

2020/21

The Federation of Groundwork Trusts

Annual Report and Financial Statements



Contents

About Groundwork UK	3
Chair's statement	5
Governance	6
Objectives and public benefit	8
Strategic report	9
Performance overview	10
Sustainable development	16
Plans for the future	18
Financial performance	20
Risks and uncertainties	22
Trustees' responsibilities	23
Independent auditor's report	24
Statement of financial activities	27
Charity balance sheet	28
Cash flow statement	29
Notes forming part of the financial statements	30
Advisers	46
The Board of Trustees	47

The Federation of Groundwork Trusts
Operating as Groundwork UK

Charity registration number
291558
Company registration number
01900511

Registered office
Suite B2, The Walker Building
58 Oxford Street, Birmingham
B5 5NR

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 around 100 volunteer trustees across the UK. In 2020/21, the Groundwork federation delivered projects and programmes to

a value of some £78 million involving and benefiting more than 1.8 million 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 - Our impact | Groundwork





Chair's statement

This has been a year like no other for anybody running a business or charity, and I am full of pride and admiration at how our organisation has responded to the existential challenges presented by the Covid crisis.

Groundwork UK sits at the centre of a federation that has shown immense flexibility, creativity and commitment in ensuring programmes keep running and services are delivered in the most testing of circumstances.

We shouldn't be surprised - Groundwork's origins lie in the economic recession of the 1970s and our organisation was established as a radical experiment in bringing together public and private resources to support communities to tackle social and environmental challenges.

Over the last four decades we've learned what works to help community organisations become more resilient, to help young people

face the future with confidence and to help those who are vulnerable or isolated improve their prospects and networks.

This learning enabled us to adapt our ways of working to support those who most need it through the pandemic - providing emergency grants to local organisations, helping young people stay connected and finding innovative ways to encourage people to enjoy the natural world.

The UK Government has committed to a number of longer-term priorities which will present important opportunities to position Groundwork as an organisation able to support communities through the ongoing crisis and to help local areas plan for a future recovery. In particular, the commitment to 'levelling up' the UK in terms of economic prospects and the promise of a 'green recovery', which tackles the climate and nature emergency at the same time as the health and economic crisis, provide

a platform for promoting the value of Groundwork's approach to local sustainable development.

As we enter our 40th year of operation, the experimental approach and entrepreneurial spirit of those Groundwork pioneers needs to be at the forefront as we apply ourselves to the challenges ahead. Our aim is to support a recovery that is both green and fair, that puts communities in control of the decisions that affect them and that helps to create a society that promotes healthier and more sustainable lifestyles.

I would like to thank all those within our federation - and those who have been steadfast partners over this difficult period. I hope you'll continue to support us as we set out on the next exciting phase of our organisational journey.



Graham Hartley, Chair
20 September 2021

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. Trustees pay particular attention to our responsibilities in respect of health and safety, safeguarding, data protection and information security, and we also have trustee champions overseeing our work to reduce our carbon footprint and promote equity, diversity and inclusion across our organisation.

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 38.

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 reviewed their performance against this standard in the last 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 this year we will be working with colleagues from across Groundwork to measure our collective carbon footprint and agree an action plan aimed at achieving 'net zero' emissions.

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 people's backgrounds, circumstances or characteristics. We have a national working group advising the Board on effective ways of promoting equity, diversity and inclusion across our federation. We monitor levels of diversity within our staff team to ensure it reflects the communities of which we are a part and gather feedback from colleagues about our culture and employment practices to ensure they are as inclusive as possible.

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 2020/21 can be found on the following pages.

Strategic report

for the year ended 31 March 2021

The Board of Trustees presents its report for the year ended 31 March 2021. 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 10-23)
- our plans for the future (page 18-19)
- details of our trustees, senior staff and advisers (pages 46-47)

Performance overview

At the start of 2020 the whole Groundwork federation approved a new, three-year strategy intended to guide and underpin our national and local operations. The strategy reaffirmed and updated Groundwork's mission statement with a renewed commitment to mobilise practical action on poverty and the environment. This was accompanied by a sharper focus on activity to address climate change and to tackle inequality on the basis that 'no-one should be held back by their background or circumstances'.

The strategy was finalised in March 2020, just as the world was turned upside down by the onset of the Covid pandemic.

The experience of the pandemic demonstrated that the strategy sets out exactly the right priorities for our organisation. Covid has highlighted and exacerbated social and health inequalities, exposing the fragility of many people's employment conditions (especially young people) and the vastly differing ability of people to cope with the experience of lockdown, whether in relation to the costs of being at home, the isolating effect of digital exclusion or the inability to access open spaces to support physical health and mental wellbeing.

As our society begins to open up and we cautiously look to the future, the focus of governments and local authorities is on the need and opportunity to deliver a 'green recovery', re-setting the economy and regenerating communities so that we lock in some of the sustainability upsides the pandemic has brought but also create new economic opportunities that take us towards our national and global targets for net zero.

Across the Groundwork federation we saw innovative responses to these challenges and opportunities.

- Despite the limitations of lockdown we have seen strong interest and growth in our environmental services in some parts of the country, such as the expansion of Green Doctor programmes and new consultancy work to support the development of climate emergency plans.
- We have seen the first climate change specialists employed in the federation, embedded carbon literacy training into many of our employment initiatives and are in the vanguard of policy and delivery work in relation to 'green jobs'.

- We have initiated sector-wide debate about the inequality of access to urban nature and become recognised as leaders in the development and management of 'community hubs' and green social prescribing.
- We have increased the scale and reach of our national community grant schemes and, in some areas, been part of the front-line response to the pandemic, supporting the distribution of food and medicines and helping keep communities connected.

Financially we have navigated potential pitfalls using emergency support funds available from government and other funders, and in some parts of the federation we have secured major new programmes of work.

Although total federation turnover is down by 12% on the previous year, this has been managed effectively so that reserves have, in the main, been protected, and in some cases strengthened.

Delivery impact

In spite of – and in response to – the pandemic, we have continued to deliver impact across all three of our priority areas:

- **Better places**
- We have delivered improvements to open spaces through our local landscape teams and provided thousands of grants to community organisations, helping to improve the social infrastructure of local communities.
- **Improved prospects**
- We have adapted our ways of working to continue supporting young people and jobseekers remotely and been at the forefront of campaigns and programmes to address the economic impact of the pandemic, including through the Government's Kickstart initiative.
- **Greener choices**
- We have adapted and expanded our work to support people in fuel poverty and found new ways of engaging businesses and their employees in environmental action, for example through the online Groundwork Eco Challenge.

In developing our federation strategy we set ourselves a number of collective three-year delivery targets. Performance against those targets is set out below.

Target

By 2023 we will have:

Progress

Year 1

- | | |
|---|--|
| <ul style="list-style-type: none"> • mobilised 75,000 days of voluntary action to combat the climate and nature emergency • improved the wellbeing of 50,000 people by connecting them with their community and with nature | <ul style="list-style-type: none"> • 25,590 volunteer days, including business volunteers • 4,844 young people experiencing a positive personal outcome • 15,461 people supported to adopt greener behaviours |
| <ul style="list-style-type: none"> • helped 20,000 people improve their life chances by accessing learning and work | <ul style="list-style-type: none"> • 2,589 people supported into education, training or work |

A review of our federation-wide performance measures at the end of year 1 highlights a number of trends as follows.

- The majority of measures show under-performance in relation to the targets set at the start of the year. This is to be expected given the impact of the pandemic on turnover and the fact that up to 45% of staff in the federation were on furlough for some part of the year, impacting significantly on delivery capacity.
- There has been a particularly steep drop in the number of outcomes connected with improving open spaces, including planting trees. Again this can be explained by the fact that lockdown limited the number of sites that could be accessed and the type of projects that could be delivered.
- A notable exception to this is work to support young people, which has demonstrated levels of performance above start-of-year forecasts (up by 25%). This demonstrates the increased need for this support and the creativity shown by delivery staff in finding alternative methods of delivery.
- The number of Green Doctor home visits delivered is below anticipated levels (by a factor of 37%), but the number of people helped with their utility bills has only dropped by 12%, indicating the ability of delivery staff to reach vulnerable customers through other means.
- Activity with schools and with businesses is below target levels due to the inability to gain access to premises, but we have supported many more community organisations than planned (6,700 compared to an initial forecast of 5,000), demonstrating the degree to which Groundwork Trusts have been engaged to support emergency relief work in local areas.

Building a Better Groundwork

Our strategy contains a number of actions designed to strengthen our organisational resilience and grow our collective impact. A summary of progress against these actions is provided below.

Action	Progress
Improve our communications and fundraising capabilities and drive innovation in income generation to diversify our range of revenue sources	Strong progress in communications with active network of specialists developing coordinated campaign plans. Initial conversations underway to explore a more connected approach to fundraising, including e-commerce opportunities.
Develop new business models to enable our specialist teams to offer commercial services across larger areas of the country	Improved delivery structures and marketing plans in place to support Sustainable Business Services and Landscape Architecture. Work underway to develop more connected national service offer for Green Doctor.
Improve our ability to capture data that demonstrates the impact of our work and helps us prioritise the actions that contribute most to achieving our mission	Initial work completed with external support to develop an 'impact framework' enabling delivery outcomes to be planned, tracked and assessed. More work needed to refine data captured and agree common tools.
Embed a new set of quality standards and harmonised systems to ensure that all parts of Groundwork are operating efficiently and effectively	Groundwork Quality Standards now in place and Federation Business Management Group meeting regularly to review and improve processes and systems.
Undertake governance reviews across our federation to improve practice in line with the Charity Commission's governance code	Reviews completed or in progress in all Trusts with resulting actions underway. Governance a major focus of our federation EDI plan (see below).
Drive a federation-wide initiative to improve the way we promote equity, diversity and inclusion	Action plan and federation working group in place. Data capture in progress and proposal developed to engage external support to drive pace of change.
Seek opportunities to consolidate structures and share services so that all parts of the country are served by a strong and high-performing Groundwork organisation	Significant progress in north and south England with more consolidated structures, improved balance sheets and more extensive collaboration. Work underway to develop more shared activity in central England and increased level of dialogue between Trusts in Wales and Northern Ireland.



Groundwork UK

Groundwork UK's business plan is used to track trends in our operational and financial performance, and provide 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 with financial KPIs tracked through monthly management accounts and used to inform regular re-forecasts of our financial position.

2020/21 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. We closed the year with surplus funds in excess of £380k and our reserves policy met, ensuring we are in a position to invest in the capacity and activities that will enable the whole of Groundwork to play a part in the post-Covid recovery.

The last year has seen a number of successes which have contributed to our strong end of year performance and which build the foundations for the coming years. Our role as a provider of community grants saw us work rapidly with our key funding partners Tesco and Comic Relief to design and deliver emergency funding programmes for community groups on the front line of the pandemic response.

This coincided with an extension of our agreement with HS2 to distribute increased funds to support communities and local economies linked to phase 2a of the project. We were also invited by the Access Foundation to develop a new programme of financial and training support for environmental enterprises.

Between April 2020 and March 2021 we distributed more than 16,000 grants to a value of almost £19 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.

During the year we have mobilised or extended programmes of local delivery by Groundwork Trusts and other partners. Our Natural Neighbourhoods programme (funded through the Government's Green Recovery Challenge Fund) will see us employing 100 young people and working with 360 volunteers to improve more than 70 green spaces in communities across the North and Midlands and our Future Proof Parks programme, inspiring young people to get involved as volunteers in their local parks and green spaces, reaches its culmination with a national communications drive designed to ensure a strong legacy by inspiring young people across the country to take action in their own neighbourhoods.





Although heavily disrupted by the pandemic, our programmes of Green Doctor delivery, funded by the Ofgem Redress Fund and Cadent Foundation, have offered a lifeline to people trapped in fuel poverty. Similarly, we have continued to support young people and those who are unemployed to mitigate the impacts of lockdown on their mental health and future prospects. We completed our programme of adult learning at the end of the academic year, having supported more than 450 learners over the last 4 years with a 90% achievement rate. At the same time we introduced our new, federation-wide training programme for young people employed through the Kickstart scheme and received the welcome news that our Building Better Opportunities Progress programme in the West Midlands will be extended to 2023.

Our investment in work to develop new corporate relationships has also begun to pay off. We have been approved as the charity partner of both Veolia and Balfour Beatty and secured more funds for Groundwork Trusts to improve open spaces in partnership with Coop Central England and NHS Property Services. We are continuing to make new links and manage a significant number of enquiries.

Our work to position and promote Groundwork through policy and research activity has continued to create opportunities. Our report on equity in access to urban nature was seen as timely and influential, and we have continued to advocate for investment in green skills and job creation.

Supporting the wellbeing of the Groundwork UK team has been one of our top priorities during the pandemic – recognising the personal and professional challenges presented by repeated lockdowns. This led to renewed activity to enable staff to connect informally and new opportunities to engage in online activities to promote physical health and mindfulness.

With our new office base open for business in central Birmingham, we are in the process of working through revisions to our staff handbook and relevant policies to underpin a commitment to more flexible working, allowing those who wish to continue benefiting from homeworking while regaining the benefits of being together in teams for the purposes of sharing and collaboration.

Sustainable development report

Sustainable development is core to our charitable mission – 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 an expanding team, we continue to focus on ensuring that our staff adopt more sustainable practices at work. The pandemic – and associated move to homeworking – has made it necessary to switch from office-based behaviours to inspiring colleagues to take action at home, which we have done through a series of fun challenges around energy, upcycling and growing.

During the year our office base has moved from a large, inefficient building which we owned to smaller, better appointed, rented accommodation. While this brings positives in terms of a more modern, energy efficient space, it also means we will have less control over the supply of utilities etc. We will seek to engage constructively with our landlords about maximising the environmental performance of the wider development at the earliest opportunity.

To support our efforts to reduce our environmental footprint, a small team of volunteers has been working to progress a carbon reduction action plan, which is championed by a member of the Board's Groundwork UK Committee. Priorities identified for the future include a refreshed approach to training and a review of our investment management arrangements to ensure they align with our wider environmental commitments.

To drive progress across the federation the Board has agreed that all parts of Groundwork should capture consistent data to enable a federation-wide carbon footprint to be calculated. This will then be followed by the development of a collective action plan with the aim of achieving net zero emissions by 2030.

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. During the year we have secured funding for new programmes aimed at delivering 'nature recovery' (in particular our Natural Neighbourhoods programme) and also grown the scale of our Green Doctor programmes, which deliver direct CO2 reductions through energy efficiency advice. We are also working with colleagues across the federation to embed carbon literacy training into our programmes focused on employment support.

To inspire others to embark on their own journey of sustainability, we have committed to a federation-wide communications campaign in the run-up to COP26 highlighting the importance of local action in tackling the global climate crisis. This includes working with the policy organisation New Local on a major report looking at the potential for local authorities and businesses to support community-led climate action.



Our plans for the future

Groundwork's collective delivery goals are that by 2023 we will have:

- 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 2021/22 this means focusing on the following strategic priorities.

Visibility and credibility

Building Groundwork's brand and profile, and providing a credible national voice with partners and funders, is the primary expectation of our Trusts and supports income generation across the federation. Our policy-led approach to positioning is working well, and our social media reach is growing. We now need to build on this by using our increased visibility to develop more extensive supporter networks to improve our fundraising performance and by working with colleagues across the federation to market Groundwork's core services.

Grant management

Groundwork UK has built up considerable experience and expertise in helping public and private funders provide grants and support to local communities. This work increases Groundwork's visibility and provides funding to support our work on communications and quality. Our priority is to maintain our existing strong relationships and continue to build a pipeline of new opportunities, while ensuring those we respond to continue to fit with our 'community support' mission.

Supporting local delivery

We continue to have an important role providing programme funds, supporting practitioner networking and driving quality across our federation. 2021/22 will see us leading some major national initiatives to support young people, improve green spaces and tackle fuel poverty, and we need to continue our work to unlock funds to support local delivery from public commissioners and private funders. Doing this successfully in a more consolidated federation will require us to work closely with service leads in Groundwork Trusts and to reassess where national support or leadership can add value to local development activities.

We recognise that the course of the pandemic, and the speed of the subsequent recovery, is hard to predict. This requires organisations to remain agile with the ability to respond to a dynamic set of circumstances. This plan is based on an assumption of a gradual return to pre-pandemic operations over the course of the year. The plan will be reviewed by Groundwork UK's management team on a quarterly basis, and more frequently if necessary, with significant changes discussed and agreed with trustees.

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 at least a break-even position at the end of the year so that we maintain sufficient reserves to sustain our charitable operations, manage the risks attached to outcome-based funding arrangements and invest sufficiently in quality management and income generation
- 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 2020/21 totalled £24 million (2020: £25 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 £387k (2020: £147k), compared to a budgeted surplus of £50k. The surplus includes an increase in the value of our investments of

£181k (budget £40k) following the recovery of markets since the sharp downturn in March 2020 as a result of Covid uncertainty. Other factors include an increase in programme activity to support communities during the pandemic and cost savings related to reduced travel and office overheads whilst staff have been working from home.

This positive outcome will help us bolster our reserves and cope with the financial uncertainties that we anticipate will lie ahead in the wake of the Covid crisis.

In addition to this income, we received funds and distributed grants totalling £4.9 million, funds for which we are responsible but which are not included in our stated turnover.

4.1 Reserves

In line with our financial strategy, our trustees have agreed that we should aim to hold 12 months operating costs (c£2.3 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 2020/21 is £2.4 million.

Restricted funds - advance payments from funders pending completion of project work by Groundwork Trusts and other delivery partners – stand at £3.1 million (2020: £1.2 million). 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 2021/22. 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 between 3% and 4% above the Consumer Prices Index. In the last year, our investments made a surplus of £181k (c19%) due to the recovery of financial markets, following a sharp fall due to the Covid crisis in March 2020. 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**

- £10.5 million (2020: £13.9 million)
- This includes funds provided by businesses and private foundations, most notably £8.5 million provided by Tesco to support community groups through the Community Grants programme.

- **Public sector**

- £8.5 million (£8.4 million in 2019/20).
- This relates to funding secured from government departments and other public bodies to deliver programmes and services. In particular in 2020/21 this included the Ministry of Housing, Communities and Local Government and the Education and Skills Funding Agency.

- **Lottery and charitable foundations**

- £4.7 million (£2.1 million in 2019/20).
- 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, including additional funding to provide support to communities during the pandemic.

4.5 Expenditure on charitable objectives

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

- **Community grants**

- £18.8 million (2020: £20.1 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**

- £2.4 million (2020: £2.9 million).
- Providing resources to support local delivery by Groundwork Trusts and other partner organisations as part of commissioned services or funded programmes.

- **Programme management**

- £980k (2020: £1 million).
- The costs of managing grant distribution and local delivery programmes, including reporting impact and generating learning from our delivery to improve practice and influence future policy.

- **Fundraising**

- £116k (2020: £157k).
- The cost of generating resources to support local delivery through campaigns, communications and bidding activities.

- **Supporting our federation**

- £300k (2020: £286k).
- Providing systems and support services to enable Groundwork Trusts to communicate effectively, share knowledge and collaborate to achieve greater impact.

- **Running our organisation**

- £633k (2020: £624k).
- 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 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. This has been fully tested by the Covid pandemic.

Groundwork UK is likely to be delivering its mission in 2021/22 against a backdrop dominated by the aftermath of the social and economic emergency created by the Covid-19 pandemic. This will continue to affect what we do, how we work and the funds available to sustain our operations.

While the course of the pandemic and subsequent recovery is far from clear, we can anticipate a number of impacts on our business as follows.

- Public sector bodies will remain in 'emergency mode' for some time to come, either prioritising their immediate response to the crisis or managing its financial consequences.
- Levels of business confidence will remain variable – and may be impacted further by the consequences of our exit from the EU – making it more challenging to secure and maintain corporate relationships.
- We will need to manage the likelihood of ongoing staff absences through sickness and isolation, and we will make a permanent switch to more flexible working, increasing further our reliance on remote systems and bringing with it the need to change the way we manage and communicate.
- Our federation will remain challenged by the same pressures, meaning local delivery of our programmes may be less reliable and making it more important for us to be able to add value to their work by supporting innovation, networking and quality.

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

- a serious safeguarding, health and safety or fraud 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.

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 retained reserves.

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

There have been no material events after the year end to report

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
20 September 2021

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 2021 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 2021 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

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

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

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

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102).

We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), Health and Safety and Employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, designing procedures over income, reviewing accounting estimates for biases, designing audit procedures over income, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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
Black Country House,
Rounds Green Road,
Oldbury, West Midlands, B69 2DG.

Date: 16/12/2021

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2021

		2021	2021	2021	2021	2020
		Unrestricted funds		Restricted funds	Total	Total
	Note	General	Designated			
		£	£	£	£	£
INCOME FROM						
Donations and legacies	2	13,890	-	5,445	19,335	11,848
Charitable activities	3	3,280,784	-	20,919,006	24,199,790	24,847,286
Other trading activities	2	106,742	-	-	106,742	189,607
Investments	2	30,289	-	-	30,289	123,100
Total		3,431,705	-	20,924,451	24,356,156	25,171,841
EXPENDITURE ON						
Raising funds	4	18,213	-	116,132	134,345	157,058
Charitable activities	5	3,207,756	180,581	18,909,638	22,297,975	24,072,171
Total		3,225,969	180,581	19,025,770	22,432,320	24,229,229
Net gains (loss) on investment	10	180,946	-	-	180,946	(95,847)
Net income		386,682	(180,581)	1,898,681	2,104,782	846,765
Transfers between funds		(50,000)	50,000	-	-	-
Net (income/expenditure) after transfers		336,682	(130,581)	1,898,681	2,104,782	846,765
OTHER RECOGNISED GAINS						
Gains on revaluation of fixed assets for charity's own use		-	-	-	-	82,500
Net movement in funds		336,682	(130,581)	1,898,681	2,104,782	929,265
RECONCILIATION OF FUNDS						
Fund balances brought forward	16	1,722,416	485,370	1,211,609	3,419,395	2,490,130
Fund balances carried forward	16	2,059,098	354,789	3,110,290	5,524,177	3,419,395

Incoming resources and resources expended derive from continuing operations. The company has no other recognised gains or losses other than those passing through the statement of financial activities. The notes on pages 30 to 44 form part of these financial statements.

CHARITY BALANCE SHEET

AT 31 MARCH 2021

Company registration number
01900511

		2021	2020
	Note	£	£
FIXED ASSETS			
Tangible assets	9	60,275	1,119,189
Investment property	9	-	1,110,000
Investments	10	1,545,555	3
		<u>1,605,830</u>	<u>2,229,192</u>
CURRENT ASSETS			
Investments		-	874,606
Debtors	11	11,650,081	13,459,209
Cash at bank		8,405,251	5,405,389
		<u>20,055,332</u>	<u>19,739,204</u>
Creditors: amounts falling due within one year	12	<u>(16,136,985)</u>	<u>(18,225,180)</u>
Net current assets		<u>3,918,347</u>	<u>1,514,024</u>
Total assets less current liabilities		<u>5,524,177</u>	<u>3,743,216</u>
Creditors: amounts falling due after one year	13	-	(323,821)
Net assets	15	<u>5,524,177</u>	<u>3,419,395</u>
RESERVES: Unrestricted funds			
General Funds	16	2,059,098	1,312,416
Designated funds	16	354,789	485,370
Investment property revaluation	16	-	410,000
Restricted funds	16	3,110,290	1,211,609
		<u>5,524,177</u>	<u>3,419,395</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
20 September 2021



The notes on pages 30 to 44 form part of these financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

	Note	2020/21 £	2019/20 £
CASH FLOW FROM OPERATING ACTIVITIES			
Net cash provided by operating activities	20	1,622,445	(263,182)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends, interest and rents from investments		30,289	128,324
Purchase of property, plant and equipment		(59,051)	(12,164)
Purchase of investments		(490,000)	-
Disposal of Property		2,220,000	-
NET CASH PROVIDED BY INVESTMENT ACTIVITIES		3,323,683	(147,022)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowing		(323,821)	(77,736)
Change in cash and cash equivalents in the reporting period		2,999,862	(224,758)
Cash and cash equivalents at the beginning of the reporting period		5,405,389	5,630,147
Cash and cash equivalents at the end of the reporting period		8,405,251	5,405,389

Movement in Net Debt

	At 1 April 2020 £	Cash flows £	At 31 March 2021 £
Cash at bank and in hand	5,405,389	2,999,862	8,405,251
Debt due within 1 year	(77,737)	77,737	-
Debt due over 1 year	(323,821)	323,821	-
	5,003,831	3,401,420	8,405,251

The notes on pages 30 to 44 form part of these financial statements.

Notes forming part of the financial statements

FOR THE YEAR ENDED 31 MARCH 2021

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.

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) Fixed 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) Judgments in applying accounting policies and key sources of estimation uncertainty

The Board of Trustees have not made any significant judgments or estimations during the preparation of the financial statements.

2. Incoming resources

Incoming resources from generated funds

	2021 Unrestricted £	2021 Designated £	2021 Restricted £	2021 Total £
VOLUNTARY INCOME				
Donations and gifts	13,890	-	5,445	19,335
	<u>13,890</u>	<u>-</u>	<u>5,445</u>	<u>19,335</u>
OTHER TRADING ACTIVITIES				
Rental income	4,242	-	-	4,242
Membership Fee	102,500	-	-	102,500
	<u>106,742</u>	<u>-</u>	<u>-</u>	<u>106,742</u>
INVESTMENT INCOME				
Rental income	-	-	-	-
Dividends	26,860	-	-	26,860
Bank interest	3,429	-	-	3,429
	<u>30,289</u>	<u>-</u>	<u>-</u>	<u>30,289</u>
	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>

3. Incoming resources

Incoming resources from charitable activities

	2021 Unrestricted £	2021 Designated £	2021 Restricted £	2021 Total £
Income for project delivery was secured from the following sources:				
Central government	251,158	-	-	251,158
Local authorities	234,226	-	3,058,978	3,293,204
Public agencies	722,964	-	4,238,281	4,961,245
Private sector	1,588,439	-	8,897,082	10,485,521
National Lottery & Charitable foundations	483,997	-	4,724,665	5,208,662
	<u>3,280,784</u>	<u>-</u>	<u>20,919,006</u>	<u>24,199,790</u>

Income was allocated to:

Programme delivery	2,999,237	-	19,123,798	22,123,035
Programme management	144,330	-	920,277	1,064,607
Federation support	44,107	-	281,239	325,346
Running Groundwork UK	93,110	-	593,692	686,802
	<u>3,280,784</u>	<u>-</u>	<u>20,919,006</u>	<u>24,199,790</u>

	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
	<u>3,784,342</u>	<u>-</u>	<u>21,062,944</u>	<u>24,847,286</u>

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
	<u>3,784,342</u>	<u>-</u>	<u>21,062,944</u>	<u>24,847,286</u>

4. Cost of raising funds

	2021 Unrestricted £	2021 Designated £	2021 Restricted £	2021 Total £
Staff costs	17,341	-	110,571	127,912
Other costs	872	-	5,561	6,433
	18,213	-	116,132	134,345
	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

5. Charitable activities

	2021 Unrestricted £	2021 Designated £	2021 Restricted £	2021 Total £
Expenditure on projects related to the following activities:				
Programme delivery	2,932,475	165,084	17,286,869	20,384,428
Programme management	141,117	7,944	831,880	980,941
Federation support	43,126	2,428	254,224	299,778
Running Groundwork UK	91,038	5,125	536,665	632,828
	3,207,756	180,581	18,909,638	22,297,975
	Grants payable £	Other direct costs of activities £	Support Costs £	2021 Total £
Expenditure on projects comprised:				
Programme delivery	17,167,404	2,363,451	853,573	20,384,428
Programme management	826,131	113,734	41,076	980,941
Federation support	252,468	34,757	12,553	299,778
Running Groundwork UK	532,956	73,373	26,499	632,828
	18,778,959	2,585,315	933,701	22,297,975

5. Charitable activities (continued)

	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
	<u>3,842,536</u>	<u>167,371</u>	<u>20,062,264</u>	<u>24,072,171</u>
	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
	<u>20,114,577</u>	<u>3,149,587</u>	<u>808,007</u>	<u>24,072,171</u>
	Grants to institutions £	Grants to individuals £	Grant support costs £	2021 Total £
Analysis of grants				
Better places	8,354,547	-	415,393	8,769,940
Improving prospects	5,937,758	-	295,229	6,232,987
Greener behaviours	4,486,654	-	223,079	4,709,733
	<u>18,778,959</u>	<u>-</u>	<u>933,701</u>	<u>19,712,660</u>
	Grants to institutions £	Grants to individuals £	Grant support costs £	2020 Total £
Analysis of grants				
Better places	10,825,777	-	434,874	11,260,651
Improving prospects	3,716,847	463,498	167,925	4,348,270
Greener behaviours	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>

For definitions of the above categories, see section 4.5 of the Strategic report

5. Charitable activities (continued)

	2021	2020
	£	£
Support costs are analysed as follows:		
Staff costs	683,226	505,654
Temporary staff and recruitment	6,817	3,752
Legal and professional	22,949	22,478
Travel and subsistence	5,685	18,879
Training and meetings	9,888	2,697
IT support	108,857	140,630
Other costs	96,279	113,917
	933,701	808,007

6. Employees

	2021	2020
The average monthly number of employees during the year was as follows:		
Programme management	32	31
Management and administration	4	4
Fundraising and communications	7	7
	43	42

	2021	2020
	£	£
The aggregated cost of these persons was as follows:		
Wages and salaries	1,340,815	1,254,525
Social security costs	131,583	123,445
Pension costs (see note 20)	209,023	211,085
	1,681,421	1,589,055

	2021	2020
	£	£
The emoluments of employees (excluding pension contributions) over £60,000 per annum are disclosed in £10,000 bands as follows.		
£60,000 - £70,000	2	3
£80,000 - £90,000	1	1
£90,000 - £100,000	-	-

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 2021 of £310,189 (2020: £307,184). Total contributions under defined contribution schemes on behalf of these higher paid employees were £15,961 (2020: £15,803).

7. Transactions with trustees

During the year ended 31 March 2021 one trustee (2020: six) received reimbursed travel and subsistence expenses amounting in total to £206 (2020: £2,408). No trustees received any remuneration during the year.

8. Net incoming resources

	2021	2020
	£	£
Net incoming resources for the year is stated after charging:		
Auditor's remuneration:		
Audit – company	14,000	13,650
Depreciation	7,965	11,294
Rentals payable under operating leases:		
Equipment	-	-
Land and buildings	-	-

Premiums of £659 (2020: £644) 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 2020	1,390,933	773,348	2,164,281
Additions	-	59,051	59,051
Revaluation reserve	-	-	-
Disposals	(1,390,933)	(761,184)	(2,152,117)
At 31 March 2021	-	71,215	71,215
DEPRECIATION			
At 1 April 2020	280,933	764,159	1,045,092
Charged for the year	-	7,965	7,965
Disposals	(280,933)	(761,184)	(1,042,117)
At 31 March 2021	-	10,940	10,940
NET BOOK VALUE			
At 31 March 2021	-	60,275	60,275
At 31 March 2020	1,110,000	9,189	1,119,189

10. Investments held as fixed assets

	Investment Property £	Listed investments £	Shares in subsidiary undertakings £
COST			
At 1 April 2020	1,100,1000	874,606	3
Cash Investments	-	490,000	-
Disposals	(1,100,1000)	-	-
Unrecognised gain on revaluation	-	180,946	-
At 31 March 2021	-	1,545,552	3

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.

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		Retained surplus for the year	
	2021	2020	2021	2020
	£	£	£	£
SUBSIDIARY UNDERTAKING				
Groundwork Trade Association Ltd	4000	4,000	-	-
Groundwork Enterprises Ltd	25,002	25,002	-	-
Groundwork UK Ltd	1	1	-	-

11. Debtors

	2021	2020
	£	£
Grants receivable	5,492,705	8,767,491
Other debtors	-	38,772
Prepayments and accrued income	6,157,376	4,652,946
	<u>11,650,081</u>	<u>13,459,209</u>

12. Creditors

	2021	2020
	£	£
Bank loans	-	77,737
Grants due and payable	5,032,035	3,951,815
Social security and other taxes	54,927	51,159
Other creditors	35,546	179,878
Accruals	10,841,850	13,896,119
Deferred income (note 14)	172,627	68,472
	<u>16,136,985</u>	<u>18,225,180</u>

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

	2021	2020
	£	£
Bank loan	-	323,821

BANK LOAN

1 year	-	77,736
2 to 5 years	-	233,208
> 5 Years	-	12,877
	<u>-</u>	<u>323,821</u>

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

Bank loans	-	12,877
------------	---	--------

14. Deferred income

	Balance at 1 April 2020 £	Amount Release to Incoming Resources £	Amount Deferred in the Year £	Balance at 31 March 2021 £
Movements in deferred income during the year were as follows:				
Community Projects	68,472	68,472	172,627	172,627
	<u>68,472</u>	<u>68,472</u>	<u>172,627</u>	<u>172,627</u>
	Balance at 1 April 2019 £	Amount Release to Incoming Resources £	Amount Deferred in the Year £	Balance at 31 March 2020 £
Community Projects	24,997	24,977	68,472	68,472
Volunteering Projects	40,135	40,135	-	-
	<u>65,132</u>	<u>65,132</u>	<u>68,472</u>	<u>68,472</u>

15. Analysis of net assets at 31 March 2021

	Unrestricted funds £	Restricted funds £	Total £
Tangible fixed assets	60,275	-	60,275
Investments	1,545,555	-	1,545,555
Net current assets	808,057	3,110,290	3,918,347
	<u>2,413,887</u>	<u>3,110,290</u>	<u>5,524,177</u>

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)
	<u>2,207,786</u>	<u>1,211,609</u>	<u>3,419,395</u>

16. Statement of funds

	Designated fund £	Revaluation reserve £	General fund £	Total £
UNRESTRICTED FUNDS				
At 1 April 2020	485,370	410,000	1,312,416	2,207,786
Incoming resources	-	-	3,612,651	3,612,651
Resources expended	(180,581)	-	(3,225,969)	(3,406,550)
Property revaluation	-	(410,000)	410,000	-
Transfers	50,000	-	(50,000)	-
At 31 March 2021	354,789	0	2,059,098	2,413,887

	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)	(4,033,828)
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	2,207,786

The designated fund represents funds allocated for the 'Building a Better Groundwork' project and £50,000 set aside for staff training and development over the next two years.

	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Balance at 31 March 2021 £
Restricted funds comprise performance related grants as follows:				
RESTRICTED FUNDS				
Tesco Bags of Help	-	8,470,000	(8,470,000)	-
Other programmes	1,185,226	11,250,008	(9,362,513)	3,072,721
The National Lottery Community Fund	24,137	931,205	(930,820)	24,522
The National Lottery Heritage Fund	2,246	273,238	(262,437)	13,047
Total	1,211,609	20,924,451	(19,025,770)	3,110,290

16. Statement of funds (continued)

	Balance at 1 April 2019	Incoming resources	Resources expended	Balance at 31 March 2020
	£	£	£	£
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
The National Lottery Community Fund	118,252	736,721	(830,836)	24,137
The National Lottery Heritage Fund	2,882	264,798	(265,434)	2,246
Total	344,066	21,062,944	(20,195,401)	1,211,609

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

17. Commitments under operating leases

As at 31 March, 2021, the charity had total commitments under a non-cancellable lease for premises as set out below.

	2021	2020
	£	£
Year 1	26,516	-
Year 2	57,204	-
Year 3	49,532	-
	133,252	-

18. Pensions

During the year ended 31 March 2021 Groundwork UK paid contributions into a defined contribution scheme. The total charge to the defined contribution scheme amounted to £209,023 (2020: £211,085). There were no contributions either pre-paid or outstanding at the year-end or the previous year end.

19. Related party transactions

At the year-end a balance of £4,000 (2020: £4,000) was owed to Groundwork Trade Association Limited, a wholly owned subsidiary of the company.

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

	2021	2020
	£	£
Net income for the reporting period (as per the SOFA)	2,104,783	846,765
ADJUSTED FOR:		
Net loss /(gains) on investments	(180,946)	95,847
Disposal of fixed asset investments	-	(82,500)
Depreciation charge	7,965	11,294
Investment income	(30,289)	(128,324)
 (Increase) in debtors	1,809,127	(6,540,861)
Increase in creditors	(2,088,195)	5,600,541
Increase in provisions	-	(65,944)
 Net cash provided by operating activities	1,622,445	(263,182)

21. 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.

22. Acknowledgements

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

	£
Avison Young	£13,385
Cadent Foundation	£750,612
CAST	£17,162
City & Guilds	£10,000
Comic Relief Community Fund (England)	£1,213,755
Coop Foundation	£34,995
DIAGEO	£110,000
Education & Skills Funding Agency	£1,383,250
Energy Saving Trust	£172,233
Greater London Authority	£3,292,776
HS2 Limited	£2,500,177
Jones Lang Lasalle Limited	£5,438
Locality	£960,736
Ministry for Housing, Communities and Local Government	£2,672,859
NHS Property Services	£143,774
One Stop Stores	£240,319
Royal Society of Wildlife Trusts	£103,782
Tesco PLC	£8,094,208
The National Lottery Community Fund	£931,205
The National Lottery Heritage Fund	£817,412
Veolia	£20,000

23. Financial Instruments

2021	2020
£	£

Groundwork UK's financial instruments may be analysed as follows:

FINANCIAL ASSETS

Financial assets measured at fair value through profit and loss:

Investment property	-	1,110,000
Investments	1,545,552	874,606
	<u>1,545,552</u>	<u>1,984,606</u>

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



Advisers

Auditors

Crowe U.K. LLP

Black Country House
Rounds Green Road
Oldbury
B69 2DG

Bankers

The Co-operative Bank plc

PO Box 82
118-120 Colmore Row
Birmingham
West Midlands
B3 3BA

HSBC

114 High Street
Stourbridge
West Midlands
DY8 1DZ

Scottish Widows Bank plc

PO Box 12757
67 Morrison Street
Edinburgh
EH3 8YJ

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	AGM 2020	
John Bland	March 2018	AGM 2018	Resigned December 2020
Stuart Bonham	December 2019	AGM 2020	
Ian Brown	March 2016	AGM 2019	Resigned September 2020
Wendy Golland	September 2014	AGM 2020	
Jeff Greenidge	March 2019	AGM 2019	
Rowena Hall	March 2019	AGM 2019	Resigned January 2021
Mike Master	September 2008	AGM 2020	Resigned September 2021
Antony Nelson	March 2019	AGM 2019	
Nigel Reader	July 2021		
Neville Reyner	September 2019		Resigned August 2020
Paul Roots	March 2019	AGM 2019	
Anne-Marie Simpson	December 2019	AGM 2020	
Alan Smith	June 2014	AGM 2020	
Andrew Thurston	January 2021		
Helen Wright	March 2019	AGM 2019	Resigned March 2021
Co-opted trustees			
Faiza Amin	September 2019	AGM 2019	
Kate Culverhouse	December 2013	AGM 2020	
Graham Hartley (Chair)	August 2015	AGM 2018	
Geoff Howsego	June 2012	AGM 2018	Resigned September 2021
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

Suite B2, The Walker Building
58 Oxford Street, Birmingham
B5 5NR

www.groundwork.org.uk

Tel: 0121 236 8565

Email: info@groundwork.org.uk

Twitter: @groundworkuk

Facebook: @groundworkuk

Instagram: @groundwork_uk

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.
