

# Engaged, cohesive, strong communities

Community Development Foundation – Annual Report and Accounts 2010–11

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Community Development Foundation – Annual Report and Accounts 2010–11

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**Our vision** is for an inclusive and just society.

**Our mission** is to lead community-based solutions that empower people to influence the decisions that affect their lives.

**We are committed to the values of:**

- service quality and excellence
- the principles of community development
- empowerment and accountability
- shared knowledge and skills
- equality and diversity
- corporate social responsibility
- entrepreneurial business approaches.

# Message from the Chair

The year 2010–11 was one of extraordinary change for the UK. The first coalition government since the Second World War came into power, the country struggled with a massive national deficit, and the era of the social enterprise began. For communities and the community sector, survival depended on being able to adapt. And once again the Community Development Foundation was at the forefront of this transition.

For 40 years the Community Development Foundation (CDF) championed the voice of UK communities from within government. But tightened public finances and a shift towards decentralisation forced a review of what functions could realistically be maintained by central government. In October 2010, the Department for Communities and Local Government (DCLG) took the decision to remove CDF's non-departmental public body (NDPB) status and support it to move to a social enterprise model. Having been proactive in planning for the possible end of CDF's NDPB status, Trustees responded positively by closing the original CDF as at 31 March 2011 and setting up a successor organisation, also named CDF, as a charity and social enterprise. Today the organisation is writing the next phase of its history – one characterised by resilience and entrepreneurial drive.

At the same time that the organisation was adapting to a significantly different political and economic environment, communities and the community sector were also facing unprecedented changes. The idea of the Big Society and the efficiency savings in local government relied on the innovation and adaptability of local people and community groups. This Annual Report documents a body of work undertaken to support communities through this transition using a community development approach. Projects and programmes like the Independent Expert Panel on Community Development, the Social Return on Investment for community development and the Big Local Trust contribute invaluable evidence and resources to support community development and social action in the future.

I want to thank the staff of CDF for stepping up to the plate in a time of great change. Their ability to adapt to new areas of work and new partnerships has been remarkable. I would also like to thank the previous CDF Board of Trustees for their years of commitment, and in particular for their support and hard work in setting up the new organisation.

**Peter Latchford, Chair**

# Message from the Chief Executive

The past year has shown the UK the value of collaboration as never before. The general election resulted in a new administration and the coming together of different political perspectives. The Big Society agenda urged neighbours to work together in the face of local challenges. For CDF, the year was a time to forge new and successful partnerships. As we look forward to the year ahead, we welcome the opportunity to build on the strength of these relationships.

In 2010–11, CDF faced significant operational challenges. The closure of the original CDF as at 31 March 2011, the transition from NDPB to social enterprise, and an ever-shifting policy environment required the organisation to rethink its approach. CDF's organisational restructure reviewed its previous strategic aims of creating engaged, cohesive and strong communities, and moved towards a structure that focuses on forecasting the impact of economic, social and environmental changes on communities, catalysing local action, and stimulating community development to achieve locally-owned change.

A key factor in CDF's successful transition has been its ability to foster new partnerships. CDF led the consortia that successfully bid to set up the groundbreaking Big Local Trust for the Big Lottery Fund and the Community First programme for the Office for Civil Society (OCS). In an increasingly competitive environment, CDF was also successful in bidding to become one of six organisations on the OCS framework agreement, alongside national private and public bodies. Elsewhere, CDF continued to work with existing government, academic and third sector partners to deliver a range of work around policy, practice, programmes, research and evaluation. As our staff team helps establish the new organisation, I look forward to the challenge of developing a charity and social enterprise using the expertise and knowledge from recent work to shape new products and services.

No account of the year 2010–11 would be complete without recognising the resilience of CDF's staff. Regrettably, the restructuring process forced significant redundancies, triggering a time of instability both for those staying and those moving on. Throughout this prolonged period of uncertainty, staff continued to deliver existing work to an impeccable standard, while also securing new work to maintain CDF's reach and impact in communities. I am grateful for their incredible skill and dedication.

**Alison Seabrooke, Chief Executive**

# Trustees' report

The Board of Trustees of the Community Development Foundation (CDF) presents its annual report for the year ended 31 March 2011 under the Companies Act 1985 and the Charities Act 1993, together with the audited financial statements for the year. In doing this, the Trustees have complied with the duty in section 4 of the Charities Act 2006 to have due regard to guidance published by the Charity Commission.

For the year 2010–11, the Community Development Foundation, also known as CDF, operated as a registered charity, number 306130, and an executive non-departmental public body (NDPB) of the Department for Communities and Local Government (DCLG). Following the Government's decision to remove CDF's NDPB status, CDF Trustees closed the existing organisation as at 31 March 2011 and set up a successor organisation of the same name. The new organisation opened on 1 April 2011 as a registered charity, number 1139975 and social enterprise, company number 7462785. Its registered office remains the same: Unit 5, Angel Gate, 320–326 City Road, London EC1V 2PT.

## **Related parties**

In 2010–11, CDF received sponsorship from DCLG. DCLG was a related party and, during the year, CDF had a number of material transactions with the Department. CDF also had material transactions with other government departments and central government bodies. Most of these transactions have been with the Office for Civil Society (OCS).

During the year, no Minister, Member of Parliament, Trustee, Director, key manager or other related party undertook any material transactions with CDF other than those disclosed in Note 22: Related party transactions.

## **Relationship with CPF Trust Ltd**

CPF Trust Limited (the Trust) was a company limited by guarantee, number 1791017, registered with the Charity Commission, number 290255. The company was governed by its Memorandum and Articles of Association. CPF Trust worked with its parent undertaking, CDF, to further the objectives of CDF, the charity. CPF Trust's principal activity during the year continued to be that of owning the HQ property (Angel Gate) and letting it to CDF. CPF Trust was included in the transfer from the CDF charity 306130 to the new CDF charity 1139975 and social enterprise, company number 7462785 on 1 April 2011. Following this the Charity Commission confirmed that the Trustees could proceed to transfer CPF Trust to the new CDF charity 1139975, without an order of the Charity Commission. The transfer has now been completed.



# Giving strength to local voices

The Community Development Foundation (CDF) is a charity and a social enterprise passionate about helping communities. We are experts in developing and delivering projects and programmes that create lasting change in communities. We research what works and use that to improve local solutions. Using our unique expertise in community development, we strengthen local voices, improve people's lives and create better places to live.

At CDF, our work is guided by our mission, vision and values (page 4). With these as our guiding principles, we undertake a body of work each year to support communities and the community sector. CDF's work is focused in three strategic areas of benefit to UK communities:

## **Community Voice:**

What will be the impact of economic, social and environmental changes on our communities? We forecast and communicate these challenges so the public, private and voluntary sectors are ready to respond and invest in solutions and opportunities.

## **Community Innovation:**

How will communities rise to the challenges posed by recent legislation, tighter budgets and new ways of working? We catalyse culture change by building new relationships between communities and public and private bodies, and by evidencing the economic and social benefits of community development approaches.

## **Community Programmes:**

How can resources be maximised to achieve locally-owned change? We co-create and deliver community programmes that bring together national and local organisations from different perspectives, stimulate community development, and work at a very local level to tackle disadvantage and marginalisation.

## The CDF offer

Community development is a set of approaches undertaken by individuals, informal groups and organisations. It can – and should – be practised in all sectors, whether public, private or voluntary. Community development can be paid or unpaid, qualified or simply experienced. This modern image of community development is what drives CDF’s work.

With a breadth of expertise in programme and project development, research, evaluation and communications, we support grassroots social action and promote a better understanding of the benefits of local responses. With specialised skills, we manage funding programmes – supporting groups right from application through to delivery – to ensure community projects can be delivered and community groups sustained. And with more than 40 years of experience doing all of this, our practical solutions and recommendations always stand up to the realities of local life in the UK.

## Our areas of expertise



## **Our reach**

CDF works across the public, private and voluntary sectors to achieve a joined-up approach to working in communities. We have considerable networks and partnerships with national and grassroots organisations across England. Following devolution, CDF scaled back its operations in Scotland, Wales and Northern Ireland but continues to hold strong ties with independent community development organisations in each nation.

## **Our future as a charity and social enterprise**

On 14 October 2010, the Government announced that CDF would cease to operate as a non-departmental public body (NDPB) effective 31 March 2011. The decision was part of an announcement on the future of many organisations operating as public bodies. CDF had operated in a dual role as a registered charity and NDPB since December 1967. As a result of losing its NDPB status, CDF Trustees decided to close the existing organisation and open a successor organisation, operating as an incorporated charity from 1 April 2011. Working under a social enterprise model, the new CDF strategically supports communities in three ways: as a voice for communities, as a catalyst for community innovation and action, and as a provider of community programmes benefitting local people and community groups.

## **In this report**

The following report looks back at our activity over the year 2010–11. During this time, CDF's work and teams were structured under its previous strategic aims of engaged, cohesive and strong communities. The account of our work included in this report is presented under these aims as they were the focus of our work for the year 2010–11.

# Performance review

CDF evaluates its performance on a continual basis to ensure it is operating strategically and with an eye to the future.

Following the 2010 general election, a newly appointed government brought with it a focus on growing the role of local communities in what they have termed the Big Society. CDF was proactive in demonstrating the current and potential role of community action in informing and achieving this vision.

As at 31 March 2011, the original CDF ceased operations. In 2010–11, CDF underwent a transition from an NDPB to a new social enterprise model. The scale of operational change facing CDF was significant. Staffing and structural requirements inevitably changed, and the organisation underwent a restructure to position the new charity as competitive and responsive to new markets and a new political and economic climate. As part of this change, staff took on increased responsibilities for business development and the organisational culture shifted to one led by its entrepreneurial drive. These efforts paid off, with CDF winning high-profile work such as the previously mentioned Big Local Trust, and becoming part of the OCS Framework Agreement. At the same time we remained focused on delivering our existing contracts to the highest possible standard.

Throughout the course of the year CDF worked towards our strategic aims of creating engaged, cohesive and strong communities and a community sector. The following sections detail our specific work in each of these areas. However, our ability to act strategically and resourcefully in this changing climate was due in large part to the support of our corporate functions. Working under the Cabinet Office freezes on recruitment, consultancy and communications activity of the past year, CDF demonstrated unparalleled creativity and adaptability in its business development, communications and marketing, finance and facilities, human resources and environmental functions. These teams were essential in providing excellent services to beneficiaries, partner organisations, government and CDF staff.

## **Business development**

Following CDF's scenario planning work, a team led by the former Deputy Chief Executive was successful in developing a range of cross-organisational approaches to generate new paid work. As the new organisation began to find its feet, this work provided the foundations for a shift towards a social enterprise.

## **Communications and marketing**

In a year of rapidly changing policy and economic environments, our communications and marketing function ensured that relevant information reached the people who needed it. Whether decision makers, civil servants, community development workers or communities, CDF's goal was to provide them with knowledge and learning in a way that was accessible, appropriate and timely. In 2010–11, a new communications and marketing team worked to improve the reach and impact of CDF's communications, stakeholder engagement and publishing activities. The results were an integrated communications and public affairs framework, rigorous stakeholder analysis, and a strategy to improve CDF's media presence. Together these efforts ensured that the widest possible audience engaged with and benefited from CDF's work.

## **Finance and facilities**

A consolidated Finance and Facilities team promoted value for money, efficiency and effectiveness across the organisation, in particular through policies and procedures in procurement, data protection, freedom of information, health and safety, business continuity and environmental management. Throughout the year, the finance team also provided data to enable CDF to respond to substantial requests for information as part of the new government's transparency drive.

When CDF's NDPB status was removed, the finance team prepared a robust business case to DCLG to ensure that the liabilities arising from closing CDF as a public body would be identified and met. Towards the end of the year, the team focused on the orderly closedown of the old organisation and put the necessary financial arrangements in place for the successor organisation.

## **Human resources (HR)**

The year 2010–11 presented significant challenges as the existing organisation was closed and a new organisation opened, and the HR team was integral in managing this transition. The redundancy process required significant consultation of staff, management of outplacement support and union negotiations. Thirty-eight employees were made redundant as of 31 March 2011, and 25 were transferred to the successor organisation under the Transfer of Undertakings (Protection of Employment) regulations. Throughout this process, the HR team provided appropriate and professional support to managers, and advice and guidance to all staff.

## **Environmental policy**

CDF encourages environmental responsibility, and employees play an active role in achieving our environmental goals. In 2010–11, a volunteer team of CDF staff from across all offices moved forward with the Acorn Environmental Management Scheme using the British Standard BS8555. By March 2011, CDF had made significant progress towards implementation of phases 1, 2 and 3. Over the course of the year, the team also organised events to encourage wider participation in environmental issues and raise awareness among staff.

CDF's environmental policy and Environmental Management System aim to provide CDF staff with the most sustainable workplace realistically achievable. CDF is committed to reviewing our environmental performance regularly in order to continue to improve.

## Engaged communities

### *Supporting involvement in local decision making*

CDF believes that strong relationships between communities and public bodies result in better decision making and sustainable solutions to local challenges. As the ethos of localism spread across government, we worked with local authorities and the voluntary and community sector to create more and better opportunities for local people to engage. Some of our key achievements are listed below.

#### **Social return on investment**

Public sector community development workers have long worked with local volunteers to coproduce community wellbeing. But the outcomes of their work can be subtle, incremental and difficult to measure. As local authorities cut spending, CDF recognised the need to document the value of councils' community development work. Working with nef consulting and four local authority partners, CDF determined that for every £1 invested in community development work, £15 of social value was created for the local community.

#### **Take Part**

Take Part helped people gain the skills, knowledge and confidence to make an active contribution to their communities. The Take Part approach offered community-based, informal learning that relied on dialogue and reflection. Eighteen local pathfinders – each a partnership of local authorities, third sector bodies and educational institutions – helped over 6,500 local people in its first year and over 11,600 in its second. Participants built the knowledge and leadership skills to engage with local government and take up civic and other roles in community life. Following the end of the programme in March 2011, the learning continues through a dedicated Take Part website, available at [www.takepart.org](http://www.takepart.org). Take Part was managed by CDF and funded by DCLG.

#### **Resource: Building healthy communities**

*Building healthy communities: A community empowerment approach* is a practical guide for healthcare professionals looking to create healthier neighbourhoods with the help of local people. Greater involvement not only increases people's sense of wellbeing, but it can also encourage take-up of services and participation in provision. This guide includes four principles for making empowerment work, common challenges and how to cope, and best practice case studies.

## **National Empowerment Partnership (NEP)**

NEP aimed to improve empowerment activities across England, and promote the value of involving communities in local decisions. In the final year, CDF worked with the Regional Empowerment Partnerships (REP) to establish a lasting legacy for the programme in the form of strong national and regional networks, a body of research and evidence, and practical toolkits for engagement work. NEP was managed by CDF and funded by DCLG.

## **Targeted Support for Empowerment and Participation Improvement (TSEPI)**

TSEPI aimed to improve local authorities' engagement capacity and practices, particularly in areas with low levels of empowerment. Using the existing infrastructure from NEP and the REPs, the programme helped local authorities to reach out to local people and respond more effectively to their concerns about public decisions and services. The evaluation following the end of the programme in March 2011 offers useful case studies and learning for promoting local social action, many of which help form the foundations of the Big Society. TSEPI was managed by CDF and funded by DCLG.

### **Communities in action: The Fruitilicious Community Veg Store**

The Take Part programme gave local people the skills and confidence to face challenges in their communities. In Bradford, residents of an estate with traditionally low levels of participation got together with the help of a local community development worker to discuss their needs and concerns, and most importantly, what they could do about them. The residents needed access to affordable fresh produce locally – so they set up their own cooperative, the Fruitilicious Community Veg Store.

The store not only offered healthy, affordable food locally, but also increased volunteering and employment opportunities for local people. As it grows, the cooperative has established links with other community organisations and public services, such as the local NHS Healthy Options team.

*'[Take Part] starts with the people, trying to identify with them "what is it you need to address? What are the issues? What do you want to be doing about it?" and then facilitating that process.'*

— Take Part pathfinder representative



## Cohesive communities

### *Helping people come together to manage diversity*

CDF believes that with the proper support, local people can collectively tackle discrimination and build communities based on mutual respect and social justice. Over the past year, CDF helped bring people and government together to manage rising community tensions and increasing marginalisation of minority groups. Some of our key achievements are listed below.

#### **Faiths in Action and Regional Faith Forums**

The Faiths in Action Fund provided £4 million in grants for local activities and initiatives that engage people of different faiths in dialogue and social action. At a regional level, CDF worked with Regional Faith Forums to give the local inter faith and faith groups a chance to share ideas, support one another and voice their communities' concerns on regional issues. At the close of the programme in March 2011, 572 local groups had been supported. Together it is estimated that their projects benefited more than 200,000 local people, including some of the most vulnerable members of society. Faiths in Action and the Regional Faith Forums were managed by CDF and funded by DCLG.

#### **Hatred and intolerance**

Economic hardship and rapid demographic change can often ignite underlying tensions in communities. Such tensions are usually preceded and accompanied by more subtle manifestations of hatred and intolerance – signs that frontline practitioners come face-to-face with in their daily work. In 2010–11, CDF conducted research in six local authority areas with both the voluntary and statutory sectors. This work uncovered a diverse range of community development approaches to tackling these issues and the practical dilemmas encountered along the way.

#### **Resource: Practitioner voices**

Very few first-person accounts of practice are ever published. More often the experiences of frontline professionals are synthesised and neatly packaged into best practice reports and policy guidance. As a result, the difficulties and contradictions that community workers struggle with are often lost. *Practitioner voices: Views from the frontline* presents, in their own words, the struggles practitioners face when tackling hatred and intolerance in their communities.

## **Tackling Race Inequalities Fund (TRIF)**

TRIF was a £8.8 million programme addressing inequalities in opportunity and access to services for people from black, Asian and minority ethnic (BAME) communities. It worked to help these groups get more involved in volunteering, community representation and political activity. By the end of the first year of the programme, TRIF-funded groups had launched several successful projects, including developing apprenticeship opportunities, setting up a volunteer mentorship programme for young people and expanding a helpline to support victims of race hate crimes. In 2011, the 26 funded groups received a further £1.17 million to continue their work from April to June 2011. TRIF was managed by CDF and funded by DCLG.

### **Communities in action: The Akashi Project**

The values of faith groups – living responsibly and simply, and caring about injustice and suffering – can be a strong foundation for tackling environmental challenges at a local level, and as a result creating impact globally. Cambridge Carbon Footprint recognised this and applied to the Faiths in Action Fund to start the Akashi Project, an inter faith programme of dialogue and social action around climate change. The project consisted of several components. A six-session course for local people on reducing carbon emissions not only gave participants practical ways to live more sustainably, but it developed deeper connections between community members on an issue of shared concern. The Akashi Project also held a meeting where 50 people from six different religions came together to learn about how different faiths talk about and approach climate change. The final activity – a climate change festival for Cambridge’s minority ethnic and faith communities – celebrated local people’s efforts to reduce the carbon footprints of their neighbourhoods.

*‘The most important thing I’ve learnt about inter faith working is how satisfying it is when people get together, really listen to each other talking about their beliefs and values, and find such a lot in common.’*

— Siobhan Mellon, Cambridge Carbon Footprint

## Strong communities

### *Mobilising communities and social action*

CDF believes strong communities work together to identify and solve problems. They depend on thriving community groups and active networks. This past year, CDF advocated for community development in all its forms – from paid public sector workers to small, volunteer-led community groups. Some of our key achievements are listed below.

#### **Independent Expert Panel on Community Development**

In June 2010, CDF convened an Independent Expert Panel on Community Development. Made up of leading thinkers and practitioners experienced and knowledgeable in a range of community-focused practices, the panel engaged in a lively and productive debate of the current state of community development, the impact of the changing political and economic climate, and new models of support for community action. In December, the panel launched its final report at the House of Commons, where it made a series of recommendations to government, practitioners, civil society organisations and funders.

Not only did these recommendations remind us of the importance of community development for the future, but they informed the creation of the new CDF in April 2011. One of the strongest messages CDF took from the panel's recommendations was that the community development field must identify and support vulnerable communities so the Big Society agenda is not just for the few, or the most influential, but is inclusive, fair and just for all. We need more compelling evidence of the impacts and outcomes of community development practice, whether undertaken by paid or unpaid, professional or voluntary community development workers. It is up to national community development organisations to unify the movement, which requires new forms of partnership between local authorities, communities, business and civil society. These partners must share common aims, principles and a focus on social responsibility, public value and social returns.

#### **Resource: Making the case for community development**

Much of CDF's work in 2010–11 revolved around making the case for community development in a time when public financing was under threat. The advocacy tool, *Making the case for community development*, offers practical advice to public sector community development workers in demonstrating the value of their projects and roles. This practical tool then evolved into an online community of practice where community development workers across the country shared experiences and best practice.

## **Growing and sustaining community self help**

Self help – a community’s collective attempt to tackle the issues it cares about – has a long history of offering alternative models of public service provision. In 2010 CDF conducted in-depth research with five self-help groups across the UK, each providing services of a public nature to meet specific needs in their communities. The research uncovered significant accomplishments, but also significant needs. The final report recommended concrete ways that government and funders can grow and sustain community self help for the future.

### **Grassroots Grants**

The Grassroots Grants programme funded more than 23,000 local community groups to help them continue their work improving the quality of life in their local areas. The Endowment Match Challenge element of the programme, an innovative funding scheme where government pledged to match private donations, raised over £50 million from individuals and businesses across England. Once matched with government funds, the total raised exceeded £90 million. In 2011, CDF successfully bid to run Grassroots Grants’ successor programme, Community First. Grassroots Grants was managed by CDF and funded by the Office for Civil Society (OCS).

### **Active at 60**

Active at 60 aims to help people approaching retirement stay or become more active and positively engaged with society, particularly those who are most at risk of social isolation and loneliness in later life. The Active at 60 programme provided £1 million to volunteer-led community groups to develop an ‘Active at 60 Community Agent’ who acts as a peer role model to those at risk, helping them to take the first step to become more physically and socially active in their community. Active at 60 is managed by CDF and funded by the Department for Work and Pensions (DWP).

### **Communities in action: Woodside Farm Stables Riding for the Disabled**

Through structured horse-riding sessions, Woodside Farm Stables provides therapy, exercise and fun for disabled children and young people, delivered entirely by trained volunteers. With funding from Grassroots Grants, the group was able to purchase a laptop and projector to deliver promotional and training presentations aimed at raising the profile of riding for disabled people, building awareness of the benefits, inspiring new volunteers and developing trustee management skills.

*‘Riding is definitely one of the highlights of Claire’s week. She loves to tell family and friends about her riding.’*

— Mother of participant

## The Big Local Trust

In October 2010, the Big Lottery Fund announced that it had selected the CDF-led consortium to develop proposals for a new company limited by guarantee that will become the corporate trustee of the Big Local Trust. The Big Lottery Fund will endow the Trust with £200 million to run the Big Local programme in up to 150 local areas in England over at least 10 years. While the requirement is to distribute the £200 million by 2026, the innovative investment model the programme will use will result in ongoing funding for local communities coupled with the improved skills and strengthened local capabilities to manage resources, will help Big Local leave a sustainable legacy.

The consortium's proposals were flexible to allow the Trust to adapt to the opportunities and challenges of working with local communities and evolve alongside them. Ultimately Big Local's aim is to create local areas that are resilient, confident, and good places to live by helping people develop their skills and confidence so they can act on what matters most to them. More information about Big Local and Local Trust can be found at [www.localtrust.org.uk](http://www.localtrust.org.uk).

### **The Big Local approach**

Our plans are for the new organisation (Local Trust) to develop and deliver a mix of funding and finance to enable sustainable change, maximise impact and make the best use of scarce resources. It will build on existing initiatives, and will help people to work towards achievable goals that recognise the wider economic, social and environmental forces impacting their communities.

Big Local will provide long-term help that joins up with the valuable work already being carried out at the local and national levels to help disadvantaged communities build their capacity. Big Local will help communities learn and share knowledge with each other, and build networks and collaborations to help each other succeed. It will actively support communities to use sustainable development as a framework for balancing economic prosperity, environmental quality and social equity. The funding model will support flexibility and innovation in local spending, including grant making, social investments, loans and micro-finance. Through its work, Big Local aims to engage all parts of the communities it works with.

### **Beneficiaries**

The Big Lottery Fund has chosen to focus the Big Local support on rural and urban areas that are disadvantaged and overlooked, and where local people face complex, inter-related problems. All the areas selected have historically received less Big Lottery Fund funding than other parts of England.

## **Big Local is...**

**An opportunity to create lasting change:** Big Local will build on communities' talents and aspirations to enable people to make their areas better places to live, now and in the future.

**Community-driven and inclusive:** The programme is based on local people's ideas, solutions and resources and will build on the strengths that already exist in their communities.

**Local solutions to local problems:** Big Local will find local solutions to local problems by helping local people, community groups and organisations work in partnership to plan for the future and make a difference.

**Focused on social investment:** Big Local has an innovative investment focus – in people and funds. The combination of grants and social investments (such as loans and micro-finance) will not only help local people transform their communities for the better, but the money can be recycled again and again to support areas beyond the life of the programme.

**Holistic and place-based:** Big Local takes a holistic approach to each local area. It works with residents, community and voluntary organisations, and the statutory and private sectors together to achieve local people's vision for their areas.

## **Consortium partners**

Capacity Global, CCLA, the Institute for Voluntary Action Research (IVAR), the National Association of Neighbourhood Management (NANM), Renaisi and UnLtd.

The partners hold a wealth of skills and experience in community development, regeneration, programme, financial and grant management, and social, economic and environmental justice. Consortium partners have also worked in a wide range of different areas and partnerships, developing experience and learning over many years.

# Programmes and government partners in 2010–11

## **Government partners**

Department for Communities and Local Government

Office for Civil Society

Department for Work and Pensions

## **Programmes**

Active@60

Big Local Trust

Connecting Communities: Community Champions Programme

Digital Inclusion Task Force Fund (Race Online)

Faiths in Action and Regional Faith Forums

Grassroots Grants

Hardship Fund

LINks Action Learning Project

National Empowerment Partnership

Tackling Race Inequalities Fund

Take Part

Targeted Support for Empowerment and Participation Improvement

Targeted Support Fund

For more about our current and previous programmes, visit [www.cdf.org.uk](http://www.cdf.org.uk)

# Publications

These are just some of the practical publications and briefing papers we published during the year. To download or purchase CDF publications, visit [www.cdf.org.uk](http://www.cdf.org.uk)

Building healthy communities: A community empowerment approach

Catalysts for community action and investment

CD panel paper one: The current context for community development

CD panel paper two: The Big Society and the responsive state

CD panel paper three: Time for a change – New models of support for community action

Engaging with communities

Growing and sustaining self help: Taking the Big Society from words to action

Identities and social action: CDF summary of practice learning

Independent Expert Panel on Community Development: Final report and findings

Making the case for community development

Making the case for community development community of practice

On the frontline: How frontline professionals are tackling hatred and intolerance

Practitioner voices: Views from the frontline

Report on survey of community development practitioners and managers

Town halls in the post-bureaucratic age



# Structure, governance and management

Established in December 1967 by Declaration of Trust, the Community Development Foundation (CDF) was formerly known as the Young Volunteer Force Foundation and the Community Projects Foundation. In 2007, CDF's charitable objects were changed to reflect CDF's mission and agreed by the Charity Commission and the Office of the Scottish Charity Regulator. In August 2006, CDF's government sponsorship moved from the Home Office to the Department for Communities and Local Government (DCLG). Following a government decision in October 2010, CDF ceased to be a non-departmental public body and its government funding was withdrawn as at 31 March 2011. CDF trustees took the decision to close the existing organisation and create a new charity and social enterprise, CDF Ltd, which came into existence on 1 April 2011.

## **Corporate governance**

Up to 31 March 2011, CDF's affairs were overseen by a publicly appointed Board of 15 Trustees which met three times a year. The Board had corporate responsibility for strategic direction to ensure CDF met its aims and objectives, and to ensure high standards of corporate governance. They were also responsible for keeping proper accounting records, which disclosed with reasonable accuracy CDF's financial position at any given point in time. The Board ensured that the financial statements complied with various legislation including the Charities Act 1993 (The Charities Accounts and Reports), Regulations 2005 (2005 No. 572), HM Treasury's Financial Reporting Manual, and the Charities SORP 2005. The Trustees were also responsible for safeguarding CDF's assets and for their proper application as required by charity law.

The Chief Executive, who is also the Accounting Officer, was responsible for making day-to-day decisions on behalf of the organisation. The Deputy Chief Executive was responsible for supporting the Chief Executive in the effective management of the organisation, leading on

business development. A team of five directors (four full-time equivalent) assisted the Chief Executive in coordinating and formulating policy and monitoring progress on key strategies, plans and budgets.

The Board had three sub-committees: finance, audit, and four nations and Europe. Each met three times a year and had separate terms of reference, which were available on the CDF website. Recommendations from these committees were taken to the full Board for endorsement.

Early in 2010 Jeremy Wright MP stood down and John Howell MP took his place until July 2011. In April 2010 Tom Levitt MP announced that he would not be standing for Parliament in the upcoming election. Dan Rogerson MP also stood down in May 2010. Three Trustees were due to retire in June 2010: Peter Latchford, Jagwant Johal, and Professor Ruth Lister. Their terms were extended for six months while CDF's public body status was under discussion. In September 2010 Jagwant Johal stood down and in December, Professor Ruth Lister. Peter Latchford's appointment was further extended along with Marilyn Taylor until 31 March 2011. A complete list of Trustees in place for 2010–11 can be found on page 29.

### **Procedure for Trustee appointments**

CDF adhered to the rules on public appointments of the Office of the Commissioner for Public Appointments (OCPA) when recruiting Trustees to the Board. No new appointments were pursued during the year, due to uncertainty over CDF's future status. The incumbent Chair and Trustees' roles and responsibilities were established by the Framework Document agreed between CDF and DCLG in 2009, notwithstanding the requirements of charity law.

### **Policies and procedures for training Trustees**

Trustees received an induction when they joined the Board, and were briefed by the Chair and Chief Executive. To keep Trustees abreast of national policy and local issues, external guests were invited – from senior representatives of national organisations to local community organisations – to Trustee meetings and the annual residential. CDF monitored Trustees' attendance at full Board and sub-committee meetings and appraised their contributions when considering reappointment. CDF's Trustees – who were unpaid – made other voluntary contributions of time and expertise to CDF's business relating to their interests and backgrounds.

### **Trustees' transition roles**

During this period Trustees invested significant time in managing the transition period. This included agreeing the terms of the end of non-departmental public body status with DCLG, establishing the new incorporated charity and ensuring corresponding legal, financial and operational changes were in keeping with the changed status, strategic planning and restructuring. The CDF Board delegated responsibility to a task group comprising the Finance and Audit Committee members, who then became the four new Directors of the

incorporated charity. Peter Latchford, Michael Hamilton, Hilary Willmer and Andrew Robinson have continued in these posts to ensure continuity and solid foundations to guide CDF through an uncertain operational environment. In the lead up to this, on 22 March 2011 CDF's Board agreed and signed a Transfer Agreement, authorised by the Charity Commission, passing assets and residual liabilities to the new organisation to take effect from 1 April 2011.

### **Risk management**

For 2010–11 CDF Trustees established a risk management system to mitigate significant risks, whether strategic, regulatory, operational or financial. Regular review of risks was taken by:

- identifying risk during business planning and project management
- recording identified risks on a risk register – this allowed for risks to cascade from departments through Directorates and then to the corporate level
- incorporating the risk register into a quarterly report by all directors to the Chief Executive which was reviewed at Directorate meetings
- conducting an internal audit review of internal control and risk management
- the Audit Committee and Board of Trustees approving the high level strategic risk register.

The Audit Committee had a leading role in advising and overseeing the risk management system. This committee comprised four publicly appointed Trustees, and was also attended by the Chief Executive, Finance and Facilities Director, National Audit Office (NAO) external auditors and DCLG internal auditors. The risk register provided the detail from which the annual internal audit plan was prepared. CDF identified and proactively managed the potential top risks during this period (2010–11).

For 2010–11, CDF contracted the following to undertake audit activity: NAO as external auditors; CLG Internal Audit Services as internal auditors; Jeffrey's Henry as project auditors; and Winston Gross to audit CPF Trust Ltd.

### **Staffing**

At the balance sheet date, CDF made 38 staff redundant and closed offices in Cambridge, Hove, Leeds and Cardiff.

Employees have union recognition and regular union meetings take place to discuss employment issues. All staff members are kept informed of developments within CDF and are consulted, via the union, on any matters that may affect their terms and conditions. They receive copies of weekly Directorate minutes, budgets, annual reports and other key documents.

In accordance with CDF's equal opportunities policy, the organisation has well-established fair employment practices in the recruitment, selection, retention and development of all staff, including those who are disabled. When CDF staff members leave, we carry out exit interviews and ensure that any learning is shared where appropriate.

### **Sickness absence data**

During 2010–11, the total number of days lost due to sickness absence was 363 days. This amounts to an average per employee of five days, but also includes single periods of long-term absence. It is accepted that there will always be a certain level of sickness absence for reasonable and legitimate reasons. It is CDF's policy to offer security of employment during such periods, subject to operational requirements. As a good employer, CDF recognises our responsibility to help staff identify the source of the problem, address any problems associated with the workplace, and encourage staff to seek appropriate support. Our new HR IT system, U@CDF, improves submission of and access to staff records.

### **Equal opportunities policy**

CDF is an equal opportunities employer. The aim of our policy is to ensure that no job applicant or employee receives less favourable treatment on the grounds of gender, marital status, colour, race, nationality, ethnic or national origin, disability, age, religion, sexual orientation or criminal convictions. As a public body CDF also had to carry out Equality Impact Assessments to ensure our work did not have an adverse impact on a particular group of people due to gender, race, disability, religion or belief, sexuality, age and socio economic background. An Equality Impact Assessment is the process of assessing the impact of our existing or proposed programmes, projects, policies, practices and services in relation to their consequences for equality on different groups within the community.

### **Data protection**

CDF makes sure personal data stored on our databases is held subject to the requirements and principles of the Data Protection Act 1998. CDF follows the requirements of the Government's data handling procedure. For 2010–11, no personal data related incidents were reported in CDF.

### **Associates**

During 2010–11, CDF had 113 registered CDF Associates. Many Associates contributed to CDF's range of activities, including supporting grant programmes as independent assessors, completing evaluation or research projects, writing publications, providing capacity-building support to community organisations and working with local authorities. Associates have knowledge and expertise in community development practice and are experts in a range of related policy fields. They make a vital contribution to the success of CDF and the quality of our work.

## **GIFTS expenditure**

During 2010–11 CDF invested in a new case management system (GIFTS) to ensure that grant management could be serviced in an efficient and effective way. CDF began using GIFTS in the summer of 2011. Procurement of the system, in response to the efficiency reforms directed by Cabinet Office, was underway prior to the announcement of closure of CDF as a non-departmental public body. The decision to purchase GIFTS was taken in the light of a formal business case and endorsed at a meeting of the Steering Board in November 2011. This was in line with standard governance procedures in CDF which required Trustee approval for all new investment projects.

Over the course of 2010–11 CDF was notified by DCLG of new central government controls that had been put in place for ICT projects costing in excess of £1 million. The expected cost of GIFTS is expected not to exceed £250,000 over the life of the project and was therefore not subject to additional controls over its approval.

## Board of Trustees (2010–11)

Acting Chair: Peter Latchford (as of May 2010)

Elizabeth Bickerton

Michael Hamilton MBE

John Howell MP (resigned July 2010)

Dean T. Huggins

Abdul Ismail

Jagwant Johal (resigned September 2010)

Tom Levitt (resigned April 2010)

Professor Ruth Lister CBE (resigned December 2010)

Stewart Murdoch

Andrew Robinson MBE

Dan Rogerson MP (resigned May 2010)

Marilyn Taylor

Alison Wightman

Hilary Willmer

## Register of members' interests

<b>Trustee</b>	<b>Risk of interests relevant to CDF business</b>
Peter Latchford	Trustee of LankellyChase Foundation, Trustee of Birmingham Leadership Foundation, Chair of Healthcare Improvement Partnership (Wolverhampton & Walsall) Ltd, employed by Black Radley Ltd
Elizabeth Bickerton	Trades as Liz Bickerton Consultancy
Michael Hamilton MBE	None
John Howell MP	None
Dean T. Huggins	Chair of Federation for Community Development Learning, employed by Sunderland Black and Minority Ethnic Network Ltd, Trustee of Community Foundation for Tyne & Wear and Northumberland, Trustee of Northumberland Community Development Network Ltd, Trustee of Intercultural Arts
Abdul Ismail	Employed by Bradford and District Community Empowerment Network Ltd
Jagwant Johal	None
Tom Levitt	None
Professor Ruth Lister CBE	None
Stewart Murdoch	Trustee of the Scottish Community Development Centre
Andrew Robinson MBE	Employed by CCLA Investment Management Ltd, Trustee of Locality, LankellyChase Foundation, London Funders, RBS Group Microfinance Funds, Poundfield Hall
Dan Rogerson MP	None
Marilyn Taylor	None
Alison Wightman	Independent consultant, Trustee of Scottish Community Development Centre
Hilary Willmer	Trustee of Leeds Christian Community Trust

## Professional advisors

### **Solicitors**

Royds Solicitors  
65 Carter Lane  
London  
EC4V 5HF

### **Bank**

Nat West Commercial Banking  
City of London Office  
PO Box 12258  
1 Princes Street  
London  
EC2R 8PA

### **Auditors**

National Audit Office  
157-197 Buckingham Palace Road  
London  
SW1W 9SP



# Financial review and results for the year (2010–11)

For 2010-11 CDF had a mixed funding environment. It received grant-in-aid from the sponsoring government department. In addition it earned income through the contract management of grant programmes across government departments, research contracts and consultancies, conferences, publications and training courses. All income-generating work is in accordance with the objects of the charity.

The CDF financial accounts show incoming resources of £10.6 million in the year.

The consolidated Statement of Financial Activities (SOFA) on page 46 shows a net surplus of £0.1 million (2009–10: deficit of £1.9 million). The SOFA shows no change in unrestricted funds; the net surplus of £0.1m was on restricted funds (2009–10: deficit of £0.8 million).

A breakdown of restricted funds is given in Note 18.

## **Financial position**

The consolidated Balance Sheet on page 48 shows Net Assets at 31 March 2011 of £3.8 million (2009–10: £3.8 million).

## **Disclosure of audit information to the auditors**

No charge was made for non audit work. In so far as the Accounting Officer is aware, there is no relevant audit information of which CDF's auditors are unaware, and the Accounting Officer has taken all the steps that she ought to have taken to make her aware of any relevant audit information and to establish that CDF's auditors are aware of that information.

## **Supplier payments**

CDF policy follows the BIS Better Payment Policy also known as the Prompt Payment Code. The Code states that a company should have a clear, consistent policy, adhered to by the finance and purchasing departments, that payment terms are agreed at the outset and payment procedures explained to suppliers, that bills are settled in accordance with payment terms agreed with suppliers, that complaints are dealt with quickly and that suppliers are advised of disputes.

CDF values its suppliers and acknowledges the importance of paying invoices, especially those of small businesses, promptly. Normal policy is to pay all small business invoices within 30 days.

On 8 October 2008 the Prime Minister committed Government organisations to paying suppliers within ten days of receipt of a correctly rendered invoice. CDF implemented this commitment and reported against these targets during 2010–11. The following 2010 results are calculated under the previous guidance of 30 days.

In the year CDF paid 87 per cent of invoices on time (2009–10: 41 per cent). This is primarily due to CDF having satellite offices and a centralised payments point. Delays have occurred in passing invoices for payment. No interest was paid in respect of Late Payment of Commercial Debts (Interest) Act 1998.

CDF estimates that for all UK supplies, average creditor payment days in 2010–11 were 17 days (2009–10: 21 days).

## **FINANCIAL MANAGEMENT POLICIES**

### **Reserves policy**

As at 31 March 2011, the Reserves of CDF consisted of restricted funds which were available only for the purpose they are restricted to, and unrestricted funds which are available to meet CDF's objectives.

In relation to unrestricted reserves, the Trustee policy in 2010–11 was to designate reserves where appropriate to meet existing and potential financial commitments of the organisation. This provided a clearer understanding of how the resources of the organisation were being utilised. CDF did not have a 'target' level of reserves as such, but aimed to ensure that reserves were sufficient to ensure its continuing operation and to achieve its longer-term strategic aims. In particular it maintained a designated cessation reserve allowing for six months operating costs of grant-in-aid funded activity.

A breakdown of the designated reserves is provided in Notes 16 and 17 to the accounts.

The future designation of reserves in the new charity is subject to ongoing review by the Trustees as the strategy of the new organisation develops.

### **Investment policy**

The 2010-11 investment policy was to maximise return within a low-risk strategy. In view of the current economic situation our policy during the year was to earn interest by placing cash on short-term deposit rather than in long-term property or share arrangements. The average return on investments for the CDF during the year was 1.5 per cent. Investments are held as part of the COIF Charities Deposit Fund managed by CCLA Investment Management Ltd.

## **Pensions**

Pension obligations are discussed in Note 30 to the accounts and pension costs incurred detailed within the Remuneration report.

## **Discontinued activity**

Following a decision by the Trustees, the existing CDF ceased to operate as at 31 March 2011. As a result CDF has prepared its 2010–11 accounts on the basis that its activities are not continuing and that it is no longer a going concern.

In the 2008–09 financial year, the decision was made to set up the Scottish unit – the Scottish Community Development Centre (SCDC) as a separate business entity.

SCDC was incorporated as a separate organisation on 22 June 2009 but began operations from 1 October 2009 onwards. The Trustees of CDF agreed for a reserve transfer of £0.669 million to be made to SCDC to assist in funding the initial phase of the new organisation. In addition it was agreed by the Trustees of CDF that CDF will take on a redundancy indemnity of £123,000 for a period of 18 months. Staff members were transferred over to the new separate SCDC organisation on 30 September 2009 under a TUPE agreement. As at 31 March 2011 CDF retained a designated fund of £24,527 to cover final redundancy payments.

# Remuneration report

Remuneration for the Chief Executive and all employees is based on the CDF salary structure and job evaluation scheme. CDF operates a spot-rate pay system, which means that there is a one salary for each band.

The Finance Committee recommends the pay award to the Chief Executive; all pay and cost-of-living recommendations are then submitted to the sponsoring government department for approval.

## Chief Executive

The Emoluments and Pensions Entitlements of the Chief Executive for the year were as follows:

	2011		2010	
	Salary	Pensions	Salary	Pensions
	£	£	£	£
A Seabrooke	89,452	11,181	78,270	8,447

The above figures have been subject to audit.

The Chief Executive was employed on a permanent basis, subject to a three-month notice period. The Chief Executive ceased being an employee of CDF on 31 March 2011 when this organisation closed and transferred over under the TUPE Regulations 2006 as Chief Executive into CDF Ltd on 1 April 2011.

The Chief Executive did not receive any performance-related pay.

Health and life insurance benefits are received through a scheme held with Canada Life. The scheme covered all employees of the organisation and total payments made to the scheme in 2010–11 were £43,386 (2010: £46,607).

No compensation was paid to former senior managers. There were no awards for early termination except for redundancy. No fees were paid to a third party for the services of a senior manager.

Trustees or connected persons receive no remuneration in respect of their services. Trustees received reimbursement of expenses amounting to £12,308 during the year. This included reimbursement for travel and other reasonable out-of-pocket expenses.

### **Pensions**

Our occupational pension scheme was provided through an outside provider, The Pensions Trust's Growth Plan. This is a money purchase type of pension scheme where the employee and employer's pension contributions are invested to provide a pension on retirement. 2010-11 contribution rates were 3.5 per cent of salary from the employee and 10 per cent from CDF. The Pensions Trust provided an annual statement to participating individuals providing an estimate of their pension entitlement on retirement. The Pensions Trust Scheme was closed and paid up as of 31 March 2011.

CDF contracted in to the State Second Pension (S2P) so staff paid a higher rate of National Insurance and built up an extra earnings-related state pension, payable at state retirement age.

### **Life assurance and permanent health insurance**

Staff were covered by two non-contributory insurance schemes:

- Group Life Assurance Scheme which provides four times salary death benefit for death in service;
- Group Income Protection Scheme which provides 75 per cent of salary (less any state benefits) after 26 weeks continuous sickness absence.

Both are subject to the rules of the insurance company providing the schemes.

# Statement of Accounting Officer's responsibilities

Under the Charities Act 1993, the Secretary of State (with the consent of HM Treasury) has directed CDF to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and give a true and fair view of the state of affairs of CDF and of its incoming resources and application of resources, recognised gains and losses and cashflows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Department for Communities and Local Government (DCLG), including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts

The Accounting Officer of DCLG has specifically contracted with the Chief Executive, A. Seabrooke, to be the Accounting Officer of CDF for the purposes of signing off the closed organisation's 2010–11 accounts.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding CDF's assets, are set out in the Accounting Officers' Memorandum issued by HM Treasury and published in *Managing Public Money*.

# Statement on internal control

## **1. Scope of responsibility**

As Accounting Officer and Trustees, during 2010–11 we had joint responsibility for maintaining a sound system of internal control that supported the achievement of CDF's policies, aims and objectives, while safeguarding the public funds and assets for which the Accounting Officer is personally responsible. This is in accordance with the responsibilities assigned to us in Managing Public Money and the requirements laid down by the Department for Communities and Local Government (DCLG) in our annual Grant letter.

## **2. The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in CDF for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

## **3. Capacity to handle risk**

Risk management is implicit in CDF's systems and procedures. Risks are regularly considered and discussed at Trustee level and appropriate actions taken when necessary. During this financial year the high level risk register identified strategic, regulatory, operational and financial risks across CDF and countermeasures to mitigate these risks. Each department within CDF produces its own quarterly risk register which feeds into the high level register. The latter is considered at monthly Directorate meetings and by the Audit Committee every four months.

## **4. The risk and control framework**

The key elements of the risk management strategy in operation during 2010–11 included the following:

- Maintenance of an annual operating plan and an ongoing assessment of financial and operational performance against CDF's aims and objectives;

- A senior management team (Directorate), which meets weekly and holds monthly planning meetings to consider the strategic direction of the organisation, including the high level risk register. In 2010–11, this team included the Chief Executive, Directors of Finance and Facilities, Programmes, Marketing and Communications, and Co-Directors of Community Development. Other staff attended on an occasional basis to observe and contribute;
- Reports to the Finance and Audit Committees and to the full Trustee Board on financial and performance systems of internal control;
- DCLG's audit and assurance unit conducts an internal audit programme throughout the year. Specific work was undertaken on the key control testing within finance, HR and IT, risk management;
- For organisations that received funding administered by CDF on behalf of Government such as Connecting Communities Plus, Grassroots Grants and the National Empowerment Partnership, a member of the finance team or external auditors were engaged to conduct audits on a sample of those recipients to monitor use of funding;
- All managers report regularly to the Chief Executive or senior staff on the steps they are taking to manage risks in their areas of responsibility including progress reports on key projects. Trustees receive regular reports on work performance in relation to objectives;
- Senior staff undertake a regular programme of structured workshops, some of which have external facilitation, to identify and keep up to date the record of risks facing the organisation. Work began to review induction, probationary, supervision, appraisal and training plans. This is linked in to the annual work programme process;
- Senior staff operate on an ongoing basis a prioritisation methodology to rank risk and assess cost benefit. This is done both in relation to the annual (and three-yearly) work programme but also for in-year unexpected items or changes;
- Key performance and risk indicators are in place and are the subject of reports to the sponsor department and Trustees;
- Reports are produced by the Chief Executive on internal control activities for other staff, for Trustees and for the sponsor departments;
- Where appropriate, reports are produced on compliance with key government recommendations. Work is under way in relation to implementing DCLG's information risk and data handling/security guidance. This involves developing and implementing a data handling policy procedure and the nomination of a Senior Information Risk Owner and Information Asset Owners from amongst CDF's senior management team to oversee the process.



- The Audit Committee meets three times a year. It is responsible for dealing with corporate governance, risk and controls, and finalising the annual accounts.

## **5. Review of effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within CDF who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board of Trustees and the Audit Committee.

My review is informed by:

- the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework;
- the work of the internal auditors, who submit to the organisation's Audit Committee regular reports which include the Head of Internal Audit's independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control together with recommendations for improvement;
- comments made by the external auditors in their management letters and other reports.

The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control is as follows:

### **The Board**

The Board has overall responsibility for monitoring the effectiveness of CDF's system of internal control and receives regular reports from the Audit Committee.

### **The Audit Committee**

The Audit Committee plays an important role in managing risk within CDF. It is constituted of Non-Executive Members of the CDF Board and an independent Non-Executive in the Chair. The Audit Committee reviews the effectiveness of the risk management process and meets four times during the year.

I am not a member of the Committee but attend all of its meetings, as do our internal auditors from DCLG and our external auditors, the National Audit Office. The Committee's terms of reference incorporate a right of access to the Chair for both the internal and external auditors.

## **Internal Audit**

The internal audit function carries out its work in accordance with the internal audit plan that is approved by the Audit Committee and which is designed to allow internal audit to make a statement on the adequacy and effectiveness of CDF's risk management, governance and control processes for the year.

The Audit Committee receives regular reports from internal audit. These reports identified a number of opportunities for improving controls and procedures, which management has responded to positively. Internal audit concluded in the year under review that based on the work undertaken; CDF has a satisfactory system of risk management, governance and control in place. Procedures are reviewed and implemented to address issues identified by the internal audits during the year.

## **Other assurance mechanisms**

A number of financial control processes were maintained during 2010–11. The Finance department produced monthly management accounts which were reviewed by budget holders and the Directorate on a monthly basis. In addition, the Board reviewed the management accounts quarterly to identify deviation from the original budget.

CDF carried out re-forecasts of its expenditure and outputs (primarily planned consultation documents and policy statements) on a quarterly basis to take into account changes in the work required to meet its strategic objectives and ensure that it operated within the financial targets of the Annual Plan. The Annual Plan is prepared following consultation with stakeholders and a rigorous internal approach involving budget holders and the Directorate; the final approval is granted by the Board.

Directorate provide to the Accounting Officer regular assurance in relation to their operation of internal controls for the major areas of risk they are exposed to.

It is my belief that throughout 2010–11 there were satisfactory processes in place for identifying, evaluating and managing the significant risks faced by CDF.

## **Significant Events during the year**

On 14 October 2010, the Minister for the Cabinet Office announced that CDF would cease to operate as a non-departmental public body with effect from 1 April 2011. In January 2011 the Trustees agreed to close CDF as at 31 March 2011, but to continue the work of the former CDF by establishing a new company, CDF Ltd.

The closure of the NDPB meant the loss of secure grant income, combined with the winding down of a number of grant programmes from which CDF generated most of its income. As a result management put in place plans to scale down the operating capacity of the organisation and to consolidate all its activities into one site operating in London. As a result, during the period up to 31 March 2011, a number of key staff and managers left the organisation, including members of the Finance team. While key financial and management

controls were in place throughout most of 2010–11, in my view, the loss of key personnel resulted in a weakening of the control environment over the closure period. Steps were taken in spring 2011 to equip the new organisation with the skills and capacity to ensure that robust control and management of financial resources was in place.

**Alison Seabrooke**

Chief Executive and Accounting Officer

# Audit certificate

## *The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament*

I certify that I have audited the financial statements of the Community Development Foundation for the year ended 31 March 2011 under the Government Resources and Accounts Act 2000. These comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### **Respective responsibilities of the Board, Accounting Officer and auditor**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Board of Trustees and the Chief Executive, as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the Audit of the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Community Development Foundation's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Community Development Foundation; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the incoming and outgoing resources reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### **Opinion on Regularity**

In my opinion, in all material respects, the incoming and outgoing resources have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of the Community Development Foundation's and the group's affairs as at 31 March 2011 and of the incoming resources and application of resources of the group for the year then ended; and
- the financial statements have been properly prepared in accordance with the Charities Act 1993 and directions issued by the Secretary of State.

### **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with directions issued by the Secretary of State; and
- the information given in the sections entitled 'Structure, governance and management' and 'Financial review and results for the year (2010-11)', included within the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Emphasis of Matter – Financial statements prepared on a basis other than going concern**

Without qualifying my opinion, I draw attention to Note 1 and Note 33 to the financial statements. On 14 October 2010 the Minister for the Cabinet Office announced that the Community Development Foundation would cease to be a non departmental public body on 31 March 2011 and would not receive grant in aid funding after that date. On 14 January 2011 the trustees decided to cease the operations of the existing charity as at 31 March 2011. As a consequence, the trustees and the Accounting Officer do not consider the existing charity to be a going concern and the financial statements have been prepared on a basis other than going concern. Details of the impact of this on the financial statements are provided in Note 1 and Note 33 to the financial statements.

### **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

### **Report**

I have no observations to make on these financial statements.

*Amyas C E Morse  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP  
5 March 2012*

# Accounts

## Consolidated statement of financial activities for the year ended 31 March 2011

	Notes	Unrestricted £	Restricted Funds £	Total Funds 2011 £	Total Funds 2010
<b>Incoming resources for the year</b>					
Incoming resources from generated funds					
Voluntary income		1,423,000	-	1,423,000	1,706,100
Investment income		28,008	-	28,008	96,376
Incoming resources for the year from discontinued activities		3,510,285	3,190,431	6,700,716	7,802,695
Other incoming resources		2,434,249	-	2,434,249	-
<b>Net incoming resources</b>	2	<b>7,395,542</b>	<b>3,190,431</b>	<b>10,585,973</b>	<b>9,605,171</b>
<b>Resources expended for the year</b>					
Resources expended for the year from discontinued activities		6,570,737	3,068,751	9,639,488	10,528,614
Governance costs		107,607	-	107,607	88,250
<b>Net expenditure</b>	3/4	<b>6,678,344</b>	<b>3,068,751</b>	<b>9,747,095</b>	<b>10,616,864</b>

<b>Net incoming(outgoing) resources before transfers</b>		<b>717,198</b>	<b>121,680</b>	<b>838,878</b>	<b>(1,011,693)</b>
Transfers between funds	19	38,349	(38,349)	-	-
Loss on sale of revalued property	8	(845,000)	-	(845,000)	-
Gains/(losses) on revaluation of fixed assets	8	89,299	-	89,299	(173,558)
Transfers of reserves for discontinued activities		-	-	-	(669,593)
<b>Total net movement in funds</b>		<b>(154)</b>	<b>83,331</b>	<b>83,177</b>	<b>(1,854,844)</b>
<b>Restated fund balances brought forward at 1 April 2010</b>		<b>3,621,686</b>	<b>131,192</b>	<b>3,752,878</b>	<b>5,607,722</b>
<b>Fund balances carried forward at 31 March 2011</b>	<b>20</b>	<b>3,621,532</b>	<b>214,523</b>	<b>3,836,055</b>	<b>3,752,878</b>

The notes on pages 51 to 93 form part of these financial statements. The Charity has no recognised gains or losses other than the net movement in funds for the year. The incoming resources and resulting net movement in funds in the current year arise from discontinued operations. Refer to note 33 for further information.



**Consolidated  
balance sheet as at  
31 March 2011**

	Notes	2011 £	2010 £
<b>Fixed assets</b>			
Tangible assets	8	0	821,286
Intangible assets	8	0	9,328
<b>Total fixed assets</b>		<b>0</b>	<b>830,614</b>
<b>Current assets</b>			
Stock	10	0	0
Debtors	11	2,786,877	477,080
Short Term Investments	26	1,646,166	4,090,908
Cash at bank	26	1,905,371	1,067,228
<b>Total current assets</b>		<b>6,338,414</b>	<b>5,635,216</b>
<b>Current liabilities</b>			
Creditors	13	2,502,359	2,712,952
<b>Net current assets</b>		<b>3,836,055</b>	<b>2,922,263</b>
<b>Total assets less current liabilities</b>		<b>3,836,055</b>	<b>3,752,878</b>
Creditors due after one year		0	0
<b>Net assets</b>		<b>3,836,055</b>	<b>3,752,878</b>
<b>The funds of the charity</b>			
Restricted funds	18	214,523	131,192
Unrestricted funds	16	3,621,532	3,621,686
<b>Total charity funds</b>		<b>3,836,055</b>	<b>3,752,878</b>

The notes of pages 51 to 93 form part of these financial statements.  
The accounts were approved by the Trustees and Chief Executive  
on 27 February 2012 and were signed on their behalf by:

Peter Latchford  
*Chairman*

Alison Seabrooke  
*Chief Executive*

## Community Development Foundation's balance sheet as at 31 March 2011

	Notes	2011 £	2010 £
<b>Fixed assets</b>			
Tangible assets	9	0	48,112
Intangible assets	9	0	9,328
<b>Total fixed assets</b>		<b>0</b>	<b>57,440</b>
<b>Current assets</b>			
Stock	10	0	0
Debtors	12	2,786,877	477,080
Short Term Investments	26	1,646,166	4,090,908
Cash at bank	26	1,905,371	1,067,228
<b>Total current assets</b>		<b>6,338,414</b>	<b>5,635,216</b>
<b>Current liabilities</b>			
Creditors	14	2,502,359	2,711,510
<b>Net current assets</b>		<b>3,836,055</b>	<b>2,923,706</b>
Debtors due after one year	12	0	221,700
<b>Total assets less current liabilities</b>		<b>3,836,055</b>	<b>3,202,846</b>
Creditors due after one year		0	0
<b>Net assets</b>		<b>3,836,055</b>	<b>3,202,846</b>
<b>The funds of the charity</b>			
Restricted funds	18	214,523	131,092
Unrestricted funds	17	3,621,532	3,071,754
CPF Trust			
<b>Total charity funds</b>		<b>3,836,055</b>	<b>3,202,846</b>

The notes of pages 51 to 93 form part of these financial statements. The accounts were approved by the Trustees and Chief Executive on 27 February 2012 and were signed on their behalf by:

Peter Latchford  
Chairman

Alison Seabrooke  
Chief Executive

**Consolidated cashflow statement for the year ended 31 March 2011**

	Notes	2011 £	2010 £
<b>Net cashflow from operating activities</b>	24	<b>-1,471,156</b>	<b>1,217,449</b>
<b>Capital expenditure and financial investment</b>			
Purchase of fixed assets	8	-42,421	-119,999
Purchase of intangible assets	8	-93,023	-48,067
<b>Net cash inflow (outflow) on capital expenditure and financial investment</b>		<b>-135,444</b>	<b>-168,067</b>
<b>Acquisitions and Disposals</b>			
Receipts for the discontinuation of operations		0	-669,593
<b>Net cash inflow (outflow) on acquisitions and disposals</b>		<b>0</b>	<b>-669,593</b>
<b>Financing</b>			
Cash (inflow) outflow from short term deposits	25	2,444,742	251,206
<b>Net cash (inflow) outflow from financing</b>		<b>2,444,742</b>	<b>251,206</b>
<b>INCREASE (DECREASE) OF CASH IN YEAR</b>	25	<b>838,143</b>	<b>630,995</b>

# Notes to the accounts

## 1. BASIS OF ACCOUNTING AND ACCOUNTING POLICIES

### Basis of accounting

The financial statements set out on pages 46 to 50 together with the notes on pages 51 to 93 have been prepared in the form directed by the Secretary of State with the consent of Treasury in accordance with Sections 41 and 42 of the Charities Act 1993 (The Charities Accounts and Reports) Regulations 2005 (2005 No. 572). The Regulations are supported by a Statement of Recommended Practice (SORP) “Accounting and Reporting by Charities” (revised 2005) and applicable accounting standards. The financial statements also comply with the Treasury’s Financial Reporting Manual (FReM). The FReM additionally requires Charitable NDPBs to follow the principles set out in the FReM, including providing additional disclosures where the FReM requirements go beyond those required by the SORP or other charitable legislation.

Consolidated financial statements have been prepared for CDF and its subsidiary company CPF Trust Ltd. In addition a separate balance sheet has been prepared for CDF. The income and expenditure of the subsidiary trading company are taken to the consolidated Statement of Financial Activities (SOFA). The SOFA, adjusted for intra group transactions, and the Balance Sheets of CDF and CPF Trust Limited are consolidated on a line by line basis.

Following the decision of the trustees of CDF to close the organisation as at 31 March 2011, the accounts have been prepared on a discontinued basis as the trustees do not consider CDF to be a going concern. As a result all known liabilities have been included in these financial statements. Trustees have also reviewed all assets and liabilities to ensure they have been appropriately valued as at 31 March 2011.

### Accounting Policies

#### Designated funds (see notes 16 and 17)

CDF operated a number of designated funds during 2010-11, but most of these funds were released as at 31 March 2011 when the organisation closed. The designated funds that remained at that date related to funds that were required to fund the organisation’s closure liabilities.

## **General reserve**

This reserve represents the funds, which are not currently designated for any specific purpose.

## **Restricted funds (See note I8)**

These funds are subject to specific conditions imposed by the donors.

## **Incoming resources**

### ***Grants receivable***

A prudent estimate of grants receivable for the period is credited to income on receipt of notification from the grantor of a grant being made available for the period.

Where grants are received prior to the end of the financial year in respect of specific expenditure that is to be carried out during the following financial year, these grants are credited to Deferred Income in the year of receipt. If the grant is of a capital nature or has not yet been earned it should be recognised when it is receivable.

The Grant in Aid from CLG is recorded in the Statement of Financial Activities in the year for which it relates, after a grant letter has been received stating the group is entitled to the Grant in Aid and the amount is clearly stated. In the SOFA the grant has been allocated to the group's activities in the same proportion as in the latest Trustee approved budget. In the notes to the accounts, the Grant in Aid income is apportioned between CDF's strategic aims on the same ratio in which the expenses directly linked to the Grant in Aid use are incurred.

### ***Treatment of income as grant, conduit and contract income***

CDF both receives grants to perform pieces of work, and undertakes contract work for the grant management and administration of programmes.

Where contract work is undertaken for the grant management of programmes, any funding received for subsequent payment as grants is treated as conduit funding and excluded from the accounts of CDF. CDF only recognises income received as its management fee in the accounts for this work. This treatment is in accordance with the requirements of the Charities SORP.

Where CDF receives grant funding for pieces of work then this will be fully recognised in the accounts of CDF.

### ***Investment income***

Investment income is earned on cash surpluses held by CDF. Investment income is earned from two main sources:

- A NatWest business reserve account is held where cash earns interest on all balances held overnight;
- Longer-term investments are held in risk-free, short-term money market deposits with CCLA Investment Management Ltd in the COIF Charities Deposit Fund.

### ***Donations***

Donations are mainly from the corporate sector. These are recognised on an accruals basis where there is reasonable assurance of receipt.

### ***Deferred Income***

Income arising on work to be undertaken in subsequent financial periods will be deferred to that period on the balance sheet.

Capital for restricted funds is fully charged to the SOFA in the year of purchase. A provision is set up for subsequent depreciation of assets and released to the SOFA over the life of the asset.

## **Resources Expended**

Resources expended include direct expenditures such as staff costs, premises and other operational costs for the core objectives of the group – achieving stronger communities and a community sector, improving community cohesion, and improving community engagement.

For grant making programmes, grants are recorded in the Statement of Financial Activities when they are paid out to the groups.

Governance costs include direct expenditures such as audit fees, cost of Trustees meetings, the preparation of the annual report and strategic planning within CDF.

There were no fundraising activities or related costs in the year.

## **Analysis of Income and Expenditure across Objectives**

In Notes 2 and 3 income and expenditure is analysed by charitable objective.

All income and expenditure is allocated across objectives on an activity level by the relevant budget manager. This is then reviewed by the Finance Director and Chief Executive to ensure correctness and consistency.

## **Liquid Resources**

This includes cash held on short-term deposit for at least a day in order to earn interest. All other cash held is cash at bank or in hand and is therefore disclosed as “Cash at Bank” on the balance sheet.

## **Liabilities**

A liability is recognised when a constructive obligation has arisen. This is either when there is a contract in place or when the goods or services have been satisfactorily received and a payment is due.

## **Bad Debt Provision**

Bad debt provisions are made for debtors when there is a probability that they will not be recovered. All debts greater than 3 months old are fully provided for.

## **Fixed Assets**

Fixed assets comprise items with expenditure greater than £500, which were held for continuing use by the group. They were depreciated on a straight-line basis over their estimated useful lives.

Depreciation is calculated both in year of purchase and year of disposal.

As a result of the Trustees resolving to close the organisation as at 31 March 2011, all assets have been reviewed for impairment. All fixed assets have been recorded at net realisable value. Furniture and Equipment, IT Equipment and Intangible assets were not expected to have any net realisable value, and so have been fully depreciated in year.

In May 2011, the CPF Trust disposed of the Leasehold Land and Buildings to the new CDF Ltd. The consideration for this transfer was the redemption of all loans outstanding to the

former CDF. As a result the net realisable value as at 31 March 2011 has been deemed to be nil, once the loans have been written off

Impairment and depreciation values are disclosed separately in the accounts.

### **Investments**

Investments comprise short term deposits held with CCLA Investment Management Limited.

### **Stock**

Stock is held at the lower of cost or net realisable value.

As a result of the Trustees resolving to close the organisation as at 31 March 2011, all stock has been assumed to have nil net realisable value.

### **Finance and Operating Leases**

Costs in relation to operating leases are charged to the Statement of Financial Activities over the life of the lease.

As a result of the decision to cease operations as at 31 March 2011, the finance leases have been cancelled and there is no liability beyond that date.

### **Cashflow Statement**

Under Financial Reporting Standard 1 (revised), the group is required to prepare a cashflow statement on the grounds of its size.

### **Taxation**

As a charity CDF is exempt from corporation tax under Section 505 ICTA 1988. CDF is however registered for VAT and is not exempt from those requirements. CDF accounts for VAT due or reclaimable through quarterly VAT returns. Irrecoverable VAT is fully charged to the Statement of Financial Activity as it arises.



## **Grant Making Policy**

CDF manages a number of restricted funds out of which grants are paid to third parties. Grants are paid where these meet the restrictions of the specific fund. A formal application process must be completed before any organisations are selected for grant payments and any grant payments made. As part of this process the appropriateness of both the organisation and the specific purposes for which the grant will be used will be assessed.

Grants are recognised in the accounts on payment.

## **Financial instruments**

A financial instrument is any contract that gives rise to both a financial asset of one organisation and a financial liability of another. The financial instruments held by the CDF are split into the following categories:

### **Financial assets**

Cash at bank

Investments

Loans and receivables:

Sundry debtors

Other debtors

### **Financial liabilities**

Trade creditors

Other creditors

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction costs or face value of the instrument. Subsequent measurement is determined by adjusting the costs/revenue to reflect a constant rate of interest payable over the full term in which payments are to be made.

The fair value of short-term debtors and creditors is the transaction cost of the face value, as due to the short maturity of these instruments, there is no interest rate applicable and subsequent measurement is, thus, not required.

## **Foreign Exchange**

Due to the nature of the organisation, CDF has minimal exposure to foreign exchange movements as detailed in Note 31 Financial Instruments. Where appropriate, CDF translates foreign currency balances at the bank spot rate at the end of each financial year and realises the gain or loss on the transaction at its strike rate. No hedge or options are undertaken to mitigate the risk of any foreign exchange movements.

## **Pension Costs**

CDF operated a defined benefit pension scheme, whereby pensions were provided through a multi-employer pension plan provided by the Pensions Trust's Growth Plan. The pension charge for the year has been calculated by an independent qualified actuary in accordance with FRS17 as explained further in Note 30. The pension scheme was closed as at 31 March 2011.

## **Cost of Capital**

Previously CDF recognised in the Statement of Financial Activities a charge reflecting the cost of capital utilised. HM Treasury announced the removal of such charges from accounts for 2010-11 onwards as part of the cross-Government Clear Line of Sight project, which intends to improve the consistency of financial reporting across Government.

This is a change in accounting policy, but the effect of removing this charge on the net incoming/(outgoing) resources before transfers is nil. This is because the cost was included in CDF's net outgoing resources but then subsequently reversed. There is no impact on the other primary statements.

**2. Net incoming resources**

2010/11	Grant in aid	Other Grants	Other	Total 2011	Total 2010
	£	£	£	£	£
<b>Unrestricted Incoming Resources From Discontinued Activities</b>					
Stronger Communities and Community Sector	512,280	1,523,322	1,494	2,037,096	2,105,466
Cohesive Communities	298,830	694,353	1,494	994,677	1,029,654
Engaged Communities	611,890	705,588	173,981	1,491,459	1,869,351
Governance	0	410,053	0	410,053	450,721
<b>Unrestricted Incoming Resources</b>	<b>1,423,000</b>	<b>3,333,316</b>	<b>176,969</b>	<b>4,933,285</b>	<b>5,455,191</b>
<b>Restricted Incoming Resources From Discontinued Activities</b>					
National Empowerment Partnership	0	1,958,427	0	1,958,427	2,723,631
Digital Inclusion Grant	0	1,070,399	0	1,070,399	904,423
Big Local Trust	0	161,605	0	161,605	0
Learning Revolution	0	0	0	0	56,907
Community Health Exchange	0	0	0	0	137,544
Healthy Living Centre	0	0	0	0	-148
LEAP Database Tool/ACS Resource	0	0	0	0	0
Leap for Health Unit	0	0	0	0	-853
Meeting the Challenge Support Programme	0	0	0	0	145,750
Standards for community engagement	0	0	0	0	86,250
<b>Restricted Incoming Resources</b>	<b>0</b>	<b>3,190,431</b>	<b>0</b>	<b>3,190,431</b>	<b>4,053,504</b>
<b>Activities from Discontinued Charity's Objects</b>	<b>1,423,000</b>	<b>6,523,747</b>	<b>176,969</b>	<b>8,123,716</b>	<b>9,508,695</b>
<b>Investment Income</b>					
<b>Unrestricted Resources</b>					
Interest Receivable	0	0	28,008	28,008	96,376
<b>Restricted Resources</b>					
Interest Receivable	0	0	0	0	0

<b>Investment Income</b>	<b>0</b>	<b>0</b>	<b>28,008</b>	<b>28,008</b>	<b>96,376</b>
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**Other Incoming Resources**

**Unrestricted Resources**

Reimbursement of Closure Costs:

CLG	<b>0</b>	<b>0</b>	<b>2,434,249</b>	<b>2,434,249</b>	<b>0</b>
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<b>Other Incoming Resources</b>	<b>0</b>	<b>0</b>	<b>2,434,249</b>	<b>2,434,249</b>	<b>0</b>
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**Net Incoming Resources**

<b>From Discontinued Activities</b>	<b>1,423,000</b>	<b>6,523,747</b>	<b>2,639,226</b>	<b>10,585,973</b>	<b>9,605,071</b>
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**3. Total expenditure**

	Activities undertaken directly	Grant funding of activities	Support costs	Total 2011	Total 2010
<b>Analysis of resources expended from discontinued activities</b>					
Stronger communities and community sector	733,538	10,916	1,041,914	1,786,368	2,912,744
Cohesive communities	506,688	4,246	315,151	826,085	1,496,496
Engaged communities	4,059,031	2,399,286	568,717	7,027,034	6,119,375
	<b>5,299,257</b>	<b>2,414,448</b>	<b>1,925,783</b>	<b>9,639,487</b>	<b>10,528,614</b>
Governance	107,607	0	107,607	107,607	88,250
	<b>5,406,864</b>	<b>2,414,448</b>	<b>1,925,783</b>	<b>9,747,094</b>	<b>10,616,864</b>

**Analysis of grant funding from discontinuing activities**

	Grants to institutions	Grants to individuals	Total 2011	Total 2010
Every Action Counts	0	0	0	43,524
National Empowerment Partnership	1,309,983	0	1,309,983	2,301,489
Barings Climate Change Special Initiative	0	0	0	20,279
Digital Inclusion Grant	1,059,260	0	1,059,260	897,899
Learning Revolution	0	0	0	50,792
DEFRA	301	0	301	0
Big Local Trust (BLT)	44,903	0	44,903	0
	<b>2,414,448</b>	<b>0</b>	<b>2,414,448</b>	<b>3,313,983</b>

Note 28 details a list of all institutions receiving grant funding.

Note 23 details the funding organisations and purpose of the grant.

	Management	Facilities & I.T.	Finance	Human Resources	Grant making support costs	Total 2011	Total 2010
<b>Analysis of Support costs from discontinuing activities</b>							
Stronger communities and community sector	316,100	519,006	140,843	65,966	0	1,041,914	1,129,165
Cohesive communities	50,972	99,254	110,303	54,623	0	315,151	405,086
Engaged communities	52,517	116,599	113,645	56,278	229,678	568,717	585,263
<b>Total</b>	<b>419,588</b>	<b>734,858</b>	<b>364,791</b>	<b>176,867</b>	<b>229,678</b>	<b>1,925,782</b>	<b>2,119,513</b>

#### 4. Net expenditure for the year

Total expenditure for the year included the following:

		Total 2011	Total 2010
		£	£
Audit	<b>A</b>	97,611	76,142
Communications and information		122,720	415,224
Computer consumables		100,487	51,118
Consultancy costs		950,544	2,250,197
Depreciation, amortisation and impairment		202,996	429,966
Insurance		10,687	15,147
Loss on foreign exchange		0	9,110
Recruitment and training		98,833	145,222
Rent and rates		165,466	153,249
Severance	<b>C</b>	386,150	86,909
Telephone and postage		58,917	83,520
Travel and subsistence		165,322	150,156
Trustees costs	<b>B</b>	12,308	18,118

**A.** The external audit fee for the year is £36,000 (2010: £33,000).

**B.** Trustees or connected persons receive no remuneration in respect of their services. Trustees received reimbursement of expenses totalling £3,871 (2010: £6,634). This included reimbursement for travel and other reasonable out of pocket expenses. The number of Trustees who claimed expenses during the year was 8 (2010: 8).

**C.** Due to the change in status from NDPB and the end of delivery of a number of large programmes, a number of staff were made redundant. This resulted in associated severance costs, redundancy support for employees and legal advice.

## 5. Staff emoluments

	Total 2011 £	Total 2010 £
<b>Staff Emoluments From Discontinued Activities</b>		
Wages and salaries	2,470,166	2,307,158
Social security costs	242,535	246,620
Pension costs	143,706	155,104
Agency staff	197,759	292,650
Transfer of pension liabilities	1,712,279	0
	<b>4,766,445</b>	<b>3,001,532</b>
Recoveries from staff secondment	-	0
Inward staff secondment	-	4,774
<b>Total Staff Emoluments From Discontinued Activities</b>	<b>4,766,445</b>	<b>3,006,306</b>

The number of employees whose emoluments as defined for taxation purposes (basic pay and taxable benefits) amounted to over £80,000 in the year was as follows:

	2011 £	2010 £
£80,001 - £90,000	0	0
£90,001 - £100,000	0	1
£100,001-£110,000	1	0

All employees whose emoluments were greater than £80,000 were part of a defined contribution pension scheme and CDF paid contributions of £11,181 (2010: £12,552) for these employees.

The average number of people, including part-time staff employed during the year was 64 (2010: 64). Staff numbers only include permanent staff.

The total amount outstanding on staff loans at year end is £48 (2010: £1,629).



Average full time equivalent staff employed by objective in 2010-11 were:

	<b>2011</b>	<b>2010</b>
<i>Permanent Staff (excluding outward secondment)</i>		
Stronger communities and community sector	52	28
Cohesive communities	4	15
Engaged communities	8	21
	<b>64</b>	<b>64</b>
<i>Agency Staff</i>		
Stronger communities and community sector	5.5	5
Cohesive communities	0.5	2
Engaged communities	1	3
	<b>7</b>	<b>10</b>
<b>Total</b>	<b>71</b>	<b>74</b>

CDF offered an occupational pension plan to all employees through The Pensions Trust. This was a Money Purchase Plan, which equated to a defined contribution scheme. CDF contributed 10% of the gross salary to relevant staff. Staff made a contribution of 3.5% to match and any voluntary contributions that they wished to make. The Pensions Trust provides an annual statement to participating individuals providing a broad estimate of their protected pension.

Pensions costs charged in the year amounted to £143,706 (2010: £155,104). At the balance sheet date there were no prepaid pension costs. The assets of the scheme are held separately from those of the group in an independently administered fund. CDF's outstanding liability in respect of the pension scheme as at 31 March 2011 was £1,696,049. With the organisation's closure as at that date, this liability fell due and has been recognised as expenditure in the 2010-11 accounts.

## 6. Trading subsidiary

CPF Trust is a subsidiary undertaking of CDF. CPF Trust's principal activity during the year continued to be that of owning the CDF headquarters building and letting it to CDF.

The headquarters building is at Unit 5, Angel Gate, 320-326 City Road, London EC1V 2PT. The premises are a leasehold property with 980 years remaining on the lease. It is the registered address for the parent entity CDF.

A summary of the results and net assets of CPF Trust is shown below.

	Unrestricted funds	Restricted funds	Total funds 2011	Total funds 2010
	£	£	£	£
<b>Income and expenditure</b>				
Incoming resources	40,205	0	<b>40,205</b>	39,779
Resources expended	40,205	0	<b>40,205</b>	39,779
<b>Movements in funds from operations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Loss on sale of property	-640,689	0	<b>-640,689</b>	0
Surplus/(Deficit) on revaluation of buildings	89,299	0	<b>89,299</b>	-173,558
<b>Net movement in funds</b>	<b>-551,390</b>	<b>0</b>	<b>-551,390</b>	<b>-173,558</b>
Balances brought forward at 1 April 2010	<b>549,931</b>	0	<b>549,931</b>	<b>723,490</b>
<b>Balances carried forward at 31 March 2011</b>	<b>-1,459</b>	<b>0</b>	<b>-1,459</b>	<b>549,931</b>

### 7. Reconciliation of individual charities' results to consolidated statement of financial activities

	CDF funds (parent) £	CPF Trust funds (subsidiary) £	Intra group £	Total funds 2011 (group) £	Total funds 2010 (group) £
<b>Net movement in funds</b>					
Net incoming resources for the year	10,585,973	40,205	(40,205)	10,585,973	9,605,171
Net expenditure for the year	9,952,865	591,595	(41,664)	10,502,796	11,460,014
<b>Total net movement in funds</b>	633,108	(551,390)	1,459	83,177	(1,854,844)
Fund balances brought forward at 1 April 2010	3,202,947	549,931	0	3,752,878	5,607,722
<b>Fund balances carried forward at 31 March 2011</b>	<b>3,836,055</b>	<b>(1,459)</b>	<b>1,459</b>	<b>3,836,055</b>	<b>3,752,878</b>

**8. Tangible Assets (consolidated)**

	Furniture & Equipment	IT Equipment	Leasehold Land & Buildings (CPF Trust)	Finance Leases	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2010	269,647	331,494	840,951	19,200	1,461,291
Additions	25,181	17,239	0	0	42,421
Disposals	0	0	-845,000	-19,200	-864,200
Revaluation	0	0	4,049	0	4,049
<b>At 31 March 2011</b>	<b>294,828</b>	<b>348,733</b>	<b>0</b>	<b>0</b>	<b>643,561</b>
<b>Depreciation</b>					
At 1 April 2010	263,696	300,532	67,777	8,000	640,005
Charge for the year	31,132	48,201	17,472	3,840	100,645
Disposals	0	0	-85,249	-11,840	-97,089
Revaluation	0	0	0	0	0
Impairment	0	0	0	0	0
<b>At 31 March 2011</b>	<b>294,828</b>	<b>348,733</b>	<b>0</b>	<b>0</b>	<b>643,561</b>
<b>Net Book Value at 31 March 2011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value at 1 April 2010</b>	<b>5,951</b>	<b>30,962</b>	<b>773,174</b>	<b>11,200</b>	<b>821,286</b>

All of the fixed assets shown above were used for direct charitable purposes.

The property at Unit 5, Angel Gate, 320-326 City Road, London EC1V 2PT is the subject of a 999 year lease.

**Intangible Assets**

	Software Licenses £
<b>Cost</b>	
At 1 April 2010	72,494
Additions	93,023
Disposals	0

**At 31 March 2011** **165,517**

**Amortisation**

At 1 April 2010 63,166

Charge for the year 102,351

Disposals 0

Impairment 0

**At 31 March 2011** **165,517**

**Net Book Value at 31 March 2011** **0**

**Net Book Value at 1 April 2010** **9,328**

**9. Fixed Assets (parent charity)**

	<b>Furniture &amp; Equipment</b>	<b>IT Equipment</b>	<b>Finance Leases</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
At 1 April 2010	269,647	331,494	19,200	620,341
Additions	25,181	17,239	0	42,420
Disposals	0	0	-19,200	-19,200
<b>At 31 March 2011</b>	<b>294,828</b>	<b>348,733</b>	<b>0</b>	<b>643,561</b>
<b>Depreciation</b>				
At 1 April 2010	263,696	300,532	8,000	572,228
Charge for the year	31,132	48,201	3,840	83,173
Disposals	0	0	-11,840	-11,840
Impairment	0	0	0	0
<b>At 31 March 2011</b>	<b>294,828</b>	<b>348,733</b>	<b>0</b>	<b>643,561</b>
<b>Net Book Value at 31 March 2011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value at 31 March 2010</b>	<b>5,951</b>	<b>30,962</b>	<b>11,200</b>	<b>48,112</b>

**Intangible Assets**

	<b>Software Licenses</b>
	<b>£</b>
<b>Cost</b>	
At 1 April 2010	72,494
Additions	93,023
Disposals	0
<b>At 31 March 2011</b>	<b>165,517</b>

**Depreciation**

At 1 April 2010	63,166
Charge for the year	102,351
Disposals	0
Impairment	0

**At 31 March 2011** **165,517**

**Net Book Value at 31 March 2011** **0**

**Net Book Value at 1 April 2010** **9,328**

## 10. Stock

	2011 £	2010 £
Stock held for resale	0	0

## 11. Debtors (consolidated)

	2011	2010
<b>Due within one year:</b>		
Sundry debtors	125,529	406,451
Accrued income	145,504	0
Prepayments	78,427	68,500
Other debtors	3,168	2,129
Closure Costs met by CLG	2,434,249	0
	<b>2,786,877</b>	<b>477,080</b>

### Intra Government Balances Analysis

#### Debtors due within one year

Other central government bodies	2,557,057	329,111
Local authorities	3,570	9,025
NHS bodies	0	0
<b>Total intra-government balances</b>	<b>2,560,627</b>	<b>338,136</b>
Balances with bodies external to government	226,250	138,944
<b>Total</b>	<b>2,786,877</b>	<b>477,080</b>

Included within the 'Other central government bodies' balance is an amount of £2,434,249 with DCLG (2010: £241,254).



**12. Debtors (parent charity)**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Due within one year</b>		
Sundry debtors	125,529	406,451
Accrued Income	145,504	0
Prepayments	78,427	68,500
Other Debtors	3,168	2,129
Closure Costs to be met by CLG	2,434,249	0
	<b>2,786,877</b>	<b>477,080</b>
<b>Due after one year</b>		
CPF Trust Debtor	4,311	21,700
Loan to CPF Trust	200,000	200,000
Impairment of intra group debt	-204,311	0
	<b>0</b>	<b>221,700</b>
<b>Total</b>	<b>2,786,877</b>	<b>698,780</b>

CDF loaned a sum of £200,000 to CPF Trust Limited to assist in the purchase of CDF's headquarters. The loan was for a period of 15 years, carried a rate of interest of 4.75% and was secured by a second mortgage on the property.

Included in this amount was the amount that CPF Trust owed CDF for financing the property related costs after taking into account what CDF owed CPF Trust for renting the premises.

A transfer agreement was drawn up in May 2011 assigning CPF's interest in the long leasehold at 5 Angel Gate to CDF Ltd. The consideration for this transfer was the redemption of all loans outstanding to the former CDF. As a result the loans have been written off as at 31 March 2011.

### 13. Creditors (consolidated)

	Note	2011 £	2010 £
<b>Due within one year</b>			
Accruals		93,788	701,118
Accrued Closure Costs at 31 March 2011		2,048,161	0
Deferred income	15	302,901	754,492
Trade creditors		0	863,211
VAT creditors		57,509	360,621
Tax and social security		0	0
Other creditors		0	16,223
Finance lease	27	0	17,287
<b>Total</b>		<b>2,502,359</b>	<b>2,712,952</b>

### Intra Government Balances Analysis

#### Creditors due within one year

Other central government bodies	57,509	714,405
Local authorities	3,090	1,364
<b>Total intra-government balances</b>	<b>60,599</b>	<b>715,769</b>
Balances with bodies external to government	2,441,760	1,997,183
<b>Total</b>	<b>2,502,359</b>	<b>2,712,952</b>

#### 14. Creditors (parent charity)

	2011	2010
	£	£
<b>Due within one year</b>		
Accruals	93,788	699,676
Accrued Closure Costs	2,048,161	0
Deferred income	302,901	754,492
Trade creditors	0	863,211
VAT creditors	57,509	360,621
Tax and social security	0	0
Other creditors	0	16,223
Finance lease	0	17,287
<b>Total</b>	<b>2,502,359</b>	<b>2,711,510</b>

#### 15. Deferred Income

	2011	2010
	£	£
<b>Deferred income as at 1 April</b>	<b>754,492</b>	<b>8,938</b>
Incoming resources deferred in current year	302,901	754,492
Amounts released from previous years	-754,492	-8,938
<b>Deferred income as at 31 March</b>	<b>302,901</b>	<b>754,492</b>

**16. Unrestricted funds (consolidated)**

	Balance at	Movement in funds		Balance at
	31 March 2010	Designations	Releases	31 March 2011
	£	£	£	£
Fixed asset reserve	728,891	0	(728,891)	0
Fixed Asset Revaluation Reserve	86,037	0	(86,037)	0
Specific reserve	756,325	0	(756,325)	0
General redundancy	281,684	127,746	(281,684)	127,746
Cessation fund	795,000	0	(795,000)	0
SCDC operating reserve	0	24,527	(0)	24,527
Wales operating reserve	68,841	0	(68,841)	0
Pensions debt on withdrawal reserve	750,000	0	(750,000)	0
Big Local activities	0	100,000	(0)	100,000
Closure Costs	0	2,434,249	(0)	2,434,249
<b>Total designated funds</b>	<b>3,466,778</b>	<b>2,686,522</b>	<b>(3,466,778)</b>	<b>2,686,522</b>
General reserve	154,909	780,101	(0)	935,010
<b>Total unrestricted funds</b>	<b>3,621,687</b>	<b>3,466,623</b>	<b>(3,466,778)</b>	<b>3,621,532</b>

CDF operated a number of designated funds during 2010-11, but most of these funds were released as at 31 March 2011 when the organisation closed. The designated funds that remained at that date related to funds that were required to fund the organisation's closure liabilities.

**17. Unrestricted funds (parent charity)**

	<b>Balance at</b>	<b>Movement in Funds</b>		<b>Balance at</b>
	<b>31 March</b>	<b>Designations</b>	<b>Releases</b>	<b>31 March</b>
	<b>2010</b>			<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Fixed Asset reserve	41,752	0	(41,752)	0
CPF Trust reserve	221,700	0	(221,700)	0
Specific reserve	756,325	0	(756,325)	0
General redundancy	281,684	127,746	(281,684)	127,746
Cessation fund	795,000	0	(795,000)	0
SCDC operating reserve	0	24,527	(0)	24,527
Wales operating reserve	68,841	0	(68,841)	0
Pensions debt on withdrawal reserve	750,000	0	(750,000)	0
Big Local activities	0	100,000	(0)	100,000
Closure Costs	0	2,434,249	(0)	2,434,249
<b>Total Designated Funds</b>	<b>2,915,303</b>	<b>2,686,522</b>	<b>(2,915,303)</b>	<b>2,686,522</b>
General reserve	156,452	778,558	(0)	935,010
<b>Total Unrestricted Funds</b>	<b>3,071,755</b>	<b>3,465,080</b>	<b>(2,915,303)</b>	<b>3,621,532</b>

CDF operated a number of designated funds during 2010-11, but most of these funds were released as at 31 March 2011 when the organisation closed. The designated funds that remained at that date related to funds that were required to fund the organisation's closure liabilities.

**18. Restricted funds**

	Balance at	Movement in funds		Balance at
	31 March 2010 £	Designations £	Releases £	31 March 2011 £
<b>CDF related restricted funds</b>				
Age Concern	4,000	-	(4,000)	-
Bangor Project Community Fund	3,377	-	(3,377)	-
Canterbury Peoples Group	4,886	-	(4,886)	-
Community Resources Fund	14,531	-	(14,531)	-
Digital Inclusion	1,875	1,070,399	(1,072,274)	-
Every Action Counts	9,779	157	(301)	9,635
John Laing	(297)	-	297	-
Learning Action Centres BIS	2,279	-	(2,279)	-
Leicester Practice Learning Centre	3,722	-	(3,722)	-
Local Initiatives	974	-	(974)	-
Measures of Community Shares	7,000	-	(7,000)	-
National Empowerment Partnership	481	1,958,427	(1,863,369)	95,539
Neighbourhood Support Fund	46,459	-	(46,459)	-
Policy Action Team 15	1,666	-	(1,666)	-
Resource	(654)	-	654	-
Self Advocacy Team	1,510	-	(1,510)	-
Somali Project (SCRETA)	2,093	-	(2,093)	-
Welsh Community Strategy	24,567	-	(24,567)	-
WUC Research	744	-	(744)	-
Big Local	-	161,605	(52,256)	109,349
<b>Total</b>	<b>128,991</b>	<b>3,190,589</b>	<b>(3,105,057)</b>	<b>214,523</b>

In addition to the above restricted balances relating to CDF, the following entities have restricted balances under £500:

Connecting Communities	(132)	-	132	-
Community Forum	430	-	(430)	-
Faith One off Community Enterprise	(34)	-	34	-
Learning Action Centres DFEE	438	-	(438)	-
Leeds City Council Project	306	-	(306)	-
London Survivors Group	325	-	(325)	-
Scottish Community Action Research Fund	1	-	(1)	-
Small Grants Project (Manage)	85	-	(85)	-
Sustainable Community Network	360	-	(360)	-
Women's Connect West Midlands Objective	422	-	(422)	-
<b>Total</b>	<b>2,201</b>	<b>-</b>	<b>(2,201)</b>	<b>-</b>

**19. Transfers between funds**

	<b>2011</b>	<b>2011</b>	<b>2010</b>	<b>2010</b>
	<b>Unrestricted</b>	<b>Restricted</b>	<b>Unrestricted</b>	<b>Restricted</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Total</b>	<b>38,349</b>	<b>-38,349</b>	<b>0</b>	<b>0</b>

**20. Reconciliation of funds (consolidated)**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Opening funds as at 1 April CDF	3,202,946	4,884,332
Opening funds as at 1 April CPF Trust	549,931	723,490
Movement in restricted funds	83,331	(841,446)
Movement in unrestricted funds	(154)	(1,013,498)
<b>Funds carried forward at 31 March 2011</b>	<b>3,836,055</b>	<b>3,752,878</b>

**Reconciliation of funds (consolidated)**

	<b>Restricted funds</b>	<b>Unrestricted general funds</b>	<b>Designated funds</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Fixed assets	0	0	0	0
Net current assets	214,523	935,010	2,686,522	3,836,055
Long Term Creditors	0	0	0	0
<b>Total funds</b>	<b>214,523</b>	<b>935,010</b>	<b>2,686,522</b>	<b>3,836,055</b>

**21. Reconciliation of funds (parent charity)**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Opening funds as at 1 April CDF	3,202,846	4,884,232
Movement in restricted funds	83,430	(841,446)
Movement in unrestricted funds	549,778	(839,940)
<b>Funds carried forward at 31 March</b>	<b>3,836,055</b>	<b>3,202,846</b>

**Reconciliation of funds (parent charity)**

	<b>Restricted funds</b>	<b>Unrestricted general funds</b>	<b>Designated funds</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Fixed assets	0	0	0	0
Net current assets	214,523	935,010	2,686,522	3,836,055
Long Term Debtors	0	0	0	0
<b>Total funds</b>	<b>214,523</b>	<b>935,010</b>	<b>2,686,522</b>	<b>3,836,055</b>



**22. Related Party**

During 2010/11, CDF was a Non Departmental Public Body, sponsored by the Department for Communities and Local Government. From 1 April 2011, CDF ceased to be a NDPB. Refer to note 33 for further information.

CDF received Grant in Aid of £1,423,000 in 2011 (2010: £1,706,100) from the Department for Communities and Local Government. CDF received grant funding from the Department for Communities and Local Government for the National Empowerment Partnership of £1,958,427 (2010: £2,723,631) and Digital Inclusion Task Force Fund of £1,070,399 (2010: £904,423).

In addition, CDF undertook the management under contract of the listed programmes. Fee income earned and conduit funding during the year is shown below:

	<b>Fee Income</b>	<b>Conduit Funding</b>	<b>Total 2011</b>	<b>Total 2010</b>
	£	£	£	£
Expanded LINKs Action Learning Project	16,425	65,103	81,528	282,337
Faiths in Action	808,161	4,246,704	5,054,865	1,680,280
Grassroots Grant	640,293	50,857,235	51,497,528	44,105,532
National Support Programme	0	0	0	446,387
Tackling Anti-Social Behaviour Programmes (Connecting Communities)	0	0	0	128,605
Tackling Race Inequalities Fund	388,992	5,824,728	6,213,720	4,016,372
Take Part Pathfinder	976,105	2,867,960	3,844,065	2,560,055
Targeted Support for Empowerment and Participation Improvement	304,476	4,217,789	4,522,265	4,386,695
Targeted Support Fund	32,256	0	32,256	14,868,000
Hardship Fund	276,886	0	276,886	17,283,578
Active at 60	88,738	1,110,127	1,198,865	0

Funding organisation details for each programme listed in Note 23.

For the purposes of conduit funding activities CDF acts as an intermediary agent. At the end of the financial year CDF held £702k in cash at bank relating to this activity.

During the year CDF Trustees had the following material transaction relating to CDF:

Andrew Robinson MBE: employed by CCLA Investment Management Ltd which held CDF funds of £1,646,166 at 31st March 2011.

Abdul Ismail: employed by Bradford and District Community Empowerment Network Limited which received grant payments from the Grassroots Grants programme for £432,710k.

Dean T. Huggins: Board member of the Community Foundation for Tyne and Wear, Newcastle and Northumberland Community Development. The Community Foundation for Tyne and Wear received grant payments from the Active @ 60 programme amounting to £69,531. Northumberland Community Development received grant payments from the LINKs programme amounting to £22,621

By virtue of common directors/trustees, CPF Trust Limited is deemed to be a subsidiary of CDF. CDF occupies the building located at Unit 5, Angel Gate, 320-326 City Road, London EC1Y 2PT which was owned by CPF Trust Ltd. Refer to note 6 for further details.

As outlined in the Accounts Direction in the Annex, the Pensions Trust is a related party. Refer to note 30 for further details.

**23. Funders**

Projects	Funding Organisation
Active@60	Department for Work and Pensions
Digital Inclusion	Department for Communities and Local Government
Faiths In Action	Department for Communities and Local Government
Grassroots Grants Programme	Office of Civil Society, Cabinet Office
Hardship Fund	Office of Civil Society , Cabinet Office
Learning Revolution	Department for Business, Innovation and Skills
Links	Department for Communities and Local Government
National Empowerment Partnership	Department for Communities and Local Government
Tackling Race Inequalities Fund	Department for Communities and Local Government
Take Part Programme	Department for Communities and Local Government
Targeted Support For Empowerment and Participation Improvement	Department for Communities and Local Government
Targeted Support Fund	Office of Civil Society, Cabinet Office

Restricted Funds	Purpose	Restrictions
Digital Inclusion	A programme to reduce the technology gap to groups and the community.	Timing, Methodology, Adherence to Purpose
Learning Revolution	To raise awareness of the benefits that informal learning brings to individuals, families, businesses and communities.	Timing, Methodology, Adherence to Purpose
National Empowerment Partnership	A programme to empower citizens and communities in England by demonstrating the difference community empowerment can make to individuals, community groups, communities and public agencies; developing effective methods of quality assurance for community empowerment and promoting examples of good practice across the country.	Timing, Methodology, Adherence to Purpose

Conduit Funds	Purpose	Restrictions
Active @ 60	Active at 60 is a £1 million government grant programme, offering funding to community groups to help people in their 60s keep active and make the most of their later lives.	Timing, Methodology, Adherence to Purpose
Faiths in Action	A programme for inter faith dialogue and social action with grants for local inter faith community based activity, plus funding and capacity building support for the nine (emerging and established) regional inter faith forums in England.	Timing, Methodology, Adherence to Purpose
Grassroot Grants	A programme investing in a thriving community sector by increasing the small grant funding available to community groups so making it more sustainable whilst also strengthening independent grant-making capacity at top-tier local authority level so building stronger and more active communities.	Timing, Methodology, Adherence to Purpose
Hardship Fund	Supports organisations that are in financial hardship as a result of the recession, which is impacting on their ability to deliver services in the following areas, health and social care, housing support, education and	Timing, Methodology, Adherence to Purpose

Links	<p>training, information, advice and guidance.</p> <p>Local Involvement Networks (LINks) were created to give individuals and community groups a stronger voice about their local health and social care services.</p>	Timing, Methodology, Adherence to Purpose
Tackling Race Inequalities Fund	<p>A race equality grants programme for about 20 strategic partners to support Government priorities and new strategy on race equality.</p>	Timing, Methodology, Adherence to Purpose
Take Part	<p>A programme to increase the levels of participation in civic activism, consultation and civic participation; and in community leadership roles and increase the skills and confidence for participation among citizens, particularly those from more disadvantaged communities. Funding 19 pathfinders locally and managing the national support, development and co-ordination of the programme.</p>	Timing, Methodology, Adherence to Purpose
Targeted Support for Empowerment and Participation Improvement	<p>An extension of the National Empowerment programme. A programme to empower citizens and communities in England by demonstrating the difference community empowerment can make to individuals, community groups, communities and public agencies; developing effective methods of quality assurance for community empowerment and promoting examples of good practice across the country.</p>	Timing, Methodology, Adherence to Purpose
Targeted Support Fund	<p>A programme to address the particular and pressing needs of local communities during the recession via local funders. A grants programme for small local service providers in areas that are considered most at risk of increasing levels of deprivation as a result of the downturn with those organisations that are offering services that specifically relate to needs resulting from the downturn being prioritised.</p>	Timing, Methodology, Adherence to Purpose

**24. Reconciliation of net (outgoing)/incoming resources before revaluations and investment asset disposals to net cashflow from operating activities**

	Notes	2011 £	2010 £
<b>Net incoming/(outgoing) resources before revaluations &amp; investment asset disposals</b>		838,878	-1,011,793
Depreciation, amortisation and impairment	8	202,996	429,966
Loss on disposal of Finance Leases	8	7,362	21,433
(Increase)/decrease in stock	10	0	15,811
(Increase)/decrease in debtors	11	-2,309,798	-55,760
Increase/(decrease) in creditors	13	-210,594	1,817,792
<b>Net cash inflow/(outgoing) from operating activities</b>		<b>-1,471,156</b>	<b>1,217,449</b>

**25. Reconciliation of net cashflow to movement in net funds**

	2011 £	2010 £
Change in cash for the period	838,143	630,995
Cash inflow (outflow) from changes in liquid resources	-2,444,742	-251,206
<b>Changes in net funds resulting from cashflow</b>	<b>-1,606,599</b>	<b>379,789</b>
Net funds at beginning of year	5,158,136	4,778,347
<b>Net funds at end of year</b>	<b>3,551,537</b>	<b>5,158,136</b>

**26. Analysis of net funds**

	At 1 April 2010	Cashflow £	At 31 March 2011 £
Cash available on demand	1,067,227	838,143	1,905,370
<b>Increase in cash for the period</b>	<b>1,067,227</b>	<b>838,143</b>	<b>1,905,370</b>
Financing			
Short term deposits	4,090,908	(2,444,742)	1,646,166
<b>Net funds at end of year</b>	<b>5,158,135</b>	<b>(1,606,598)</b>	<b>3,551,536</b>

The closing cash balance is all held in commercial banks.

The amount of cash in hand (petty cash) both in the headquarters and regional offices is £573 (2010: £672).

**27. Finance Leases**

Assets held under finance leases, which are those where substantially all the risks and rewards of ownership of the asset have passed to the CDF, are capitalised in the Balance Sheet and depreciated over the life of the lease.

**Obligations under Finance Leases**

	2011 £	2010 £
Finance lease obligations: Payment due		
Within one year	0	17,287
Between two to five years	0	0
Greater than five years	0	0
<b>Total</b>	<b>0</b>	<b>17,287</b>

In 2009-10 CDF entered into 2 contracts with Ikon Document Efficiency to lease photocopier machines under finance leases. One, relating to the Leeds office, was terminated when CDF closed that office during 2010-11. The other contract, relating to the London HQ, was novated on 31 March 2011 to the new charity. As a result there were no finance lease liabilities outstanding as at 31 March 2011.

## 28. Grant Payments

Grant payments were made under grant programmes to the following recipients in 2010-11

<i>DEFRA</i>	
Capacity Global	301
	<u>301</u>
<i>National Empowerment Partnership</i>	
COGS; Communities & Organisations; Growth & Support	152,750
Creating Excellence [SW]	152,773
East of England Development Agency	134,277
Leicester North West Community Forum	80,500
London Civic Forum	153,333
North Kirklees Interfaith Council	481
North West Improvement Network	153,333
Nottinghamshire County Council	28,580
Regional Action West Midlands	147,563
South East Rural Community Councils	153,319
Voluntary Organisations Network North East	153,075
	<u>1,309,983</u>
<i>Digital Inclusion</i>	
Digital Inclusion Limited	1,059,260
	<u>1,059,260</u>
<i>Big Local Trust</i>	
Capacity Global	2,131
Institute of Vol Action Research	17,276
National Association for Neighbourhood Management	8,320
Renaisi Limited	7,300
The Foundation for Social Entrepreneurs	9,876
	<u>44,903</u>
<b>Total</b>	<b>2,414,448</b>



## 29. Other Commitments

During the year CDF had commitments under operating leases related to rental agreements and service agreements as follows:

	2011	2010
	£	£
Operating leases which expire:		
<i>Land and Buildings</i>		
Within one year	0	88,718
In more than one year but less than 5 years	0	0
In more than 5 years	0	0
<i>Other</i>		
Within one year	0	55,849
In more than one year but less than 5 years	0	0
In more than 5 years	0	0
<i>Total</i>		
Within one year	0	144,567
In more than one year but less than 5 years	0	0
In more than 5 years	0	0
<b>Total</b>	<b>0</b>	<b>144,567</b>

As CDF ceased to exist on 31 March 2011 all rental agreements and service contracts ceased on 31 March 2011. Refer to note 33 for further information.

### 30. Pensions obligations

1. The Community Development Foundation participated in The Pensions Trust’s Growth Plan (the Plan). The Plan was funded and was not contracted-out of the State scheme. The Plan is a multi-employer pension plan. With CDF closing as at 31 March 2011, it has withdrawn from the pension scheme and paid off all remaining liabilities to the scheme as at the date of withdrawal. The assets of the scheme are held in trust by the Pensions Trust, and are entirely separate to those of CDF.

2. Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

3. The Community Development Foundation paid contributions at the rate of 10% during the accounting period. Members paid contributions at the rate of 3.5% during the accounting period.

4. It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme where the Plan assets are co-mingled for investment purposes, and benefits are paid from the total Plan assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

5. The most recently completed full actuarial valuation of the scheme was undertaken as at 30 September 2008. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan’s assets at the valuation date was £742 million and the Plan’s Technical Provisions (i.e. past service liabilities) were £771 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%.

6. The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	% per annum
- Investment return pre retirement	7.6
- Investment return post retirement	
Active/Deferreds	5.1
Pensioners	5.6
- Bonuses on accrued benefits	0
- Rate of price inflation	3.2

7. The next full actuarial valuation was due to be carried out as at 30 September 2011.

8. Following a change in legislation in September 2005 there is a debt on employers that could be levied by the Trustee of the Plan. The Trustee’s current policy is that it only applies to employers with pre-October 2001 liabilities in the Plan. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

9. The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

10. The leaving employer’s share of the buy-out debt is the proportion of the Plan’s pre-October 2001 liability attributable to employment with the leaving employer compared to the total amount of the Plan’s pre-October 2001 liabilities (relating to employment with all the currently participating employers). The leaving employer’s debt therefore includes a share of any ‘orphan’ liabilities in respect of previously

participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time. The value of CDF's employer debt on withdrawal from the Plan was £1,696,049, as calculated by the pension scheme's actuary. This amount, along with associated actuarial charges, was paid after the year-end. As such it is disclosed as an amount payable in CDF's accounts, alongside a receivable for the same amount from CLG.

### **31. Financial Instruments**

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks that an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the way in which government departments are financed, CDF is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. CDF has very limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks it faces in undertaking its activities.

As permitted by FRS 13, debtors and creditors which mature or become payable within 12 months from the balance sheet date have been omitted from the currency profile.

#### **Credit risk**

CDF's exposure to credit risk is negligible. Individual bodies are paid on a quarterly basis upon submission of relevant documentation thus minimising risk exposure. CDF is not therefore exposed to significant credit risks.

#### **Liquidity risk**

CDF's resource and capital requirements are mainly financed by resources voted annually by Parliament. CDF is not therefore exposed to significant liquidity risks.

#### **Interest rate risk**

All of CDF's financial liabilities carry nil or a fixed rate of interest and CDF is not therefore exposed to significant interest-rate risk.

#### **Foreign currency risk**

CDF's exposure to foreign currency risk is negligible. Foreign currency income is negligible and foreign currency expenditure is not significant. CDF therefore has no standing policy to eliminate currency exposures on high value transactions.

#### **Fair values**

The book values of financial instruments are considered equivalent to their fair values as at 31 March 2011.

### 32. Statement of Debts Written Off

The total amount of debts written off during the year was £0 (2010: £520)

The movement in provisions for bad and doubtful debts was £0 (2010: £1,745)

	<b>2011</b>	<b>2010</b>
<b>Bad Debt Provision movement</b>	£	£
<b>Opening Provision</b>	0	(1,745)
Write off during the year	0	520
Debt recovered	0	1,225
New provision	0	0
<b>Closing Provision</b>	<b>0</b>	<b>0</b>

### 33. Post balance sheet events

Following a decision of the trustees, the existing CDF ceased to operate as at 31 March 2011, and its activities transferred to a new company, CDF Ltd.

In accordance with a transfer agreement the new company acquired the right to continue the activities of the former CDF and the net assets at that date. The consideration was an agreement to settle the assumed liabilities at that date.

A new board of Trustees, comprising four Trustees of the former Community Development Foundation was appointed 1 April 2011.

The assets for this purpose comprised the assets owned by the Community Development Foundation and consisted of stock, debtors, short term investments and cash as reported at the levels shown in the Statement of Financial Position.

On 12 May 2011 the Trustee board of CPF passed a resolution transferring the Leasehold property at 5 Angel Gate to CDF Ltd. The interest in the property was subsequently registered in a supplementary Licence agreement in May 2011. The consideration for this transfer was the redemption of all loans outstanding by CPF Trust Ltd to the former CDF. Following an independent valuation of the property as at 31 March 2011, the asset was valued at £845,000. The resulting revaluation gain is reflected in these accounts and is the basis on which it will appear in the books of the new company.

Under agreements reached between CDF and client organisations in Central Government departments, CDF agreed to complete work on the following programmes in the first part of 2011/12.

Faiths in Action (DCLG)	121,473
Take Part (DCLG)	30,000
Tackling Race Inequalities Fund (DCLG)	29,031
Targeted Support for Empowerment and Participation Improvement (DCLG)	29,888
Grassroot Grants (OCS)	62,500

The value of this work is reflected in Note 15.

In accordance with an agreement reached with CLG, CDF's sponsor department, the costs of closure were funded from CLG budgets. At the Balance Sheet date the total amount payable by CLG in accordance with this agreement was £2,434,249.

At the time these accounts were prepared CLG had been invoiced and paid £2,140,441 of these closure accounts. Trustees are confident that the balance will be reimbursed in full under this agreement.

# Annex: Accounts Direction Given by The Secretary of State

1. The annual accounts of The Community Development Foundation (hereafter in this accounts direction referred to as “the Trust”) shall give a true and fair view of the income and expenditure and cash flows for the year and the state of affairs at the year end. Subject to this requirement, the annual accounts for 2008/09 and for subsequent years shall be prepared in accordance with:-

- (a) the accounting and disclosure requirements given in *Managing Public Money* and in the *Government Financial Reporting Manual* issued by the Treasury (“the FReM”), as amended or augmented from time to time;
- (b) any other relevant guidance that the Treasury may issue from time to time;
- (c) any other specific disclosure requirements of the Secretary of State;

insofar as these requirements are appropriate to the Trust and are in force for the year for which the accounts are prepared, and except where agreed otherwise with the Secretary of State and the Treasury, in which case the exception shall be described in the notes to the accounts.

- 2. Schedule 1 to this direction gives clarification of the application of the accounting and disclosure requirements of accounting standards. Additional disclosure requirements of the Secretary of State and further explanation of Treasury requirements are set out in Schedule 2.
- 3. This direction shall be reproduced as an appendix to the annual accounts.
- 4. This direction replaces all previously issued directions.

Signed by authority of the Secretary of State

.....

An officer in the Department for  
Communities and Local Government

Date 30 March 2009

## **SCHEDULE 1**

1. Stocks and work in progress shall be included in the balance sheet at the lower of estimated replacement cost and estimated net realisable value.
2. The annual accounts shall be signed and dated by the chairman on behalf of the board members, and by the accounting officer.

## **SCHEDULE 2**

### **ADDITIONAL DISCLOSURE REQUIREMENTS**

The following information shall be disclosed in the annual accounts, as a minimum, and in addition to the information required to be disclosed by paragraphs 1 and 2 of this direction.

#### **I. The notes to the annual accounts**

- (a) an analysis of grants from:
  - (i) government departments
  - (ii) European Community funds
  - (iii) other sources identified as to each source;
- (b) an analysis the total amount of grant from the Department for Communities and Local Government, showing how the grant was used;
- (c) an analysis of grants included as expenditure in the income and expenditure account and a statement of the total value of grant commitments not yet included in the income and expenditure account;
- (d) details of employees, other than board members, showing:-
  - (i) the average number of persons employed during the year, including part-time employees, agency or temporary staff and those on secondment or loan to the Trust, but excluding those on secondment or loan to other organisations, analysed between appropriate categories (one of which is those whose costs of employment have been capitalised)
  - (ii) the total amount of loans to employees
  - (iii) employee costs during the year, showing separately:-
    - (1) wages and salaries
    - (2) early retirement costs
    - (3) social security costs



- (4) contributions to pension schemes
- (5) payments for unfunded pensions
- (6) other pension costs
- (7) amounts recoverable for employees on secondment or loan to other organisations

(The above analysis shall be given separately for the following categories:

- I employed directly by the Trust
- II on secondment or loan to the Trust
- III agency or temporary staff
- IV employee costs that have been capitalised);

(e) an analysis of liquid resources, as defined by accounting standards;

(f) in the note on debtors, prepayments and payments on account shall each be identified separately;

(g) a statement of debts written off and movements in provisions for bad and doubtful debts;

(h) a statement of losses and special payments during the year, being transactions of a type which Parliament cannot be supposed to have contemplated. Disclosure shall be made of the total of losses and special payments if this exceeds £250,000, with separate disclosure and particulars of any individual amounts in excess of £250,000. Disclosure shall also be made of any loss or special payment of £250,000 and below if it is considered material in the context of the Trust's operations.

\* (i) particulars, as required by the accounting standard on related party disclosures, of material transactions during the year and outstanding balances at the year end (other than those arising from a contract of service or of employment with the Trust), between the Trust and a party that, at any time during the year, was a related party. For this purpose, notwithstanding anything in the accounting standard, the following assumptions shall be made:

- (i) transactions and balances of £5,000 and below are not material
- (ii) parties related to board members and key managers are as notified to the Trust by each individual board member or key manager
- (iii) the following are related parties:
  - (I) subsidiary and associate companies of the Trust

- (2) pensions funds for the benefit of employees of the Trust or any subsidiary companies (although there is no requirement to disclose details of contributions to such funds)
- (3) board members and key managers of the Trust
- (4) members of the close family of board members and key managers
- (5) companies in which a board member or a key manager is a director
- (6) partnerships and joint ventures in which a board member or a key manager is a partner or venturer
- (7) trusts, friendly societies and industrial and provident societies in which a board member or a key manager is a trustee or committee member
- (8) companies, and subsidiaries of companies, in which a board member or a key manager has a controlling interest
- (9) settlements in which a board member or a key manager is a settlor or beneficiary
- (10) companies, and subsidiaries of companies, in which a member of the close family of a board member or of a key manager has a controlling interest
- (11) partnerships and joint ventures in which a member of the close family of a board member or of a key manager is a partner or venturer
- (12) settlements in which a member of the close family of a board member or of a key manager is a settlor or beneficiary
- (13) the Department for Communities and Local Government, as the sponsor department for the Trust.

For the purposes of this sub-paragraph:

- (i) A key manager means a member of the Trust's management board.
- (ii) The close family of an individual is the individual's spouse, the individual's relatives and their spouses, and relatives of the individual's spouse. For the purposes of this definition, "spouse" includes personal partners, and "relatives" means brothers, sisters, ancestors, lineal descendants and adopted children.

(iii) A controlling shareholder of a company is an individual (or an individual acting jointly with other persons by agreement) who is entitled to exercise (or control the exercise of) 30% or more of the rights to vote at general meetings of the company, or who is able to control the appointment of directors who are then able to exercise a majority of votes at board meetings of the company.

\* Note to paragraph 1(i) of Schedule 2: under the Data Protection Act 1998 individuals need to give their consent for some of the information in these sub-paragraphs to be disclosed. If consent is withheld, this should be stated next to the name of the individual.



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