

2019/20

The Federation of Groundwork Trusts

Annual Report and Financial Statements



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The Federation of Groundwork Trusts
Operating as Groundwork UK

Charity registration number
291558
Company registration number
01900511

Registered office
Lockside
5 Scotland Street
Birmingham B1 2RR

About Groundwork UK

Groundwork is a federation of charities mobilising practical community action on poverty and the environment across the UK.

We're passionate about creating a future where:

- every neighbourhood is vibrant and green
- every community is strong and able to shape its own destiny
- no-one is held back by their background or circumstances.

We believe that working with local communities to build their resilience is vital in facing up to the challenges of a globalised economy and a changing climate.

This means creating green jobs that build wealth in local communities, changing behaviour to reduce wasted food, energy and water, providing biodiverse, accessible green spaces, supporting businesses to be more responsible and empowering communities to lead activities that improve their quality of life and promote health and wellbeing.

Groundwork harnesses the passion, skills and experience of more than 1,200 employees and 150 volunteer trustees across the UK. In 2019/20, the Groundwork federation delivered projects

and programmes to a value of some £88 million involving and benefiting more than 800,000 people.

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

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



Chair's statement

At the core of Groundwork's new strategy is a commitment to building the resilience of local communities – equipping and enabling those living in our most disadvantaged areas to withstand the challenges facing them and improve their own prospects.

These challenges are many and significant – global economic trends, a changing climate, divisive national politics and now an unforgiving pandemic. All of these forces impact first and worst on those in our society who have least, adding to the structural inequalities that have been affecting parts of our country for decades.

Our work to support those who are marginalised and disconnected from the economic mainstream, to build the capacity of local community organisations and to help local small businesses stay competitive and operate more sustainably has never been more important. A survey we conducted recently shows that community groups feel the need for their work has grown but around half say they're finding it harder to operate due to a combination of funding pressures and the loss of other local services.

This pressure will only intensify in the months ahead as we try and find a way to recover from the social and economic impacts of the Covid-19 crisis. Many vulnerable people will continue to feel anxious and keep themselves isolated while those who were already struggling in education or without work will now be further disadvantaged. The long-term impacts on our physical and mental health are unknown.

In order to play our full part in the recovery we need to focus on the resilience of our own organisation. Many charities have suffered a devastating drop in income due to the lockdown while seeing demand for their services grow. The work we have been pursuing to strengthen our organisational structures, build platforms for collaboration within our federation and diversify our income base means we should be well prepared to face the future with confidence.





We can also draw on the lessons of history. Our organisation was forged in the deep recession of the late 1970s and early 1980s and our approach to supporting communities and improving the environment was built on the foundations of partnership, enterprise and practical action – helping people get organised, overcome bureaucracy and fashion solutions to global challenges that were locally relevant. These same principles need to be embedded in the way we respond to the current crisis – empowering communities to drive a green recovery from the grass roots by providing expert support, access to funds and a platform for getting their voices heard.

Our national team at Groundwork UK has had a positive year, as this report sets out, and will now be focused on ensuring our national relationships and resources add maximum value to our plans for local delivery across the UK. My thanks go to my fellow trustees for their drive and commitment to our cause, and to our staff, whose dedication and determination will ensure that both our organisation – and the communities it exists to serve – emerge from the crisis stronger than they were before.

Graham Hartley, Chair

21 September 2020

Governance

Registration numbers

Charity Registration Number:
291558

Company Registration Number:
01900511

How we are organised and governed

Groundwork UK is the operating name of The Federation of Groundwork Trusts, a charity and a company limited by guarantee. The governing documents are its Memorandum and Articles of Association, which were last amended by written resolution on 6 December 2018.

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

The Board of Trustees comprises the trustees of Groundwork UK in accordance with the Charities Act 2011, who are also the directors of the company in accordance with the Companies Act 2006. The majority of our trustees are appointed from the boards of our member Groundwork Trusts. A number of

independent trustees, including our Chair, are co-opted by the Board on account of their skills, experience or networks.

Our trustees are responsible for ensuring Groundwork UK is managed effectively and efficiently with appropriate systems, processes and policies governing our fundraising and financial management, our assets and investments and our responsibilities to our staff, volunteers and beneficiaries. We pay particular attention to our responsibilities in respect of health and safety, safeguarding, data protection and information security, each of which has a champion on our Board, and maintain comprehensive business continuity arrangements.

The work of the Board is supported by four sub-committees:

- **Groundwork UK Committee**
- oversees the development and management of our programmes and services, ensures risk are managed and supports the operational and financial performance of our organisation.
- **Groundwork UK Audit Committee**
- oversees our audit process and reviews our Annual Report and Financial Statements independently of the Groundwork UK Committee.

- **Federation Executive Team**

- executives from each Groundwork Trust support the Board with the formulation of strategy and policy for the whole of Groundwork.

- **Chairs' Committee**

- assists with appointments to the Board, selection of the Chair and appointment of senior staff at Groundwork UK.

As a charity supporting young people to play an active role in their communities, we want to ensure that our strategic decision-making and operational plans are informed by the views of young people. Our Youth Advisory Board meets regularly, acting as a sounding board for our internal teams and providing a platform for building and supporting a wider network of young people to improve their own lives and neighbourhoods.

Groundwork UK's Management Team is led by the Chief Executive and includes senior staff members responsible for financial management and corporate services, fundraising, communications and programme performance. This team operates through delegated powers outlined in our financial regulations and provides regular reports on financial and operational performance and risk management.

Relationships within Groundwork

Groundwork is a federation of independent charities, each working under a common brand to a common strategy. This strategy sets the direction, milestones and targets, which influence operational decision-making across all parts of Groundwork and against which executives hold each other to account. Within this strategic framework Groundwork Trusts make their own decisions about the project work they develop and deliver.

Groundwork UK delivers services and activities to support Groundwork Trusts by building brand and profile, generating income for local delivery and supporting quality and impact. Groundwork UK is held to account for its performance by its members. Each Groundwork Trust signs a membership agreement, which sets out the commitments made by all parts of Groundwork in relation to quality, governance and ways of working and defines the services Groundwork UK will deliver on behalf of the federation.

The appointed trustees of Groundwork UK are also trustees of Groundwork Trusts but are not considered to be related parties under the definition of the SORP and transactions between Groundwork UK and Groundwork Trusts do not require separate disclosure. Groundwork UK has considered the other disclosure requirements of the SORP and believes that there are no other related party transactions except for those between itself and its wholly owned subsidiary companies, as listed on page 33.

Our commitments

The Board is committed to the principles of good governance set out in the Charity Commission Governance Code and all boards within Groundwork have undertaken to review their performance against this standard in the coming year.

Our federation strategy sets out the principles which underpin all of our work.

- **We will invest in the places and people that need us most**
- prioritising our resources to bring about lasting change by building skills and capacity within the local communities where we can make most difference.
- **We will work with local leaders and listen to local voices**
- ensuring our work is shaped by those it is designed to benefit and adds value to the assets that exist in local areas.
- **We will grow a culture of equity and inclusion**
- operating transparently and with integrity and seeking out a diversity of viewpoints, both in the work we do and the people we employ.
- **We will be committed to collaboration**
- forging strong partnerships, contributing to a thriving community sector and helping others lead where this will achieve greater impact.
- **We will act as environmental exemplars**
- championing practical action to combat the climate and nature emergency and measuring and reducing our own environmental impact.

The Groundwork UK staff team has agreed a set of values to inform the way we work and behave. We will be **environmentally aware** and focused on **communities in need**. We will be **collaborative**, show **integrity** and strive for **quality** in everything we do.

Our decisions, actions and operations are also guided by our sustainable development policy, which sets out how we will contribute to creating a strong and just society living within environmental limits, and which this year will be strengthened to drive more rapid action in reducing our carbon emissions as a team.

As a charity dedicated to supporting people who may be vulnerable we are committed to ensuring our operations are delivered safely and that our staff, volunteers and service users are able to speak freely about any concerns they have. We have a Groundwork-wide commitment to effective safeguarding – including e-safety – and comprehensive complaints and whistleblowing procedures.

Our work is designed to address the needs of all sections of the community and we provide equal access to our services regardless of race, gender, disability or sexual orientation. In the last year we have established a federation working group to identify more effective ways of promoting equity, diversity and inclusion across our organisation and its operations.

Groundwork UK is registered with the Fundraising Regulator and complies with all relevant codes of practice. All of our fundraising is managed internally and we do not employ commercial participators or professional third-party fundraisers.

Objectives and public benefit

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

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

Groundwork UK's trustees have referred to the Charity Commission's general guidance on public benefit when reviewing the organisation's objectives and planning future activities. In particular, the trustees consider how planned activities will contribute to the charitable objectives set out above. Further details about the impact of Groundwork UK's activities during 2019/20 can be found on the following pages.

Strategic report

for the year ended 31 March 2020

The Board of Trustees presents its report for the year ended 31 March 2020. This includes:

- an introduction to our organisation (page 3)
- our objectives and governance (pages 6-8)
- our financial and operational review for the year (pages 9-19)
- our plans for the future (page 14-15)
- details of our trustees, senior staff and advisers (pages 42-43)

Performance overview

2019/20 was a year of strong performance by the Groundwork UK team, with our key performance indicators for the year substantially met or showing an improving trend by the year end.

Data is used to track trends in our operational and financial performance, providing a headline assessment of our achievements in fundraising, profile raising, programme delivery and quality improvement, including feedback from stakeholders. Performance reports are provided to our trustees on a quarterly basis and compared with target levels of performance outlined in our annual business plan. Financial KPIs are tracked through monthly management accounts and used to inform regular re-forecasts of our financial position.

Our financial KPI's include monitoring of unrestricted surplus against budget (£147k actual: £0 budget) and cumulative bidding success for new business (44% actual : 40% budget)

Our work to build Groundwork's visibility was highly effective with targets for press coverage achieved and significant over-performance against our targets for social media reach and engagement. A major project to redevelop Groundwork's online presence was completed successfully, providing a much stronger platform for fundraising, public engagement and the marketing of our commercial services.

During the year we have continued to increase our understanding of the issues affecting local community organisations in order to influence the policy and funding landscape. We published the results of a major research project, which highlighted the challenges being felt by community groups, and used the Groundwork Community Awards as a platform for showcasing the impact achieved by local organisations across the UK.

Our work to provide grants and support to community organisations on behalf of government, businesses and other national funders has gone from strength to strength during the year. Between April 2019 and March 2020 we distributed more than 12,000 grants to a value of more than £20 million on behalf of the Ministry of Housing, Communities and Local Government, the Greater London Authority, Tesco and OneStop, Comic Relief, HS2, the Education and Skills Funding Agency and the property company Avison Young.

Feedback about our performance from both grant recipients and partners continues to be very positive with a rolling stakeholder satisfaction rating remaining above our 90% target for the whole of the year.

We continue to seek opportunities to achieve our mission by securing and managing contracts and programmes that can be





coordinated nationally and delivered locally by Groundwork Trusts and other partners. We have helped around 300 young people progress into education or employment through our Progress initiative in the West Midlands and seen more than 600 young people across the country get involved in our Future Proof Parks social action programme, both meeting targets set by funders. We are managing the delivery of skills training in London and the South East and the North East of England to people who are unemployed through the Government's Adult Education Budget. During the year we achieved excellent results in terms of completed courses and qualifications, and the report of a monitoring visit by Ofsted showed that we are making 'reasonable progress' towards our quality aims as a new provider, though challenges in local recruitment mean we have been unable to support as many learners as we intended.

Across all of our programmes we met 81% of our performance indicators against a target of 90%, which represents a considerable achievement given the complex and challenging funding and compliance regimes within which we operate.

This solid performance has ensured that our key funders and partners have extended agreements into the year ahead. We have also secured some major new programmes of work with a success rate of 44%

in competitive bidding processes and a strong – and growing – roster of business supporters. In particular we will be mobilising large programmes of work to support the delivery of Groundwork's Green Doctor services, helping thousands of vulnerable households improve the energy efficiency of their homes and reduce their fuel bills.

At the very end of the year, the spread of the Covid-19 virus and the associated restrictions on movement had a major impact on our activities. Many of our grant programmes switched to 'emergency response' mode, as we worked with funders and partners to ensure grants were quickly able to reach community organisations delivering activities to support vulnerable people and maintain vital services. In collaboration with colleagues across the Groundwork federation and in other local delivery organisations we adapted our programmes so that practitioners could engage safely with service users by phone, video call or social media and developed new tools and campaigns to keep people connected. The course of the pandemic will have major implications for our future plans as set out below.

Sustainable development report

Part of our charitable purpose is to promote sustainable development – helping communities and individuals develop the understanding and capability to take action and make choices that deliver social equity and economic prosperity while recognising the need to live within the earth's finite natural resources.

The principles of sustainable development underpin the way we go about our work and environmental leadership is embedded in our federation strategy and in our organisational values. Our sustainable development policy commits us to reporting on how these principles are being put into practice within our own organisation.

As a growing team, we continue to focus on ensuring that our staff adopt more sustainable practices in the workplace and in their personal lives, both through ongoing reinforcement of messages around energy, waste and recycling, but also through dedicated campaigns to promote sustainable travel, meat-free diets and volunteering. Our commitment to sustainability now forms a more overt part of our recruitment, induction and performance appraisal processes.

The impact of the Covid-19 crisis – in particular the enforced switch to homeworking – has led us to reassess our requirements for an office base and the need for travel both within the organisation and more broadly. During the first half of 2019 we recorded 17,000 miles of work-related travel, the vast majority undertaken by public transport. We reduced this by 56% during the second half of the year and only recorded 2,484 business miles in the first quarter of 2020. As a staff team we have fully embraced the benefits of remote working and will be embedding greater flexibility in our future working arrangements. These principles will be built into the way we design and equip new premises which we will be occupying from January 2021, and which were selected through a process which included an assessment of environmental impact.

We recognise that, as a small staff team, the greatest contribution we can make to sustainable development is through the programmes we develop and deliver. We are taking active steps towards securing funding for a programme of community-based climate action alongside the resources we already distribute to improve green infrastructure and promote energy efficiency.

We have also created resources aimed at community groups receiving grants through our major programmes offering practical suggestions for how they can make their projects more environmentally responsible.

During the last year we established an internal 'net zero' task group with the aim of identifying further priorities for action on carbon reduction. This has led to a stronger framework for measuring the impact of our actions against clearer baselines, which will be incorporated in future reporting against our sustainable development policy.



Our plans for the future

Before the Covid-19 crisis our Board of Trustees agreed a new federation strategy to guide our work to 2023. The social and economic disruption caused by the pandemic, and the environmental considerations it has provoked, have reaffirmed our commitment to the mission, approach and targets set out in the strategy.

The strategy sets out our mission to support practical community action on poverty and the environment and commits the whole of Groundwork to delivering this in three ways:

- **Creating better places**
- by making communities greener, safer and healthier and by enabling people to work together to bring about change in their local area.
- **Improving people's prospects**
- by increasing the confidence, skills, wellbeing and employability of those struggling in education or out of work.
- **Promoting greener choices**
- by helping people and businesses reduce their environmental impact, improve their health, cut waste and save money.

Our collective delivery goals in the next three years are to:

- mobilise 75,000 days of voluntary action to combat the climate and nature emergency
- improve the wellbeing of 50,000 people by connecting them with their community and with nature
- help 20,000 people improve their life chances by accessing learning and work.

In order to deliver these goals, we will continue improving our own capability and resilience to ensure we are putting maximum resource into our front line delivery and investing in the right skills to improve the quality of our services and management.

Our aims in this respect are to ensure we have:

- expert services operating at bigger scale to help more people in more places
- delivery everywhere supported by stronger systems and more diverse income streams
- more consistent quality in our delivery so that we maximise our impact.

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

In 2020/21 this means targeting the following operational objectives.

A better-known Groundwork

- **National voice**
 - building Groundwork's visibility and credibility, using research and evidence to highlight the need for our services, with a priority focus on communities and climate action.
- **Improving people's prospects**
 - building and maintaining relationships with national stakeholders, UK government, businesses keen to demonstrate their support for communities and the environment, public bodies and other national charities.
- **Communications hub**
 - supporting consistent, high quality communications across the federation and driving campaigns that raise profile nationally and locally in key thematic areas - climate and nature, wellbeing, young people and 'communities in control'.

A better-funded Groundwork

- **Programme manager**
 - managing partnerships and large-scale programmes that bring financial or reputational value to the federation, including acting as a managing agent for local delivery.
- **Grant distributor**
 - growing our business as a national provider of grants and support to communities, increasing the market for Groundwork's 'community enabling' services and helping to resource other federation functions.
- **Marketing coordinator**
 - supporting the federation's business development activities through targeted marketing campaigns focused on priority services and audiences, in particular our offer on climate and nature.
- **Diversification driver**
 - building relationships, supporting pilots, unlocking investment and testing ideas that help diversify and grow Groundwork's collective income base.

A better-quality Groundwork

- **Collaboration lead**
 - providing a platform and managing networks to help Trusts learn from each other, identify good practice and replicate and scale successful approaches.
- **Quality coordinator**
 - supporting experts to identify and set quality standards and ensuring these are embedded consistently in practice across the federation.

Building a better Groundwork

- **Project lead**
 - completing our federation transformation plan aimed at scaling up service delivery, increasing the quality and consistency of business management and supporting the consolidation of structures in order to help Groundwork deliver greater impact by growing and diversifying its income base.
- **Environmental exemplar**
 - driving an action plan to reduce our environmental impact and championing similar activity across our federation.

At the time of writing, the long-term impact of the Covid pandemic on these plans and priorities remains unclear. Groundwork UK is working to ensure the wider Groundwork federation is able to cope with the financial and operational consequences of the crisis and is positioned to play an active role in bringing about a 'green recovery'. We anticipate continued high demand for support through our national grant programmes and ongoing disruption in our ability to deliver programmes of face-to-face support and group work with young people and learners, which will have an adverse impact on the income we can generate to support these activities. Our staff team will continue to work predominantly remotely until January 2021, by which point we expect to have relocated to new premises which can be managed in line with government guidance.

Financial performance

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

- to keep our overhead costs low to ensure discretionary spending is focused on supporting local delivery and generating more income, while maintaining the capacity we need to operate effectively and safely
- to achieve an operating surplus so that we have sufficient reserves to sustain our charitable operations and manage the risks attached to outcome-based funding arrangements
- to use our financial resources to support the whole of Groundwork to increase its resilience, diversify its income streams and maximise its impact in communities.

Net incoming resources for 2019/20 totalled £25 million (2019: £33 million). Our organisational turnover is heavily dependent on the volume of grants we distribute, which fluctuates from year to year, and is not considered to be the determining factor in our assessment of financial health. Our underlying trading performance resulted in an unrestricted surplus of £147k (2019: £62k), compared to a budgeted break even position, with our overall financial outturn increased further by a positive revaluation of our main property asset in Birmingham.

This positive outcome will help us bolster our reserves and help us cope with the financial uncertainties caused by the Covid-19 crisis. In addition to this income, we received funds and distributed grants totalling £7.2 million, funds for which we are responsible but which are not included in our stated turnover.

End of year results have been impacted by the following factors:

- an increase in the value of our Lockside office building in Birmingham, which will be sold in 2020
- release of the provision on our Fourways House property in Manchester, the lease being settled for £44k less than provided for
- a sharp downturn in investments in March as a result of the market impact of the Covid-19 crisis
- realisation of additional contribution on programmes ended and total savings on programme expenditure of c£50k.

4.1 Reserves

In line with our financial strategy, our trustees have agreed that we should aim to hold 12 months operating costs (c£1.3 million) in liquid reserves. We believe this is appropriate for the following reasons:

- to absorb short term setbacks such as loss or delays in funding

- to provide the working capital required to finance retrospective programme funding, which can result in considerable timing differences between expenditure and receipt of funds
- to cover the cost of investing in staff training and development to help us deliver our objects and better support our federation members
- to cover the cost of developing new services, such as improved communications, research and quality and business information systems
- to set aside funds for capital assets such as ICT equipment
- to provide funding to cover any unforeseen downturn in activity and the associated impact on our staff team.

Our reserves policy recognises the need to operate as a responsible charity, maintaining trust with our partners and the public by not generating surpluses for which there is no future requirement or that are used for purposes which are not directly connected to our charitable aims.

Our level of free liquid reserves at the end of 2019/20 stands at £302k, calculated as the value of net current assets less restricted reserves. This will increase during 2020 to meet our reserves policy target once the sale of our Lockside office building completes in the autumn.

Restricted funds - advance payments from funders pending completion of project work by Groundwork Trusts and other delivery partners – stand at £1,212k (2019: £344k). These restricted funds can only be used in accordance with agreements reached with funders and do not form part of the general reserves that are under the control of the trustees. These funds will all be distributed during 2020/21. Movements in restricted funds reflect the long-term nature of Groundwork UK's programme activity and this in no way reflects on the organisation's financial efficiency or performance.

4.2 Investments

The majority of the funds obtained by Groundwork UK are for the delivery of specified projects and are therefore restricted. These funds are mainly distributed to Groundwork Trusts and other delivery partners operating under contract or to third party organisations in the form of grants to support local community projects. Any funds that are built up in advance of expenditure are kept as liquid as possible, whilst making every effort to maximise investment returns.

Cash that is unrestricted in nature and is not required in the short term (regarded as six months) is considered for long-term investment. Since 2010 we have invested these funds in a managed fund arrangement with a current target to deliver an annual return of 3% above the Consumer Prices Index. In the last year, our investments made a loss of £96k (-9%) due to the impact of the Covid-19 crisis on financial markets. All of these funds can be converted into cash without notice or penalty, should there be an immediate need for liquid funds.

4.3 Grant making policy

Groundwork UK delivers its mission primarily by distributing funds to

Groundwork Trusts, other delivery partners and to community groups. These funds are considered to be performance-related grants and are recognised in these financial statements to the extent that the projects which they are funding have been completed. All grant programmes have specific guidelines, criteria and priorities with a formal process of approval.

4.4 Principal funding sources

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

- **Private sector**
- £13.9 million
(£26.9 million in 2018/19).
This includes funds provided by businesses and private foundations, most notably £11.1 million provided by Tesco to support community groups through the Bags of Help programme. Other major private sector funders during 2019/20 included HS2 and OneStop.
- **Public sector**
- £8.4 million
(£4.4 million in 2018/19).
This includes funding secured to deliver programmes and services on behalf of government departments and other public bodies. In particular in 2019/20 this included the Ministry of Housing, Communities and Local Government and the Education and Skills Funding Agency.
- **Lottery and charitable foundations**
- £2.5 million
(£1.5 million in 2018/19).
These include grants secured from the National Lottery Heritage Fund and Community Fund to support local delivery and funds distributed to community groups on behalf of Comic Relief.

4.5 Expenditure on charitable objectives

Our expenditure in the year was directed towards the following charitable activities.

- **Community grants**
- £20.1 million (2019: £27.1 million).
Providing funds to enable community groups and local charities to deliver projects that improve neighbourhoods and provide support to those who are vulnerable.
- **Programme delivery**
- £2.9 million (2019: £3.6 million).
Providing resources to support local delivery by Groundwork Trusts and other partner organisations as part of commissioned services or funded programmes.
- **Programme management**
£1 million (2019: £1.2 million).
The costs of managing grant distribution and local delivery programmes, including reporting impact and learning from our delivery to improve practice and influence future policy.
- **Fundraising**
£157k (2019: £252k).
The cost of generating resources to support local delivery through campaigns, communications and bidding activities.
- **Supporting our federation**
£286k (2019: £209k).
Providing systems and support services to enable Groundwork Trusts to communicate effectively, share knowledge and collaborate to achieve greater impact.
- **Running our organisation**
£624k (2019: £596k).
Ensuring Groundwork UK operates safely and efficiently with appropriate systems, quality standards and premises.

Risks and uncertainties

Our trustees understand their responsibilities for ensuring that the major risks to which the charity is exposed are identified and reviewed, and that there are systems in place to mitigate them.

Trustees regularly review the development and operation of our risk management process and receive quarterly updates on actions put in place to mitigate the most significant ongoing risks. Risks are identified by our staff teams and reviewed on a regular basis by our management team. All of Groundwork UK's major programmes are managed on a risk basis with individual risk registers used both as management and reporting tools. We have a comprehensive business continuity plan in place which is designed to ensure our operations can continue safely in the event of a crisis or disaster situation.

These tried and tested procedures helped us adapt quickly to the impact of the Covid-19 lockdown with processes rapidly established for homeworking, regular communication and welfare checks. Our core systems have continued to run smoothly with minimal loss of functionality within the team and high levels of programme performance and stakeholder satisfaction maintained despite the disruption.

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

- business failure, poor delivery quality or other reputational issues within our federation or associated with Groundwork UK's programmes
- a serious safeguarding or health and safety incident occurring on a programme managed by Groundwork UK and the impact this could have both on those involved and to our reputation
- an ICT failure, cybersecurity incident or data breach that leads to financial penalties and reputational damage – a risk that has increased with greater levels of homeworking and reliance on online systems
- the unexpected withdrawal or clawback of funding from a major partner arising from a failure to meet targets or comply with funding requirements or simply due to changed priorities
- disruption to our business as a result of moving premises – and the need to ensure premises are Covid-safe.

All of the risks we face have been exacerbated by the pandemic, as a result of which we have introduced additional mitigation measures including reviewing and updating safeguarding procedures to promote best practice in e-safety, additional investment in ICT support and a phased approach to introducing a new grant management system. We have actively prioritised discussions with funders about the impact of the Covid crisis on our ability to meet planned programme performance targets.

5.1 Financial instruments

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

Statement of trustees' responsibilities

Our trustees are responsible for preparing Groundwork UK's Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure of the charity for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

Our trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for to prevent and detect fraud and other irregularities.

These financial statements are published on our website in accordance with UK legislation governing the preparation and dissemination of financial statements. The maintenance and integrity of the website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements published.

Events after the year end

In line with our plans for the year, the trustees have agreed the sale of our Lockside building in order to generate additional funds to support consolidation in the Groundwork federation and to meet our reserves policy. This will also allow Groundwork UK to move to premises that are more suited to its current needs. A sale price of £2.2 million has been agreed subject to contract.

Disclosure of information by the trustees to the auditor

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



Signed on behalf of the
Board of Trustees

Graham Hartley, Chair
21 September 2020

Independent auditor's report

to members of THE FEDERATION OF GROUNDWORK TRUSTS (TRADING AS GROUNDWORK UK)

Opinion

We have audited the financial statements of Groundwork UK (The Federation of Groundwork Trusts) ("the Charitable Company") for the year 31 March 2020 ended which comprise the statement of financial activities, the balance sheet, the cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31st March 2020 and of the incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International

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

Conclusions related to going concern

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

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

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises: the Annual report. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept by the Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit

conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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



Helen Drew
(Senior Statutory Auditor)

For and on behalf of Crowe U.K. LLP,
statutory auditor
Oldbury

Date: 9 February 2021



STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2020

		2020	2020	2020	2020	2019
		Unrestricted funds		Restricted funds	Total	Total
	Note	General	Designated			
		£	£	£	£	£
INCOME FROM						
Donations and Legacies	2	11,848	-	-	11,848	6,526
Charitable activities	3	3,784,342	-	21,062,944	24,847,286	32,883,233
Other trading activities	2	189,607	-	-	189,607	248,688
Investments	2	123,100	-	-	123,100	154,479
Total		4,108,897	-	21,062,944	25,171,841	33,292,926
EXPENDITURE ON						
Raising funds	4	23,921	-	133,137	157,058	252,341
Charitable activities	5	3,842,536	167,371	20,062,264	24,072,171	32,949,195
Total		3,866,457	167,371	20,195,401	24,229,229	33,201,536
Net (loss) / gains on investment	11	(95,847)	-	-	(95,847)	(20,018)
Net income	8	146,593	(167,371)	867,543	846,765	71,372
Transfers between funds		(504,785)	504,785	-	-	-
Net (income/expenditure) after transfers		(358,192)	337,414	867,543	846,765	71,372
OTHER RECOGNISED GAINS						
Gains on revaluation of fixed assets for charity's own use		82,500	-	-	82,500	-
Net movement in funds		(275,692)	337,414	867,543	929,265	71,372
RECONCILIATION OF FUNDS						
Fund balances brought forward	18	1,998,108	147,956	344,066	2,490,130	2,418,758
Fund balances carried forward	18	1,722,416	485,370	1,211,609	3,419,395	2,490,130

Incoming resources and resources expended derive from continuing operations.

The company has no other recognised gains or losses other than those passing through the statement of financial activities. The notes pages 26 to 41 form part of these financial statements.

CHARITY BALANCE SHEET

AT 31 MARCH 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible Assets	9	1,119,189	1,035,819
Investment Property	9	1,110,000	1,027,500
Investments	10	3	3
		<u>2,229,192</u>	<u>2,063,322</u>
CURRENT ASSETS			
Investments	11	874,606	970,453
Debtors	12	13,459,209	6,918,348
Cash at bank		5,405,389	5,630,147
		<u>19,739,204</u>	<u>13,518,948</u>
Creditors: amounts falling due within one year	13	<u>(18,225,180)</u>	<u>(12,624,639)</u>
Net current assets		<u>1,514,024</u>	<u>894,309</u>
Total assets less current liabilities		<u>3,743,216</u>	<u>2,957,631</u>
Creditors: amounts falling due within one year	14	(323,821)	(401,557)
Provisions for liabilities	16	-	(65,944)
Net assets	17	<u>3,419,395</u>	<u>2,490,130</u>
RESERVES: Unrestricted funds			
General Funds	18	1,312,416	1,670,608
Designated funds	18	485,370	147,956
Investment property revaluation	18	410,000	327,500
Restricted funds	18	1,211,609	344,066
		<u>3,419,395</u>	<u>2,490,130</u>

These finance statements were approved by the Board of trustees and authorised for issue on and were signed on its behalf by:

Graham Hartley, Chair

21 September 2020



The notes pages 26 to 41 form part of these financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

	Note	2019/20 £	2018/19 £
CASH FLOW FROM OPERATING ACTIVITIES			
Net cash provided by operating activities	22	(263,182)	698,285
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends, interest and rents from investments		128,324	154,479
Purchase of property, plant and equipment		-	-
Purchase of investments		(12,164)	(25,965)
NET CASH PROVIDED BY INVESTMENT ACTIVITIES		(147,022)	826,799
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowing		(77,736)	(77,736)
Change in cash and cash equivalents in the reporting period		(224,758)	749,063
Cash and cash equivalents at the beginning of the reporting period		5,630,147	4,881,084
Cash and cash equivalents at the end of the reporting period		5,405,389	5,630,147

Movement in Net Debt

	At 1 April 2019 £	Cash flows £	At 31 March 2020 £
Cash at bank and in hand	5,630,147	(224,758)	5,405,389
Debt due within 1 year	(77,737)	-	(77,737)
Debt due over 1 year	(401,557)	77,736	(323,821)
	5,150,853	147,022	5,003,831

The notes pages 26 to 41 form part of these financial statements.

Notes forming part of the financial statements

FOR THE YEAR ENDED 31 MARCH 2020

1. Accounting policies

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

a) Basis of preparation

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

The Trustees and senior management consider that there are no material uncertainties about the charity's ability to continue as a going concern.

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

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

b) Grants and other income

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

Where grants are considered to be performance related, income is recognised to the extent that the services outlined in the funding agreement had been performed by the year end. Where income has been received but the related services had not been performed by the year end, the balance is carried forward as deferred income.

Donations are accounted for on a cash received basis.

Rental income is recognised in the period to which it relates.

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

c) Grants payable

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

d) Expenditure

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

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

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

e) Funds

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

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

f) Depreciation

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

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

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

g) Pensions

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

h) Operating leases

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

i) Provisions

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

j) Current asset investments

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

k) Investment Properties and Revaluation of Fixed Assets

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

l) Estimates and Judgements

Revaluation of tangible fixed assets

Individual leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance Sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in Statement of Income.

The property valuations referred to above are based on professional opinion of fair value from an RCIS qualified valuer at Savills (UK) Ltd, chartered surveyors. The property is valued at fair value, based on an offer received of £2.2 million that is expected to complete during 2020. The valuers have determined that fair value is the value of the building and car park for residential use

2. Incoming resources

Incoming resources from generated funds

	2020 Unrestricted £	2020 Designated £	2020 Restricted £	2020 Total £
VOLUNTARY INCOME				
Donations and gifts	11,848	-	-	11,848
	<u>11,848</u>	<u>-</u>	<u>-</u>	<u>11,848</u>
OTHER TRADING ACTIVITIES				
Rental income	64,207	-	-	64,207
Membership Fee	125,400	-	-	125,400
	<u>189,607</u>	<u>-</u>	<u>-</u>	<u>189,607</u>
INVESTMENT INCOME				
Rental income	58,983	-	-	58,983
Dividends	32,130	-	-	32,130
Bank interest	31,987	-	-	31,987
	<u>123,100</u>	<u>-</u>	<u>-</u>	<u>123,100</u>
	2019 Unrestricted £	2019 Designated £	2019 Restricted £	2019 Total £
VOLUNTARY INCOME				
Donations and gifts	6,526	-	-	6,526
	<u>6,526</u>	<u>-</u>	<u>-</u>	<u>6,526</u>
OTHER TRADING ACTIVITIES				
Rental income	117,788	-	-	117,788
Membership Fee	130,900	-	-	130,900
	<u>248,688</u>	<u>-</u>	<u>-</u>	<u>248,688</u>
INVESTMENT INCOME				
Rental income	88,548	-	-	88,548
Dividends	29,080	-	-	29,080
Bank interest	36,851	-	-	36,851
	<u>154,479</u>	<u>-</u>	<u>-</u>	<u>154,479</u>

3. Incoming resources

Incoming resources from charitable activities

	2020 Unrestricted	2020 Designated	2020 Restricted	2020 Total
	£	£	£	£
Income for project delivery was secured from the following sources:				
Central government	371,726	-	4,287,861	4,659,587
Local authorities	159,682	-	1,766,788	1,926,470
Public agencies	734,293	-	1,121,769	1,856,062
Private sector	2,150,875	-	11,774,295	13,925,170
National Lottery & Charitable Foundations	338,037	-	2,112,231	2,450,268
Other	29,729	-	-	29,729
	3,784,342	-	21,062,944	24,847,286

Income was allocated to:

Programme delivery	3,476,989	-	19,352,280	22,829,269
Programme management	164,360	-	914,798	1,079,158
Federation support	44,903	-	249,918	294,821
Running Groundwork UK	98,090	-	545,948	644,038
	3,784,342	-	21,062,944	24,847,286

	2019 Unrestricted	2019 Designated	2019 Restricted	2019 Total
	£	£	£	£

Income for project delivery was secured from the following sources:

Central government	285,099	-	-	285,099
Local authorities	27,941	-	959,739	987,680
Public agencies	611,365	-	2,503,335	3,114,700
Private sector	2,828,585	-	24,138,016	26,966,601
National Lottery & Charitable Foundations	-	-	1,516,687	1,516,687
Other	12,466	-	-	12,466
	3,765,456	-	29,117,777	32,883,233

Income was allocated to:

Programme delivery	3,547,260	-	27,382,789	30,930,049
Programme management	128,686	-	1,023,249	1,151,935
Federation support	23,223	-	184,655	207,878
Running Groundwork UK	66,287	-	527,084	593,371
	3,765,456	-	29,117,777	32,883,233

For definitions of the above categories, see section 4.4 of the Strategic report.

4. Cost of raising funds

	2020 Unrestricted £	2020 Designated £	2020 Restricted £	2020 Total £
Staff costs	16,481	-	91,731	108,212
Other costs	7,440	-	41,406	48,846
	23,921	-	133,137	157,058
	2019 Unrestricted £	2019 Designated £	2019 Restricted £	2019 Total £
Staff costs	24,012	-	190,929	214,941
Other costs	4,178	-	33,222	37,400
	28,190	-	224,151	252,341

5. Charitable activities

	2020 Unrestricted £	2020 Designated £	2020 Restricted £	2020 Total £
Expenditure on projects related to the following activities:				
Programme delivery	3,530,457	153,778	18,432,871	22,117,106
Programme management	166,888	7,269	871,337	1,045,494
Federation support	45,593	1,986	238,045	285,624
Running Groundwork UK	99,598	4,338	520,011	623,947
	3,842,536	167,371	20,062,264	24,072,171
	Grants payable £	Other direct costs of activities £	Support Costs £	2020 Total £
Expenditure on projects comprised:				
Programme delivery	18,480,936	2,893,787	742,383	22,117,106
Programme management	873,608	136,792	35,094	1,045,494
Federation support	238,666	37,371	9,587	285,624
Running Groundwork UK	521,367	81,637	20,943	623,947
	20,114,577	3,149,587	808,007	24,072,171

5. Charitable activities (continued)

	2019 Unrestricted	2019 Designated	2019 Restricted	2019 Total
	£	£	£	£
Expenditure on projects related to the following activities:				
Programme delivery	3,798,807	58,609	27,128,497	30,985,913
Programme management	141,955	2,190	1,013,746	1,157,891
Federation support	25,617	395	182,940	208,952
Running Groundwork UK	73,122	1,128	522,189	596,439
	<u>4,039,501</u>	<u>62,322</u>	<u>28,847,372</u>	<u>32,949,195</u>

	Grants payable	Other direct costs of activities	Support Costs	2019 Total
	£	£	£	£

Expenditure on projects comprised:

Programme delivery	27,144,599	3,080,198	761,116	30,985,913
Programme management	1,014,348	115,102	28,441	1,157,891
Federation support	183,049	20,771	5,132	208,952
Running Groundwork UK	522,499	59,290	14,650	596,439
	<u>28,864,495</u>	<u>3,275,361</u>	<u>809,339</u>	<u>32,949,195</u>

	Grants to institutions	Grants to individuals	Grant support costs	2020 Total
	£	£	£	£
Creating better places	10,825,777	-	434,874	11,260,651
Improving people's prospects	3,716,847	463,498	167,925	4,348,270
Promoting greener living and working	5,108,455	-	205,208	5,313,663
	<u>19,651,079</u>	<u>463,498</u>	<u>808,007</u>	<u>20,922,584</u>

	Grants to institutions	Grants to individuals	Grant support costs	2019 Total
	£	£	£	£

Analysis of grants

Creating better places	12,410,507	-	347,982	12,758,489
Improving people's prospects	6,073,900	151,137	174,545	6,399,582
Promoting greener living and working	10,288,951	-	286,812	10,515,763
	<u>28,713,358</u>	<u>151,137</u>	<u>809,339</u>	<u>29,673,834</u>

5. Charitable activities (continued)

	2020	2019
	£	£
Support costs are analysed as follows:		
Staff costs	505,654	440,618
Temporary staff and recruitment	3,752	2,281
Legal and professional	22,478	26,833
Travel and subsistence	18,879	25,496
Training and meetings	2,697	5,711
IT support	140,630	95,133
Other costs	113,917	213,267
	808,007	809,339

6. Employees

	2020	2019
	£	£
The average monthly number of employees during the year was as follows:		
Programme management	31	30
Management and administration	4	4
Fundraising and communications	7	7
	42	41

	2020	2019
	£	£
The aggregated cost of these persons was as follows:		
Wages and salaries	1,254,525	1,210,131
Social security costs	123,445	117,920
Pension costs (see note 20)	211,085	195,079
	1,589,055	1,523,130

	2020	2019
	£	£
The emoluments of employees (excluding pension contributions) over £60,000 per annum are disclosed in £10,000 bands as follows.		
£60,000 - £70,000	3	2
£80,000 - £90,000	1	1

The key senior management personnel of the charity are the Chief Executive Officer, Director of Finance and Corporate Services, Director of Partnerships and Programmes and the Head of Contracts with a total cost in 2020 of £388,660 (2019: £307,184). Total contributions under defined contribution schemes on behalf of these higher paid employees were £20,885 (2019: £15,803).

7. Transactions with trustees

During the year ended 31 March 2020 6 trustees (2019: 8) received reimbursed travel and subsistence expenses amounting in total to £2,408 (2019: £8,547). No trustees received any remuneration during the year.

8. Net incoming resources

	2020	2019
	£	£
Net incoming resources for the year is stated after charging:		
Auditor's remuneration:		
Audit – company	13,650	15,400
Depreciation	11,294	6,350
Rentals payable under operating leases:		
Equipment	-	498
Land and buildings	-	59,845

Premiums of £644 (2019: £634) were paid on a professional indemnity policy to protect the charity and trustees from loss arising from the neglect or defaults of trustees.

9. Tangible assets

	Long leasehold land and buildings	Office and company equipment	Total
	£	£	£
COST OR VALUATION			
At 1 April 2019	1,308,433	801,062	2,109,495
Additions	-	12,164	12,164
Revaluation reserve	82,500	-	82,500
Disposals	-	(39,878)	(39,878)
At 31 March 2020	1,390,933	773,348	2,164,281
DEPRECIATION			
At 1 April 2019	280,933	792,743	1,073,676
Charged for the year	-	11,294	11,294
Disposals	-	(39,878)	(39,878)
At 31 March 2020	280,933	764,159	1,045,092
NET BOOK VALUE			
At 31 March 2020	1,110,000	9,189	1,119,189
At 31 March 2019	1,027,500	8,319	1,035,819

The historical cost of the long leasehold land and buildings is £1,025,105 (2019: £1,025,105)

9. Tangible assets (continued)

Long
leasehold
land and
buildings
£

Investment property

COST OR VALUATION

At 1 April 2019

1,027,500

Revaluation adjustment

82,500

At 31 March 2020

1,110,000

10. Investments held as fixed assets

Shares in
subsidiary
undertakings
£

Investment property

COST

At 1 April 2019

3

Disposals

-

At 31 March 2020

3

NAME	Nature of business registration	Country of registration	Class of shares held	Proportion
Groundwork Trade Association Ltd	Dormant	England	Ordinary	100%
Groundwork Enterprises Ltd	Dormant	England	Ordinary	100%
Groundwork UK Ltd	Dormant	England	Ordinary	100%

	Net assets	2019	Retained surplus for the year	2019
	2020		2020	
	£	£	£	£
SUBSIDIARY UNDERTAKING				
Groundwork Trade Association Ltd	4,000	4,000	-	-
Groundwork Enterprises Ltd	25,002	25,002	-	-
Groundwork UK Ltd	1	1	-	-

11. Current asset investments

Listed investments £

COST

At 1 April 2019	970,453
Income reinvested dividend	-
Net loss on revaluation	(95,847)
	<hr/>
At 31 March 2020	874,606
	<hr/>

Investments are held in a managed mixed fund, which is designed to deliver a return of between 3% and 4% above the Consumer Price Index, over a rolling three year period.

12. Debtors

	2020 £	2019 £
Grants receivable	8,767,491	4,606,499
Other debtors	38,772	5,043
Prepayments and accrued income	4,652,946	2,306,806
	<hr/>	<hr/>
	13,459,209	6,918,348
	<hr/>	<hr/>

13. Creditors

	2020 £	2019 £
Bank loans	77,737	77,737
Grants due and payable	3,951,815	944,776
Social security and other taxes	51,159	49,797
Other creditors	179,878	48,733
Accruals	13,896,119	11,438,464
Deferred income (note 15)	68,472	65,132
	<hr/>	<hr/>
	18,225,180	12,624,639
	<hr/>	<hr/>

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

	2020 £	2019 £
Bank loan	323,821	401,557
BANK LOAN		
1 year	77,736	77,736
2 to 5 years	233,208	233,208
> 5 Years	12,877	90,613
	323,821	401,557

Creditors include amounts not wholly repayable within 5 years as follows:

Bank loans	12,877	90,613
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Bank loan relates to mortgage loan, secured over Groundwork UK's leasehold property in Birmingham (Lockside), being repaid by monthly instalments. Interest is charged on the outstanding amount at 2.75% over the banks' base rate. The charity has an arrangement with its bankers such that no interest is payable if cash funds are held with its bankers in excess of loan amounts.

15. Deferred income

	Balance at 1 April 2019 £	Amount Release to Incoming Resources £	Amount Deferred in the Year £	Balance at 31 March 2020 £
Movements in deferred income during the year were as follows:				
Community Projects	24,997	24,997	68,472	68,472
Volunteering Projects	40,135	40,135	-	-
	65,132	65,132	68,472	68,472
	Balance at 1 April 2018 £	Amount Release to Incoming Resources £	Amount Deferred in the Year £	Balance at 31 March 2019 £
Community Projects	28,554	3,557	-	24,997
Volunteering Projects	21,332	6,489	25,292	40,135
	49,886	10,046	25,292	65,132

16. Provisions for liabilities

Onerous lease £

CHARITY

At 1 April 2019

65,944

Additions Utilised

(65,944)

At 31 March 2020

-

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

17. Analysis of net assets at 31 March 2020

	Unrestricted funds	Restricted funds	Total
	£	£	£
Tangible fixed assets	1,119,189	-	1,119,189
Investment property	1,110,000	-	1,110,000
Investments	3	-	3
Net current assets	302,415	1,211,609	1,514,024
Long term creditors	(323,821)	-	(323,821)
	2,207,786	1,211,609	3,419,395

Analysis of net assets at 31 March 2019

	Unrestricted funds	Restricted funds	Total
	£	£	£
Tangible fixed assets	1,035,819	-	1,035,819
Investment property	1,027,500	-	1,027,500
Investments	3	-	3
Net current assets	550,243	344,066	894,309
Long term creditors	(401,557)	-	(401,557)
Provisions	(65,944)	-	(65,944)
	2,146,064	344,066	2,490,130

18. Statement of funds

	Designated fund £	Revaluation reserve £	General fund £	Total £
UNRESTRICTED FUNDS				
At 1 April 2019	147,956	327,500	1,670,608	2,146,064
Incoming resources	-	-	4,108,897	4,108,897
Resources expended	(167,371)	-	(3,866,457)	(4,033,827)
Property revaluation	-	82,500	-	82,500
Transfers	504,785	-	(504,785)	-
Loss on investments	-	-	(95,847)	(95,847)
At 31 March 2020	485,370	410,000	1,312,416	2,207,787
	Designated fund £	Revaluation reserve £	General fund £	Total £
UNRESTRICTED FUNDS				
At 1 April 2018	185,163	327,500	1,608,283	2,120,946
Incoming resources	2,602	-	4,172,547	4,175,149
Resources expended	(62,322)	-	(4,067,691)	(4,130,013)
Property revaluation	-	-	-	-
Transfers	22,513	-	(22,513)	-
Loss on investments	-	-	(20,018)	(20,018)
At 31 March 2019	147,956	327,500	1,670,608	2,146,064

The designated fund represents funds allocated for the 'Building a Better Groundwork' project –see Page 4 and a small amount of general donations (£25k). Transfers during the year relate to donations received during the year earmarked for expenditure in 2020-21.

	Balance at 1 April 2019 £	Incoming resources £	Resources expended £	Balance at 31 March 2020 £
Restricted funds comprise performance related grants as follows:				
RESTRICTED FUNDS				
Tesco Bags of Help	-	11,052,079	(11,052,079)	-
Other programmes	222,932	9,009,346	(8,047,052)	1,185,226
NLCF-BBO	118,252	736,721	(830,836)	24,137
NLHF-FPP	2,882	264,798	(265,434)	2,246
Total	344,066	21,062,944	(20,195,401)	1,211,609

18. Statement of funds (continued)

	Balance at 1 April 2018	Incoming resources	Resources expended	Balance at 31 March 2019
	£	£	£	£
RESTRICTED FUNDS				
Tesco Bags of Help	-	23,012,625	(23,012,625)	-
Other programmes	248,589	4,867,162	(4,892,819)	222,932
NLCF-BBO	49,223	1,052,665	(983,636)	118,252
NLHF-FPP	-	185,325	(182,443)	2,282
Total	297,812	29,117,777	(29,071,523)	344,066

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

Restricted funds include the following grants from the National Lottery Community Fund and the National Lottery Heritage Funds.

19. Commitments under operating leases

As at 31 March 2020, the charity had total commitments under non-cancellable operating leases as set out below.

	2020	2019
	£	£
Year 1	-	59,845
Year 2	-	-
Year 3	-	-
	-	59,845

The charity also had income due as a lessor, under operating leases and licence agreements as set out below.

	2020	2019
	£	£
Year 1	-	58,329
Year 2	-	-
	-	58,329

20. Pensions

During the year ended 31 March 2020 Groundwork UK paid contributions into a defined contribution scheme. The total charge to the defined contribution scheme amounted to £211,085 (2019: £195,079). There were no contributions either pre-paid or outstanding at the year-end or the previous year end.

21. Related party transactions

At the year-end a balance of £4,000 (2019: £4,000) was owed to Groundwork Trade Association Limited, a wholly owned subsidiary of the company.

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

	2020	2019
	£	£
Net income for the reporting period (as per the SOFA)	846,765	71,372
ADJUSTED FOR:		
Net loss /(gains) on investments	95,847	20,018
Disposal of fixed asset investments	(82,500)	2
Depreciation charge	11,294	6,350
Investment Income	(128,324)	(154,479)
(Increase) in debtors	(6,540,861)	(505,221)
Increase in creditors	5,600,541	1,242,901
Increase in provisions	(65,944)	17,342
Net cash provided by operating activities	<u>(263,182)</u>	<u>698,285</u>

23. Grants payable

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

We give out a range of grants from £500 to £75,000, with the most significant being combined grants to AED Donate for £321,273

24. Acknowledgements

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

	£
Affinity Sutton Foundation	153,910
Avison Young	88,389
Comic Relief Community Fund (England)	893,392
Coop Foundation	34,995
Education & Skills Funding Agency	1,092,421
Greater London Authority	1,511,396
Heritage Lottery Fund	287,808
HS2 Limited	2,399,192
Jones Lang Lasalle Limited	27,113
Locality	19,930
Ministry for Housing, Communities and Local Government	212,124
National CLT Network	126,098
The National Lottery Community Fund	736,721
NHS Property Services	15,815
One Stop Stores	699,395
Royal Society of Wildlife Trusts	77,713
Tesco PLC	15,080,376
Total	23,456,788

25. Financial Instruments

	2020	2019
	£	£
Groundwork UK's financial instruments may be analysed as follows:		
FINANCIAL ASSETS		
Financial assets measured at fair value through profit and loss	1,984,606	1,997,953
Financial assets that are debt instruments measured at amortised cost	13,433,809	6,826,604
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	18,429,369	12,911,267
Derivative financial instruments designated as hedges of variable interest rate risk	-	-

Financial assets measured at fair value through profit or loss comprise fixed asset investments in unlisted company shares and current asset investments in a trading portfolio of listed company shares. Financial assets measured at amortised cost comprise trade debtors, other debtors, amounts owed by joint ventures and associated undertakings. Financial liabilities measured at amortised cost comprise convertible loan stock, irredeemable preference shares, bank loans and overdrafts, trade creditors, other creditors and accruals. Information regarding the company's exposure to and management of credit risk, liquidity risk, market risk, cash flow interest rate risk, and foreign exchange risk is included in the Directors' report.

Advisers

Auditors

Crowe U.K. LLP

Black Country House
Rounds Green Road
Oldbury
B69 2DG

Bankers

The Co-operative Bank plc

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118-120 Colmore Row
Birmingham
West Midlands
B3 3BA

HSBC

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West Midlands
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Scottish Widows Bank plc

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Edinburgh
EH3 8YJ

Investment Managers

Rathbone Investment Management

8 Finsbury Circus
London
EC2M 7AZ

Property Consultants

Savills

55 Colmore Row
Birmingham
B3 2AA

Solicitors

Anthony Collins Solicitors LLP

134 Edmund Street
Birmingham
B3 2ES

The Board of Trustees

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

Appointed trustees	First appointed	Last appointed	Retired/resigned
Tony Berry	October 2019		
John Bland	March 2018	AGM 2018	
Stuart Bonham	December 2019		
Ian Brown	March 2016	AGM 2019	
June Campbell	September 2014	AGM 2018	Resigned December 2019
Wendy Golland	September 2014	AGM 2017	
Jeff Greenidge	March 2019	AGM 2019	
Rowena Hall	March 2019	AGM 2019	
Mike Master	September 2008	AGM 2017	Resigned September 2019 – Re-appointed August 2020
Antony Nelson	March 2019	AGM 2019	
Neville Reyner	September 2019		Resigned August 2020
Tony Robbs	March 2019		Resigned December 2019
Paul Roots	March 2019	AGM 2019	
Anne-Marie Simpson	December 2019		
Alan Smith	June 2014	AGM 2017	
Helen Wright	March 2019	AGM 2019	

Co-opted trustees

Faiza Amin	September 2019	AGM 2019
Kate Culverhouse	December 2013	AGM 2017
Graham Hartley (Chair)	August 2015	AGM 2018
Geoff Howsego	June 2012	AGM 2018
Mike Ormerod	June 2018	AGM 2018
Jack White	September 2019	AGM 2019

Company Secretary

Paul Viles

Committees of the Board

Chairs' Committee	Chair – Graham Hartley
Federation Executive Team	Chair – Mike Ormerod
Groundwork UK Committee	Chair – Geoff Howsego
Audit Committee	Chair – Stuart Bonham

Chief Executive

Graham Duxbury



Contact us

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LinkedIn: Groundwork

Charity registration number: 291558

Company registration number: 1900511

Groundwork UK is the operating name of the Federation of Groundwork Trusts, a company limited by guarantee.
