

**GROUNDWORK CAERPHILLY
ANNUAL REPORT
FOR THE YEAR ENDED 31ST MARCH 2007**

**Groundwork Caerphilly
(A Company Limited by Guarantee –
Registered Number 2501792)**

Charity Registration Number 1006811

**Annual Report
For the year ended 31 March 2007**

Broomfield & Alexander Limited
Professional Advisors
Pendragon House
Caxton Place
Pentwyn
CARDIFF
CF23 8XE

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**GROUNDWORK CAERPHILLY
ANNUAL REPORT
FOR THE YEAR ENDED 31ST MARCH 2007**

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**GROUNDWORK CAERPHILLY
MEMBERS, DIRECTORS AND ADVISORS**

Board of Directors

Chairman Mr B Davies

Vice Chairman Mr R H Cooke

Other Board Members Councillor L Gardiner (Caerphilly County Borough Council)
Councillor R Woodyatt (Caerphilly County Borough Council)
Councillor S Jenkins (Caerphilly County Borough Council)
Mr L K L Williams
Mr C Davenport (LNC Technology)
Mr G Hale
Mr P Davy
Mr M Veale
Ms A Thompsett

Board Advisors Mr I McIntosh (Groundwork Wales)
Mr T Hooper (Caerphilly County Borough Council)

Executive Director Mr N Forster

Secretary & Registered Office Mr C Davenport
Mynyddislwyn Offices
Bryn Road
Pontllanfraith
Blackwood
Gwent
NP12 2BH

Registered Auditors Broomfield & Alexander Limited
Registered Auditors & Chartered Accountants
Pendragon House
Caxton Place
Pentwyn
Cardiff
CF23 8XE

Registered Number 2501792

Bankers HSBC Plc
High Street
Newbridge

Lloyds TSB Plc
High street
Rhymney

**GROUNDWORK CAERPHILLY
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2007**

The directors present their annual report with the accounts of the Company for the year ended 31st March 2007

PRINCIPAL ACTIVITIES

The Trust is a registered charity and a company limited by guarantee and is governed by its Memorandum and Articles of Association

Groundwork is a leading UK wide environmental partnership organisation which consists of the UK Federation of 50 independent Trusts, which form part of the national Groundwork network, supported by Groundwork UK

Groundwork's national network mission is 'to build sustainable communities through joint environmental action'

In Wales, Groundwork Caerphilly is currently part of a regional network of four Trusts and is a full member of Groundwork Wales, which supports the Trusts in Wales, and is responsible for developing the Groundwork network in Wales

Groundwork Caerphilly's mission is 'to bring about the social, environmental and economic regeneration of Caerphilly County Borough, in partnership with the local authority, local communities, voluntary sector and business'

The Trust has the following charitable objectives -

- a) To promote the conservation, protection and improvement of the physical and natural environment
- b) To provide facilities in the interests of social welfare for recreation and leisure time occupation with the objective of improving the conditions of life for those living, working and visiting in the area
- c) To advance public education in environmental matters and in the ways of better conserving, protecting and improving the environment

Groundwork's approach has been to develop and implement programmes that concentrate on four key areas

People	creating opportunities for people to learn new skills and take local action
Places	creating better, safer and healthier neighbourhoods
Prosperity	helping businesses and individuals fulfil their potential
Partnerships	building communities through joint action

DIRECTORS AND MEMBERS

The directors and members as at 31st March 2007 are set out on page 1

DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 accounts, the directors are required to -

- 1 Select suitable accounting policies and then apply them consistently
- 2 Make judgements and estimates that are reasonable and prudent

**GROUNDWORK CAERPHILLY
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2007 (Continued)**

- 3 Follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts
- 4 Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business

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

Directors are appointed through an election process following a standard recruitment process in line with the Memorandum & Articles of Association of Groundwork Caerphilly. When appointed, directors undertake a standard Trustee Induction Programme that includes a governance training programme.

The Executive Director is given delegated powers to operate the Trust by the Board of Directors and reports at Board meetings on progress and Trust status.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the trustees are aware, there is no relevant audit information (as defined by Section 234Za of the Companies Act 1985) of which the charity's auditors are unaware, and they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

AUDITORS

The auditors, Broomfield & Alexander Limited, will be proposed for reappointment in accordance with Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities and in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The Trust was incorporated as a company on 14th May 1990 and registered as a charity (Charity No 1006811) with the Charity Commissioners on 13th December 1991.

The Trust's area of operation includes the whole of Caerphilly County Borough.

The seventeenth financial year for the Trust ended on 31st March 2007 and once again the Trust has continued to further develop and expand its key programmes as part of a strategic approach to the environmental regeneration of Caerphilly County Borough.

The Trust has continued to further develop and consolidate its strategic role in partnership with the Welsh Assembly Government, Local Authority, local communities, voluntary and private sectors in order to bring about sustainable environmental improvements related to local needs and opportunities.

The operating deficit for the year amounted to £287,304 (2005/2006 operating deficit £97,210). Of this amount £254,174 was a deficit on restricted funds.

At 31 March 2007 two restricted funds are in deficit. This is due to the projects being ongoing, and it is anticipated that incoming resources in future periods will eliminate the deficit relating to these funds.

The results for the year are set out on pages 17-18 of the Financial Statements.

**GROUNDWORK CAERPHILLY
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2007 (Continued)**

REVIEW OF 2006-07

OVERVIEW

Strategic overview

There has been a significant emphasis on developing the 'Groundwork in Wales' brand, in which this Trust has a stated aim to increase its South East Wales coverage and work collaboratively with other Trusts in Wales. The last year has seen the continuing shift to regional and sub-regional agenda's and the Trust has needed to position itself within this while ensuring its contribution to local regeneration in Caerphilly this challenge will increase in 2007-08 although much of our development work in new areas remains as potential.

We have worked with a wider range of partners than in any year since the Trust was formed, largely through our work in addressing economic inactivity and at the CFE as well as through the Groundwork in Wales approach. We have also increased our range of partnerships with CCBC as a result in the shift in emphasis of our work. However Groundwork in Wales along with much of the voluntary sector has concerns over its ability to access, influence and benefit from key initiatives such as the Heads of the Valleys and EU Convergence funding. This is a focus for us in 2007-08. Also while initiatives such as the CFE offer the potential for trading income and the development of commercial sector partnerships, we currently remain largely grant dependent.

Organisation

A start has been made at cost efficiencies through the Groundwork in Wales collaborative approach although considerably more remains to be achieved. We have reviewed many of our policies and procedures, this will in 2007-08 increase our efficiency. We have reduced our management overheads and reorganised our support services team, we therefore have a considerably more cost effective structure. However we have to balance cost efficiencies against pressures on existing staff and a further review of staffing will be undertaken in 2007-08. Our delivery has been considerably enhanced by the improvement in staff retention at project officer level and in particular, we have considerably increased our strength in community engagement and capacity building. This improvement has been recognised by our partners and our communities. We are grateful to the Welsh Assembly government for the continued support of our team through the Communities first initiative, and to the EU for their support, without which these achievements would not be possible.

We now have a resourcing plan in place which provides direction to our strategic aim of diversifying income streams.

Programmes

There has been a clear shift in emphasis during the last year from physically based contract work to a more 'people' focussed approach aimed at engaging people at all levels in local regeneration. However, we are committed to retaining a balance of work across the three key themes of People, Places and Prosperity.

Key achievements have been the development of our work in addressing economic inactivity through the On the Ground, Community Spaces and ILM programmes, our success, for the first time in securing funding for Mentro Allan, a programme focussed on addressing health inequalities through the environment, a significant upturn in activity at the Community Furniture Enterprise, our continuing success at securing EU support. Our EBS team have continued to provide environmental accreditation to a wide range of businesses in Caerphilly, Torfaen and Blaenau Gwent, although the future of EBS remains uncertain. We are successfully running a range of large EU programmes and the Sustainable Communities ERDF programme has been completed, delivering a wide range of environmental projects within some of Caerphilly's most deprived housing areas.

There have also been a number of disappointments, the level of our physical landscape commissions, particularly our work in social housing, has declined, at least in the short term, we

are still unable to support a viable, stand alone ESD programme (to the extent that in 2007-08 we are absorbing this into our wider programmes) and as mentioned above, concerns remain over the future of the EBS programme. These concerns, the integration of a number of Groundwork in Wales 'Cross-Boundary' programmes and the need to reappraise the value of our programmes to our stakeholders and to ourselves, has led to the comprehensive review of programmes planned for 2007-08

Funding

We aimed to secure a targeted total income of £2,323,314 to support the Trust and its work as set out in the Business Plan and to generate a surplus of £55,546 to support future activities. Due to insufficient drawdown of EU funding, a number of programmes falling behind schedule and a number of speculative funding bids failing to materialise, the actual income is £1,706,974 with a deficit on unrestricted reserves of £(33,130). Unfortunately as a result of this deficit the Trust has been placed on 'amber alert' under the Groundwork Federation 'traffic-light' system.

Outputs

Groundwork UK is nearing the completion of its review of the performance measures the Trust is required to report against. However in 2006-07 the current quantitative targets remained. The new outputs will include qualitative elements such as social auditing (i.e. measuring the impact of Groundwork's activities) and will supersede the current outputs submitted to Groundwork UK during 2006-07. Outputs submitted to the Welsh Assembly Government may remain unchanged for the time being although we intend to renegotiate these to align with our national measures to ensure a consistent approach.

Our outputs will generally show a shortfall on those forecast in line with the reduction in turnover. There are no individual anomalies.

PEOPLE OVERVIEW AND KEY ACHIEVEMENTS

Our 'People' Mission is 'to bring lasting benefits to local people, their environment and economy, by supporting all members in some of our most marginalised communities to raise self-esteem and foster local pride'.

Overview

We work with communities to help them bring about positive changes for themselves and their local environment by developing new skills, raising self-esteem, encouraging a sense of ownership and fostering local pride. Local regeneration partnerships receive support to act as the catalyst of engagement in this process, building capacity and increasing the confidence of both individuals and communities.

Our contribution to community regeneration and development came through three programmes as listed below in 2006-07, although in line with our other work we have redefined our programmes for 2007-08.

The integration of our '**People**' work with the wider sustainable development agenda has proven very successful over the past year, our contribution to social, economic and physical regeneration has helped to establish our credentials in the area of community regeneration and development. We intend to build on this throughout 2007-8.

The key objectives and position on the Trust's key People programmes for 2006-07 are summarised as follows:

Community Environmental Network (CEN)

Key objective	Key Achievements
To promote the County Borough- wide Communities First Environmental Network programme as a model for engaging communities in a wide range of community led environmental initiatives	<p>A core programme for the Trust operating across all communities first areas</p> <ul style="list-style-type: none">▪ Successful negotiations with Caerphilly County Borough Council and Welsh Assembly Government led to the expansion of the Communities First team Five officers a Team Leader and support officer now deliver this programme The introduction of an additional staff has strengthened programme delivery▪ The team continued to lead on the development and delivery of the Community audit process in partnership with CCBC, GAVO and other stakeholders▪ The team have instigated the involvement of businesses through offering team building activities supporting businesses to "put something back" and add to their corporate social responsibility agenda▪ ERDF 'On the Ground' Team have also successfully negotiated with ERDF to employ an additional officer along with a contribution to a team leader post to support the continued demand for the programme▪ The 'On the ground' core volunteers have continued to shine and their commitment to the programme has been central to it fulfilling the majority of its objectives

Education for Sustainable Development (ESD)

Key Objective	Key Achievements
To develop and promote the Trust's Education for Sustainable Development programme	<p>This initiative has been significantly integrated throughout all of the Community Programmes giving greater co-ordination and a raising of its profile</p> <ul style="list-style-type: none">▪ The Trust continue to be represented on the ESD Beacon subgroup▪ CCW funding has supported the delivery of ESD work with individual schools and at the borough wide event of Crucial Crew▪ Four school grounds across South East Wales have benefited from our involvement in the 'Supergrounds' programme▪ A lottery bid to support sustainable development awareness was submitted in partnership with CCBC▪ A series of training events were delivered for community partnerships▪ The Trust's officer has delivered sustainability training to students from Science workshops

Key Objective	Key Achievements
To develop the Youth Environment Initiative engaging young people in local and global environmental issues	<p>The key emphasis for this programme was to engage with Young People on environmental issues, building capacity and offering opportunities to engage in local environmental and citizenship issues</p> <ul style="list-style-type: none"> ▪ The programme was successful in recruiting a new officer ▪ With support from the Community Environmental Team the initiative delivered a range of activities from practical alternative green agenda activities, traditional youth work activities, healthy living promotion, bushcraft sessions and debates on local and global sustainability and citizenship ▪ Delivery of a summer scheme programme with the communities first, on the ground and community spaces teams was delivered utilising Cefn Fforest Eco Parc ▪ A service level agreement has been established between the Trust and Cymorth ▪ Funding has been secured and Targets have been set and agreed with Cymorth for 2007-8

PLACES OVERVIEW AND KEY ACHIEVEMENTS

Our 'Places' mission is:

'Working with partners to create better, safer, healthier and more sustainable communities by enhancing the areas where people want to live, work and spend their leisure time'.

Overview

Programmes are categorised under '**The Natural Environment**' and '**The Built Environment**' which reflect Groundwork's continuing work to address broader physical environmental issues a focus on the relationship between people and their living, social and working environments. As a result, the key objective and position on the Trust's key 'Places' programmes are summarised as follows

THE BUILT ENVIRONMENT

Social Housing Area Regeneration

Key Objective	Key Achievements
To complete the CCBC / ERDF Sustainable Communities programme	<ul style="list-style-type: none"> ▪ Completion of the rolling programme of estate-wide Environmental Strategies on behalf of CCBC. Wider environmental strategy work in social housing areas will now be undertaken on behalf of CCBC's Regeneration Department ▪ A wide range of community physical regeneration projects have been carried out across 9 disadvantaged ward areas as part of the completed ERDF Sustainable Communities programme ▪ We are reviewing the direction of our partnership with CCBC Housing and discussions with a number of Housing Associations to negotiate funding and partnership arrangements are ongoing

Village Regeneration

Key Objective	Key Achievements
To help regenerate local village centres in order to improve the environmental, social and economic 'heart of communities'	<ul style="list-style-type: none">▪ We have continued to deliver the ERDF funded 'Crosskeys & Pontywaun Environmental Regeneration Programme' including the completion of a gateway feature in Pontywaun, the development of projects at Crosskeys canal, Crosskeys Corner, and Waunfawr Park for completion during 2007-08. We also hosted an EcoFair at Waunfawr Park. We have also completed an artworks strategy for the programme. However, the programme is generally behind schedule because of the complexity of the projects and a plan is now in place to complete by the required date of June 30th 2008.▪ We have assisted community organisations in implementing a number of Cydcoed funded projects including green woodland areas in Oakdale and Ruperra.▪ We have assisted CCBC Planning (Urban Renewal) in implementing a range of village centre schemes in the Lower Sirhowy Valley.

THE NATURAL ENVIRONMENT

Community Spaces

Key Objective	Key Achievements
To develop the ERDF 'Community Spaces' programme in strengthening links between local communities and public green spaces	<ul style="list-style-type: none">▪ A key programme for Trust in utilising public open green space as a means of engaging local people in environmental activities. Parc Penallta, Cefn Fforest Ecopark and the Upper Sirhowy Valley are the focus areas.▪ The programme agreed with WEFO to employ 2 additional officers along with a contribution to a team leader. This will allow the programme to offer communities more opportunities for participation.• The programme has delivered a diverse range of activities supporting volunteering opportunities through the 'On the Ground' programme, providing Ray Mears style 'Bushcraft' activities and traditional skill taster days for young people and offering local stakeholders and businesses focussed officer time.▪ The programme continued its support for mini junior rangers in Parc Penallta with a visit to the Red Kite feeding station.▪ Traditional Skills workshops have been delivered in the Upper Sirhowy Valley and Cefn Fforest Eco Park.• The programme has built stronger links with local schools through a programme of tailored fun activities including media workshops, orienteering trails etc.

Access and Community Routeways

Key Objective	Key Achievements
To develop the Green Tourism programme	<ul style="list-style-type: none">▪ Groundwork Caerphilly is part of the SW Valleys-wide HERIAN project and the Valleys Regional Park project promoting tourism potential through industrial heritage.

To develop a 'Loops and Links' programmes	<ul style="list-style-type: none"> ▪ Completion of 4 out of 8 new routes under the 'Loops & Links' programme in Caerphilly with funding assistance from ERDF and CCW ▪ We are also working to further develop the 'Loops & Links' initiative across the Heads of the Valley area in conjunction with Groundwork Merthyr & RCT This is assisting in positioning Trust within Great Outdoors beacon / Valleys Regional Park ▪ We are developing a range of new tracks extending from Caerphilly Mountain through to Ruperra This work is being funded through Cydcoed and forms part of our 'Loops & Links' work
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PROSPERITY OVERVIEW AND KEY ACHIEVEMENTS

Our 'Prosperity' mission is:

'To promote the social, economic and environmental regeneration of Caerphilly by being the leading source of environmental advice to local SMEs, providing sustainable environmental improvements to priority industrial estates and the development of innovative social enterprise'

Overview

The Trust's 'Prosperity' programmes continued to link the environment and local economic regeneration

The Environmental Business Services (EBS) programme provided environmental support through the Green Dragon initiative but little physical regeneration works within targeted business areas in the Caerphilly County Borough as previously achieved. The programme continued our consultancy work in local authority areas adjacent to Caerphilly this was consistent with the Groundwork in Wales agenda of developing services and activities beyond existing Trust boundaries

Until the middle of 2006-07 the Trust's Social Enterprise programme has been focussed on the Community Furniture Enterprise which is based at the Lawn Business Village in Rhymney. The purpose of the project is to collect donations of potentially re-usable furniture and potentially re-usable white goods, to repair as necessary, conduct appropriate testing and make available for sale at low cost to people on low incomes. Within this process local people are employed on a full or part-time basis or offered volunteering places. This has been strengthened recently by additional placements and full-time employed labour funded through our new Intermediate Labour Market programme

The Kerbside Recycling Scheme that continues to promote recycling throughout the area and has expanded its operations and participation rates. The project has been based on two separate contracts between Caerphilly County Borough Council and funding from WCVA, however in future years one contract has been negotiated with CCBC for continuation of the service

During the last financial year the Trust has been successful in obtaining funding via Objective 1 funding for a pilot Intermediate Labour Market programme that helps people who are economically inactive, socially excluded and disadvantaged to enter work by providing a transition from welfare to employment. The pilot currently operates from the Community Furniture Enterprise Building in Rhymney and is operational only for people from the Upper Rhymney Valley. In addition, the Trust has purchased the liquidated assets of a real nappy service called "Gentle Touch", which subject to appropriate business planning can be operated as a new social enterprise run under the Trust's new Trading Company

The key objective and achievements on the Trust's key 'Prosperity' programmes are summarised as follows

Environmental Business Services

Key Objective	Key Achievements
To further develop the Environmental Business Services programme	<p>This 3 year programme, developed by Groundwork Wales in conjunction with Arena Network, has been extended to August 2007 to enable a suitable sustainable strategy and backed by funding to be developed</p> <p>Consequently, EBS developments for 06-07 included</p> <ul style="list-style-type: none"> ▪ Successfully employing a second Officer to help achieve the target outputs for the programme, ▪ Continued working with Groundwork Wales, all Trusts in SE Wales (that run similar programmes) and all other parties involved in developing a robust strategy to sustain this important programme after August 2007, ▪ Successfully achieving renewal of our Level 2 Green Dragon awards for the Trust and the Community Furniture Enterprise Building at Rhymney to help demonstrate that we are 'walking the talk' in terms of our commitment to good environmental management practices

Social Enterprise (CFE and Kerbside)

Key Objective	Key Achievements / Issues:
To support the development of Community Enterprises and Services and the wider Social Economy in the area	<p>It has been a testing year for the Community Furniture Enterprise Further changes in management have been required as a result of Senior Management changes over the last year The Business Development Manager has now taken over responsibility for the project and has instigated yearly targets and other means of developing the operation</p> <p>Improvements through an action plan have included</p> <ul style="list-style-type: none"> ▪ The development of a Board approved financial plan identifying quarterly and year end targets for the Community Furniture Enterprise, ▪ Introduction of sales monitoring controls The controls now monitor daily, weekly, quarterly and annual sales results, ▪ Introduction of Stock Controls for both Furniture and Electricals The controls now monitor all items from the date of initial enquiry to delivery of sold goods, ▪ Revision of all procedures to conform with the Furniture Re-use Network's "Bulky Basics" manual, enabling the CFE to bid for contracts relating to WEEE, ▪ Improvements to the environs of the building, ▪ Increased numbers of placements and employees for the project through the ILM Programme, ○ Development of bids for WEEE Contracts to help finance the CFE and bring in income to the Trust,

	<ul style="list-style-type: none"> ▪ Implementation of an Intermediate Labour Market Programme including the appointment of two new staff (an ILM Co-ordinator and Project Officer), development of the programme for 46 people including setting-up working relationships and protocols with partners, training programmes for recipients, developing placement opportunities beyond the CFE, developing contracts between host employers and ILM employees, developing support mechanisms for the people placed in employment, etc , ▪ Developing partnerships and networking with view to the continuation of the ILM programme after June 2008, ▪ Purchase of the liquidated assets of a real nappy service called "Gentle Touch", which subject to appropriate business planning can be operated as a new social enterprise run under the Trust's new Trading Company, ▪ Extension of WRAP Battery Pilot project awarded to the CFE in 2006,
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BUSINESS DEVELOPMENT KEY ACHIEVEMENTS

Overview

Ongoing business development is vital in ensuring the viability of the Trust, particularly in the light of the challenges and opportunities highlighted in the 'Context' section. The changing agenda's of partners and sponsors, regionalisation and the emergence of Groundwork in Wales 'Cross-Boundary' programmes are giving rise to a number of development opportunities.

In 2006-07 we have initiated much of this work. We are looking at a number of Groundwork in Wales 'Cross-Boundary' programmes to take forward in 2007-08, we are continuing to look at developments at the Community Furniture Enterprise (although the WEEE directive has been subject to continuing delays), the Intermediate Labour Market programme based at the CFE has been extremely successful and provides the basis for significant future business and we have started defining the Trust's role in addressing climate change. Our Development and Trading opportunities in this 3 year plan reflect these advances.

Key Objective	Key Achievements
To ensure that the Trust maintains and further develops a key role as a major partner in the regeneration of Caerphilly County Borough	<ul style="list-style-type: none"> ▪ Key partner in the development of the Caerphilly Community Strategy, providing executive and management team support, supporting strategic and community partnerships, supporting the Beacon projects and activities across all thematic headings ▪ Key partner in the delivery of Communities First with team of officers supported through WAG ▪ Completed Joint Working Protocol and Officer working protocol with CCBC and continuing operational Liaison Group ▪ Strengthened partnerships with Ystrad Mynach College, GAVO and CCW and discussions initiated with Environment Agency ▪ Significant advances in tackling key issue of economic inactivity through environmental volunteering and ILM work
To ensure that the Trust develops a key role as a major partner on	<ul style="list-style-type: none"> ▪ Joint discussions with Groundwork Merthyr & Rhondda Cynon-Taff regarding role in Heads of the Valleys Strategy and Valleys Regional Park

a regional basis as part of Groundwork Wales	<ul style="list-style-type: none"> ▪ Initiation of Cross Boundary programmes with other Trusts in Wales ▪ Development of regional partnerships through ILM / CFE ▪ Agreement of Trust expansion priorities as Torfaen, Newport, Blaenau Gwent and potentially Monmouth
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Groundwork Caerphilly – our vision for the future.

It is fundamental that we respond to, and anticipate changes in our operating environment. Our view on this and our vision for the next ten years is set as follows

Our vision

The vision for Groundwork Caerphilly sits within the vision for the Groundwork Federation. We have interpreted this vision within our local context as follows

'We will be recognised as a leader in community led sustainable regeneration in Wales by demonstrating the principles of sustainable development throughout our area of influence and in our policies and practices'

'We will demonstrate the 'uniqueness' of the Groundwork approach through innovative actions and by applying global principles to local situations within our project work'

'We will be a 'model' partner, encouraging collaboration, learning from, and sharing with others'

'We will remain accountable and responsive to local communities, providing 'quality of life' opportunities and supporting regeneration in response to local need'.

'We will establish a reputation for working with the hardest-to-reach groups and individuals'.

Our guiding principles for achieving our vision are:

- ❖ ***Changing Places, Changing Lives.. ...Changing Minds*** – encouraging, supporting and informing society to 'think and act sustainably' through our work and our actions
- ❖ ***Learning through doing*** - Demonstrating the vital role of community participation in land based activities, natural resource use and other environmental action and activities in achieving sustainable economic growth and social change
- ❖ ***A sustainable approach to the natural & built environment*** - Demonstrating that changes in our built environment can be balanced with the needs of the natural environment through sustainable development principles
- ❖ ***Understanding local need, identity & culture*** - Truly understanding our communities and their needs, collectively and individually, and using their identity, heritage, culture and values to find innovative solutions and apply 'global principles to local situations'

We will realise our vision by:

- ❖ ***Developing as a 'People focussed organisation'*** with a range of clearly identified social and economic benefits through our environmental and sustainable development work
- ❖ ***Developing as a diverse and flexible organisation with a broad SE Wales base with targeted programmes based on local need*** and within the context of the shape and structure of Groundwork in Wales

- ❖ ***Being an exemplar 'Responsible Business'***, attractive to investors and partners by demonstrating sustainability in its widest sense. We will be an excellent employer with sustainable business practices and responsible employment, procurement, waste and energy policies
- ❖ ***Providing a wide range of environmental services and learning opportunities in sustainable development***, an integral link between community and business, sustainable skills and employment. We will evidence the benefits of our work, sharing knowledge and experiences with others
- ❖ ***Becoming financially independent through a broad mix of income and a strong asset base*** and supported by a broad network of multi-sectoral partnerships that share the Trust's vision and ideals

In moving towards this vision, we have set out **Key Development Goals** within our 3 Year Development Plan for 2007-2010

**GROUNDWORK CAERPHILLY
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2007 (Continued)**

RISK MANAGEMENT

The Directors have assessed the major risks to which the Charity is exposed, in particular those related to the operations and finances of the organisation and are satisfied that systems are in place to mitigate exposure to any major risks

RESERVES POLICY

The Directors aim to maintain a level of 6 months free reserves, sufficient to ensure that the Charity's operations remain sustainable

FUND BY FUND ANALYSIS OF AVAILABILITY OF ASSETS

The Board of Directors have reviewed the reserves of the Charity. The review encompassed the nature of the income and expenditure streams and the need to fulfil future commitments

Total funds equate to 40% of expected unrestricted fund expenditure each year and the Board of Directors believe this is adequate to ensure continuance of all the Charity's project aims over the next few years without interruption

INVESTMENTS

The Trust does not hold any investments

Signed on behalf of the board of directors



Mr C Davenport (Secretary)

Approved by the Board on 18 / 9 2007

REGISTERED OFFICE
Mynyddislwyn Offices
Bryn Road
Pontllanfraith
Blackwood
NP12 2BH

**GROUNDWORK CAERPHILLY
REPORT OF THE INDEPENDENT AUDITORS
FOR THE YEAR ENDED 31ST MARCH 2007**

We have audited the financial statements of Groundwork Caerphilly for the year ended 31 March 2007 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The responsibilities of the trustees (who are also the directors of Groundwork Caerphilly for the purposes of company law) for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page two.

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 Companies Act 1985. We also report to you whether the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charity is not disclosed.

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

Basis of audit 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 judgements made by the directors in 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 the 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
GRONDWORK CAERPHILLY (Continued)**

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the charitable company's affairs as at 31st March 2007 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information provided in the report of the directors is consistent with the financial statements

Broomfield & Alexander Ltd

Broomfield & Alexander Limited
Chartered Accountants and Registered Auditors
Pendragon House
Caxton Place
Pentwyn
CARDIFF
CF23 8XE

Dated *18 September 2007*

**STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31ST MARCH 2007**

	NOTES	UN- RESTRICTED FUNDS	RESTRICTED FUNDS	TOTALS 2007	TOTALS 2006
		£	£	£	£
INCOMING RESOURCES					
Activities in furtherance of the charity's objects					
- Voluntary Income		201,700	-	201,700	192,850
Incoming resources from charitable activities					
- Grants		178,713	1,231,604	1,410,317	1,339,121
Activities for generating funds					
Investment Income		19,963	-	19,963	25,478
Sundry Income generated from fees		74,994	-	74,994	67,103
TOTAL INCOMING RESOURCES	3	475,370	1,231,604	1,706,974	1,624,552
RESOURCES EXPENDED					
Charitable activities		499,397	1,485,778	1,985,175	1,712,962
Governance		9,103	-	9,103	8,800
TOTAL RESOURCES EXPENDED	5	508,500	1,485,778	1,994,278	1,721,762
Net Incoming Resources before other recognised gains		(33,130)	(254,174)	(287,304)	(97,210)
Reconciliation of funds					
Total funds brought forward		563,066	420,060	983,126	1,080,336
Total funds carried forward		529,936	165,886	695,822	983,126

All of the net (outgoing)/incoming resources are from continuing activities

The company has no recognised gains or losses other than the above

GROUNDWORK CAERPHILLY
BALANCE SHEET AT 31ST MARCH 2007

	Notes	2007	2006
FIXED ASSETS			
Tangible assets	6	32,669	65,494
CURRENT ASSETS			
Debtors	7	371,355	411,956
Cash at bank and in hand		636,469	749,425
		<u>1,007,824</u>	<u>1,161,381</u>
CREDITORS			
Amounts falling due within one year	8	344,671	243,749
NET CURRENT ASSETS		<u>663,153</u>	<u>917,632</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		695,822	983,126
Net assets		<u>695,822</u>	<u>983,126</u>
CAPITAL AND RESERVES			
Unrestricted funds			
General funds		529,936	563,066
Restricted funds		165,886	420,060
Total funds		<u>695,822</u>	<u>983,126</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2005)

Signed on behalf of the board of directors



Director B Davies

Approved by the board on 18 September 2007

**GROUNDWORK CAERPHILLY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2007**

1. ACCOUNTING POLICIES

Basis of Accounting

The accounts have been prepared under the historical cost convention. The accounts, incorporating a statement of financial activities have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), the Companies Act 1985 and follow the recommendations in the Statement of Recommended Practice (SORP) – "Accounting and Reporting by Charities" revised in 2005.

Fund Accounting

Unrestricted Funds are available for use at the discretion of the directors in furtherance of the Trust's general objectives.

Restricted funds are funds subject to specific restrictive conditions imposed by the terms of the grant or funding body.

Designated funds are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.

Incoming Resources

Income and grants are included in incoming resources when receivable, except as follows -

- When donors specify that the grants must be used in future accounting periods, the income is deferred until those periods.
- When donors impose conditions which have to be fulfilled before the Charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.
- When donors specify that grants are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources of restricted funds when receivable.

Allocation of Expenditure

Expenditure incurred by the charity in the year has been split between restricted and unrestricted funds. Costs have been analysed between direct charitable expenditure, fundraising and publicity and the administration and management of the charity. Expenditure relating directly to a cost category has been charged to that account. Expenditure, which includes more than one cost category, has been apportioned on a reasonable, justifiable and consistent basis to the categories involved. Committed expenditure that has yet to be invoiced is, in line with best accounting practice, not recognised in these accounts. It is intended that such expenditure will be funded by future income flows.

Liabilities Policy

Liabilities are recognised in the Financial Statements as they become payable.

Charitable Activities

This includes all expenditure directly related to the aims of the charity as follows:

- To promote the conservation, protection and improvement of the physical and natural environment
- To provide facilities in the interests of social welfare for recreation and leisure time occupation with the objective of improving the conditions of life for those living, working and visiting in the area
- To advance public education in environmental matters and in the ways of better conserving, protecting and improving the environment

GROUNDWORK CAERPHILLY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2007 (Continued)

Governance Costs

These costs include the costs of governance arrangements, which relate to the general running of Groundwork Caerphilly as opposed to the direct management functions inherent in generating funds, service delivery and programme of project work. These include such items as external audit, legal advice for trustees and costs associated with constitutional and statutory requirements.

Resources Expended

Expenditure has been allocated to management and administration of the Trust, where it relates to the management of the Trust's assets, organisational administration and compliance with constitutional and statutory requirements.

Resources expended are recognised in the period in which they are incurred.

Tangible fixed assets

Fixed assets are capitalised at cost.

Depreciation is calculated so that the cost of tangible assets or valuation less any residual value is written off over their estimated useful lives on the following basis -

Computers	33 33% On Cost
Motor Vehicles	20% On Cost
Office Equipment	20% On Cost
Plant and Machinery	20% On Cost

Capital Grants Received

Grants that relate to capital expenditure on specific projects are treated as restricted funds that are charged to the income and expenditure account at acquisition. This treatment is due to the nature of the funding as the grants are received to provide equipment to specifically run the projects and services.

Hire Purchase Contracts and Finance Leases

Assets acquired under such agreements are recorded in the Balance Sheet at their fair value and as an obligation to pay future rentals at the inception of the contract. The total finance charge is not allocated to accounting periods during the lease term so as to produce a constant periodic rate of charge on the remaining balance sheet obligation, but on a straight line basis as, in the opinion of the Directors, this represents a reasonable approximation thereto. The capital element of future payments is treated as a liability and the interest element is charged to the Income and Expenditure Account.

Operating Lease Costs

The rentals under operating leases, where substantially all the benefits and risks of ownership remain with the lessor, are charged against profit as incurred.

Pension Costs

The Trust contributes to employees' own personal Pension Schemes. This Pension cost charge represents contributions payable by the Trust to the individual schemes.

GROUNDWORK CAERPHILLY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2007 (Continued)

2. STATUS

Groundwork Caerphilly is a company limited by guarantee, not having a share capital, exempt from the requirement to use the word 'limited' and is a registered charity. The liability of each member under the guarantee is limited to £1 (one pound)

3. TOTAL INCOMING RESOURCES

	2007 £	2006 £
SPONSORSHIP FUNDING		
- National Assembly for Wales	158,700	149,850
- Caerphilly County Borough Council	43,000	43,000
	<u>201,700</u>	<u>192,850</u>
PROJECT INCOME		
Public Agencies and National Charities	151,909	-
Welsh Assembly	209,615	175,124
Local Authority	235,180	567,880
European Union	738,943	486,203
Private Sector	74,670	109,914
	<u>1,410,317</u>	<u>1,339,121</u>
Other Income	-	13,287
Unrestricted Other Income	74,994	53,816
Interest received	19,963	25,478
	<u>1,706,974</u>	<u>1,624,552</u>

GROUNDWORK CAERPHILLY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2007 (Continued)

4. NET INCOMING RESOURCES BEFORE TRANSFERS IS STATED AFTER CHARGING

	2007	2006
	£	£
Staff Costs (See Note 5)	937,483	917,221
Auditors Remuneration	5,800	5,600
Depreciation – Owned Fixed Assets	33,369	36,235

5 Resources expended:-

	Charitable Activities £	Governance Costs £	2007 Total £	2006 Total £
Direct Costs				
Staff Costs	649,740	-	649,740	795,389
Project costs	468,756	-	468,756	295,190
Project equipment hire	7,304	-	7,304	2,162
Tools and equipment	48,153	-	48,153	17,116
Materials	43,411	-	43,411	13,640
Contractors	22,548	-	22,548	26,604
Consultancy	83,347	-	83,347	61,227
Protective clothing	8,513	-	8,513	5,103
Training and recruitment	17,467	-	17,467	16,505
Project travel and transport	69,015	-	69,015	57,728
Project publicity	11,050	-	11,050	17,570
Support costs	62,295	-	62,295	37,771
Accommodation	22,750	-	22,750	32,822
Audit fees	-	5,800	5,800	5,600
Trustees Indemnity Insurance	-	3,303	3,303	3,200
	<u>1,514,352</u>	<u>9,103</u>	<u>1,523,455</u>	<u>1,387,927</u>
Support Costs				
Staff costs	287,743	-	287,743	121,832
Recruitment and training	6,413	-	6,413	14,362
Premises expenses	51,089	-	51,089	61,900
IT and equipment costs	24,575	-	24,575	17,226
Depreciation	33,369	-	33,369	36,236
Motor and travel expenses	10,081	-	10,081	9,586
(Profit)/Loss on disposal of fixed assets	(602)	-	(602)	5,435
Subscriptions and donations	1,855	-	1,855	2,192
Legal and professional	16,337	-	16,337	27,301
Postage and stationary	4,289	-	4,289	5,425
Communications	5,250	-	5,250	4,900
Promotion and advertisement	4,391	-	4,391	3,213
Insurance	4,992	-	4,992	5,508
Irrecoverable VAT	14,177	-	14,177	15,850
Sundry	6,864	-	6,864	2,869
	<u>470,823</u>	<u>-</u>	<u>470,823</u>	<u>333,835</u>

GROUNDWORK CAERPHILLY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2007 (Continued)

6. Staff costs

	2007 Total	2006 Total
	£	£
Wages	847,483	832,034
Social security	78,126	76,662
Staff pension	11,875	8,525
	<hr/>	<hr/>
	937,483	917,221

No employee received emoluments of more than £60,000

The average number of employees, analysed by function was -

	2007	2006
Direct project labour	38	37
Management and Administration of the Charity	7	7
	<hr/>	<hr/>
	45	44

The directors were not paid or reimbursed for expenses during the year

GROUNDWORK CAERPHILLY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2007 (Continued)

7. TANGIBLE FIXED ASSETS

	Plant and Machinery etc £
Cost	
At 1 st April 2006	265,752
Additions	543
Disposals	(16,737)
	<hr/>
At 31 st March 2007	249,558
	<hr/>
Depreciation	
At 1 st April 2006	200,257
Eliminated on disposals	(16,737)
Charge for year	33,369
	<hr/>
At 31 st March 2007	216,889
	<hr/>
Net Book values	
At 31 st March 2007	32,669
	<hr/>
At 31 st March 2006	65,494
	<hr/>

8. DEBTORS

	2007 £	2006 £
Trade and grant debtors	249,061	289,385
Prepayments and accrued income	122,294	122,571
	<hr/>	<hr/>
	371,355	411,956
	<hr/>	<hr/>

GROUNDWORK CAERPHILLY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2007 Continued)

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006
	£	£
Trade creditors	223,511	118,094
Customs and excise	13,473	982
Sundry creditors	24,215	23,816
Accruals	83,472	100,857
	<u>344,671</u>	<u>243,749</u>
Maintenance and Retentions Accruals		
Balance at 1 4 06	52,492	92,645
Movement in the year	(11,886)	(40,153)
	<u>40,606</u>	<u>52,492</u>

10. FUNDS

	Balance at 1st April 2006	Movement in The Year	Balance at 31st March 2007
	£	£	£
Unrestricted funds	563,066	(33,130)	529,936
Restricted funds	<u>420,060</u>	<u>(254,174)</u>	<u>165,886</u>
	<u>983,126</u>	<u>(287,304)</u>	<u>695,822</u>

GROUNDWORK CAERPHILLY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2007 (Continued)

Restricted Funds

	At 1st April 2006	Incoming Resources	Outgoing Resources	At 31st March 2007
Community Environmental Network	94,709	343,808	362,180	76,337
Sustainable Communities	(49,640)	423,521	446,350	(72,469)
Learning & Development	-	3,632	3,632	-
Youth Environment	4,958	26,583	26,611	4,930
Community Spaces	100,993	126,516	151,346	76,163
Environmental Business Services	(3,307)	52,167	52,275	(3,415)
Social Enterprise	118,977	255,377	329,859	44,495
Project reserve	148,824	-	113,525	35,299
Marketing reserve	4,546	-	-	4,546
	<u>420,060</u>	<u>1,231,604</u>	<u>1,485,778</u>	<u>165,886</u>

Community Environmental Network fund is to be used with the Charity's ongoing aim to encourage a community – leader approach regeneration and development

Sustainable Communities These programmes are ongoing and it is anticipated that incoming resources in future periods will eliminate the deficit relating to this fund

Youth Environment fund relates to monies restricted to use on youth oriented projects/workshops

Community Spaces fund relates to several specified geographical areas and regeneration programmes that are ongoing within the county

Environmental Business Services This project is ongoing and it is anticipated that incoming resources in future periods will eliminate the deficit relating to this fund

Social Enterprise fund includes additional monies generated from the Community Furniture Enterprise Scheme, and these are to be utilised to finance staff and training posts for a longer period than first planned in the feasibility study

Project Reserve fund relates to monies restricted to use in certain areas These include Mining Villages, Industrial Estates and LSW programmes

Marketing Reserve relates to monies specifically to be utilised against future promotional and literature costs

GROUNDWORK CAERPHILLY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2007 (Continued)

11 COMMITMENTS

Capital Commitments

At 31st March 2007 there were no capital commitments (2006 - Nil)

12 PENSION COSTS

The Trust contributes to employee's own personal pension schemes. The pension cost charge represents contributions paid by the Trust to the individual schemes and amounted to £11,875 (2006 £8,525)

13 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2007	2006
	£	£
Bank Interest Received	<u>19,886</u>	<u>25,477</u>

14 TAXATION

No provision has been made for taxation as the company was established for charitable purposes and as such will benefit from exemption relation to charities

15 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	General Fund £	Restricted Fund £	Total £
Tangible fixed assets	32,669	-	32,669
Net current assets	<u>497,267</u>	<u>165,886</u>	<u>663,153</u>
	<u>529,936</u>	<u>165,886</u>	<u>695,822</u>