical expertise and project management to a partnership but do not receive the actual funding which is paid to third parties, the income and expenditure under such contracts are recognised in the Statement of Financial Activities only where the Trust is considered to have the overall responsibility for these contracts

Gifts in kind, including donated facilities and services, and managed income, are recognised as income at the estimated value to the charity.

d) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to the activity. An analysis of staff time has been used to produce a ratio by which overheads have been allocated to the various activities. The cost of generating funds includes the time spent promoting the Trust.

NOTES TO THE FINANCIAL STATEMENTS

e) Charitable activities

The charity incurs costs on charitable objects in the categories set out below. Many projects span multiple charitable objects and costs are allocated between these based on the estimated usage of resources for each category.

Community projects – activities to build stronger neighbourhoods
Land projects – reconnecting people with their surroundings
Employment projects – training for work and stimulating enterprise
Education projects – Learning, citizenship and sustainability projects
Business projects – integrating the economy and the environment
Youth project – costs involved in helping young people realise their potential

f) Tangible fixed assets and depreciation

As from 1 April 2008, capital assets acquired at a cost (net of recoverable VAT) of less than £1,000 are treated as expense items. All other capital assets acquired have been treated as tangible fixed assets and are depreciated at rates calculated to write off the cost on a straight line basis over their expected economic lives as follows:

Leasehold improvements	- Term of the lease
Office equipment	- 5 years
Computer equipment	- 3 years

g) Pension Costs

The Trust subscribes to individual portable pensions covering all of its permanent employees. The trust's contributions are defined and no further liability accrues to the Trust under the scheme.

h) Leases

Rental costs under operating leases are charged to the statement of financial activities over the period of the leases.

i) Company Status

The Trust is a company limited by guarantee. The liability in respect of the guarantee, as set out in the memorandum, is limited to £1 per member of the company. There are 4 members.

GROUNDWORK North London
(A Company limited by guarantee)
YEAR END 31 MARCH 2009

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2. Incoming Resources from Generated funds

	Unrestricted Funds	Restricted Funds	2009	2008
Voluntary Income				
Grants for core funding	441,848		441,848	456,301
	<u>441,848</u>		<u>441,848</u>	<u>456,301</u>
Investment income				
Bank Interest	23,419		23,419	26,326
	<u>23,419</u>		<u>23,419</u>	<u>26,326</u>
Activities for Generating Funds				
Rental and other income	2,512		2,512	4,441
	<u>2,512</u>		<u>2,512</u>	<u>4,441</u>

3. Charitable Activities

Income was received for:	Unrestricted Funds	Restricted Funds	2009	2008
Community Projects		263,010	263,010	414,521
Land Projects	460,429	616,202	1,076,631	888,981
Employment Projects		238,637	238,637	288,111
Education Projects		42,860	42,860	20,741
Business Projects		4,854	4,854	4,391
Youth Projects		11,035	11,035	20,001
	<u>460,429</u>	<u>1,176,598</u>	<u>1,637,027</u>	<u>1,636,751</u>
Income was provided by:				
Central Government	237,848		237,848	246,411
Local Authorities	622,915	482,771	1,105,686	1,325,451
Public Agencies		360,389	360,389	215,801
Private and Charitable Trusts	41,514	194,240	235,754	297,881
European Union			-	891
Lottery		139,198	139,198	6,601
Other	25,931		25,931	30,771
	<u>928,208</u>	<u>1,176,598</u>	<u>2,104,806</u>	<u>2,123,831</u>

GROUNDWORK North London
(A Company limited by guarantee)
YEAR END 31 MARCH 2009

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Charitable Activities	Basis of allocation	Direct Costs	Support costs	2009	2008
Community Projects	Staff time	76,040	162,296	238,336	731,675
Land Projects	Staff time	714,592	153,213	867,805	682,795
Employment Projects	Staff time	134,390	123,523	257,913	203,159
Education Projects	Staff time	7,453	36,294	43,747	65,472
Business Projects	Staff time	14,845	19,054	33,899	17,667
Youth Projects	Staff time	18,006	57,946	75,952	85,673
		965,326	552,326	1,517,652	1,786,441

Grantmaking Activities	Basis of allocation	Direct Costs	Support Costs	2009	2008
Community Projects	Direct				42,936
		-	-	-	42,936

During the year the Trust did not receive any funds from local authorities to administer small community grants

Total resources expended	Voluntary income	Charitable Activities	Governance Costs	Grantmaking Activities	2009	2008
Direct costs		1,425,755	15,065	-	1,440,820	872,039
Staff costs	361	850,452	6,093		856,906	837,635
Travel	0	2,129			2,129	3,482
Accommodation	18	97,086			97,105	95,641
Office administration	8	43,163			43,171	35,190
Communications	5	25,358			25,363	22,879
Recruitment, training	5	25,895			25,900	21,508
PR and marketing	1	6,631			6,632	2,048
Depreciation	2	8,085			8,087	9,863
	401	2,484,554	21,158	-	2,506,113	1,900,285

Governance costs	2009	2008
Legal and professional	4,308	2,455
Audit fees	10,757	5,610
Staff costs	6,093	4,058
	21,158	12,123

Staff and Trustee costs	2009	2008
Salaries and wages	739,605	713,512
Social security costs	73,180	74,613
Pension costs	44,120	49,510
	856,905	837,635

GROUNDWORK North London
(A Company limited by guarantee)
YEAR END 31 MARCH 2009

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The average number of employees during the year, analysed by category was:

	2009	2008
Direct charitable	22	22
Governance, management and administration	3	3
	<u>25</u>	<u>25</u>

One employee was paid between £60,000 and £70,000 (2008 None)

7. Trustees

During the year Trustees were neither remunerated for any services nor reimbursed on expenses. No trustee or other person related to the charity had any personal interest in any contract or transaction entered into by the charity in the year (2008; Nil).

8. Net incoming/(outgoing) resources before transfers is stated after charging/(credited)

	2009	2008
Auditors' remuneration - audit services	10,757	5,610
Depreciation of owned assets	8,087	9,860
Operating lease rentals -land and buildings	80,000	80,000
-plant and machinery	11,156	9,160

9. Tangible Fixed Assets

	Leasehold improvements £	Office equipment £	Computer equipment £	Total
Cost				
At 1st April 2008	92,823	42,213	54,547	189,583
Additions			1,213	1,213
Disposals		(35,587)	(36,236)	(71,824)
At 31st March 2009	<u>92,823</u>	<u>6,626</u>	<u>19,524</u>	<u>118,973</u>
Depreciation				
At 1st April 2008	92,823	37,811	43,372	174,006
Charge		2,104	5,983	8,087
Disposals		(35,587)	(36,236)	(71,824)
At 31st March 2009	<u>92,823</u>	<u>4,328</u>	<u>13,119</u>	<u>110,270</u>
Net Book Value				
At 1st April 2008	-	4,402	11,175	15,577
At 31st March 2009	<u>-</u>	<u>2,298</u>	<u>6,405</u>	<u>8,703</u>

10. Debtors

	2009	2008
Trade debtors	290,376	480,720
Other debtors and prepayments	42,569	96,720
	<u>332,945</u>	<u>577,440</u>

Included within other debtors and prepayments is £20,000 in respect of a rent deposit which is repayable after more than one year. This amount was subsequently assigned to Groundwork London on 1 April 2009 upon the merger of our charitable activities

GROUNDWORK North London
(A Company limited by guarantee)
YEAR END 31 MARCH 2009

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Creditors - amounts falling due within one year	2009	2008
Trade creditors	153,603	84,324
Other taxes and social security costs	30,909	109,453
Other creditors and accruals	42,660	8,395
	<u>227,173</u>	<u>202,172</u>

Obligations under operating leases	2009	2008
At 31 March 2009, the Trust had annual commitments under non-cancellable operating leases expiring within two to five years	91,156	89,166
	<u>91,156</u>	<u>89,166</u>

Analysis of assets and liabilities between funds

	Unrestricted General Fund	Restricted Fund	Total
Tangible Fixed Assets	8,703		8,703
Current assets excluding cash at bank and in hand	42,569	290,376	332,945
Cash at bank and in hand	438,462	268,562	707,024
Creditors: amounts falling due within one year	(73,571)	(153,602)	(227,173)
	<u>416,163</u>	<u>405,336</u>	<u>821,499</u>

Movement in restricted funds

	1st April 2008	Income	Expenditure	31st March 2009
Community Projects	54,479	263,010	(251,486)	66,003
Land Projects	608,852	616,202	(915,995)	309,059
Employment Projects	1,698	238,637	(240,335)	-
Education Projects	16,117	42,860	(37,790)	21,187
Business Projects	11,159	4,854	(14,673)	1,340
Youth Projects	54,085	11,035	(57,373)	7,747
	<u>746,390</u>	<u>1,176,598</u>	<u>(1,517,652)</u>	<u>405,336</u>

GROUNDWORK North London
(A Company limited by guarantee)
YEAR END 31 MARCH 2009

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15. Movement in unrestricted funds

	1st April 2008	Income	Expenditure	Transfers	31st March 2009
General fund	436,416	928,208	(988,461)	40,000	416,163
Designated GWL Integration Fund	40,000			(40,000)	
	476,416	928,208	(988,461)	-	416,163

Staff time, advisers fees and other auxiliary expenses connected with the GW London merger amounted to approximately £40,000 and represented 75% of the years deficit. The Board has approved that the Designated Fund set aside at 31 March 2008 be used to cover this cost

16. Pensions

The Trust makes payments to defined contribution scheme which is available to all employees on completion of their probationary period. The charge for the period was £ 44,120 (2008:£49,733) Outstanding contributions still to be paid over at 31 March 2009 amounted to £24,286 (2008 NIL)

17. Taxation

Groundwork North London is a Registered charity and exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or s256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the Charity.

18. VAT

Residual input tax, where non reclaimable through non business activities, is charged to the accounts. The charge for 2009 was £9,393 (2008 £8,375)

19. Connected Charities

Groundwork North London is part of a Federation of various Groundwork trusts in England, Wales and Northern Ireland, each working with partners to improve the quality of the local environment, the lives of local people and the success of local businesses in areas of need of investment and support. Each trust has its own board of trustees and is supported by the national and regional offices of Groundwork UK. The net funds due from connected charities at 31 March 2009 was £51,165 (2008 £18,506)

20. Post Balance Sheet Event

In March 2009, and after an extensive examination of the options facing the trust going forward, the Board of Directors approved the recommendations of its Working Group to merge its charitable activities with Groundwork London. The Working Group was originally established in 2007 as a sub group of the Board, to assess the case for merger, and the associated risks and benefits. Following the Board's decision, Groundwork North London's charitable activities including all its projects and contracts, staff, assets and liabilities were assigned to Groundwork London on 1 April 2009