

Annual Report Year ending 31 March 2007

Community Development
Foundation



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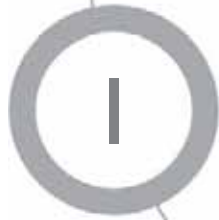
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Chair's report

2006–2007 has proved a year of much activity and change for CDF. CDF developed and began implementing its new vision of an inclusive and just society and mission to lead community development analysis and strategy, in order to empower people to influence decisions that affect their lives.

CDF also developed a comprehensive work plan which now focuses the organisation's activities on building:

- Stronger communities and a stronger community sector;
- Cohesive communities;
- Engaged communities.

Our charitable objectives also changed to reflect our new vision, mission, aims and objectives.

The strategic developments have contributed significantly to enabling CDF to achieve its objectives more effectively – as this report illustrates. Under every theme, all parts of the organisation have worked separately and together to achieve real outputs and outcomes for Government and benefits to the community sector. With a sharper understanding and focus on its role as a Non Departmental Public Body, CDF began the process of strengthening the links between government and communities by facilitating a number of important projects bringing together the community sector to work in partnership on key public policy issues impacting on communities.

There is much to celebrate – and yet more to do. CDF enters into 2007-2008 with a stronger foundation but with the challenge of embedding structural changes while continuing to deliver its objectives. I believe, however, that CDF has not only the resources but the ability, commitment, knowledge and skills to achieve it.

Tom Levitt MP, Chair

The board of Trustees of the Community Development Foundation presents its annual report for the year ended 31 March 2007 under the Companies Act 1985 and the Charities Act 1993, together with the audited financial statements for the year.

The Community Development Foundation was formerly known as the Community Projects Foundation and the Young Volunteer Force Foundation.

Reference and administrative details

The Community Development Foundation, also known as CDF, is a registered charity number 306130, as well as a non-departmental public body (NDPB). Its registered office is Unit 5, Angel Gate, 320–326 City Road, London EC1V 2PT.

CDF has a company limited by guarantee named CPF Trust Ltd, company number 1791017. The company is also a registered charity, number 290255, and is registered at Unit 5, Angel Gate, 320–326, City Road, London EC1V 2PT.

About CDF

CDF's Vision is for: An inclusive and just society.

CDF's Mission is: To lead community development analysis and strategy, in order to empower people to influence decisions that affect their lives.

CDF is a leading source of intelligence, guidance and delivery on community development across the UK and at a European and international level. CDF focuses its work on two areas of activity, policy and practice; its long history of doing so will be celebrated in the 2007-08 administrative period, as CDF enters its 40th year.

Community development (cd)

Community development is primarily the professional practice of assisting people to act together on a local, or other common basis to overcome disadvantage and improve the conditions of their lives.

As a non-departmental public body CDF advises, supports and informs government policy-makers, officials and politicians about current activity, issues and outcomes in community development practice. Community development practice leads to stronger, more empowered and cohesive communities and helps enable individual citizens to influence the decisions which affect their lives.

At a national level we contribute to the development of policies by gathering current cd practice information. Additionally, we draw on evidence from the evaluation of community grants programmes that we administer on behalf of government departments. We also help to translate policy into practice, to ensure its effective delivery and benefits for communities. We act as a bridge between national, regional and local government and communities and the community sector, and between different government departments.

CDF also draws on the knowledge and expertise of, and works in partnership with, statutory agencies, sister organisations in the voluntary and community sector (VCS) and through community development practitioner networks in order to improve policy and practice outcomes in communities. We enrich this work through the effective dissemination of learning and support to those working in and with communities, through publications, training, seminars and conferences.

Related parties

CDF's sponsorship arrangements as a non-departmental public body were transferred from the Home Office to the Department for Communities and Local Government (CLG) in 2006. CLG is a related party and, during the year, CDF has had a number of material transactions with the department. In addition, CDF has had various material transactions with other government departments and other central government bodies. Most of these transactions have been with the Department for Communities and Local Government, Department for Food, Environment and Rural Affairs, Department of Health and the Department for Education and Skills.

During the year no Minister, Member of Parliament, Trustee, Director, key manager or other related parties have undertaken any material transactions with CDF.

CDF values

CDF is a values-based organisation. Values need to be agreed, understood and embedded throughout an organisation, including during the recruitment of new staff. The values outlined below are being refined, involving staff throughout CDF, so that they are clearly understood and demonstrated, internally and externally, by individuals and teams. This work will continue during 2007-08:

Commitment to service quality and excellence

This means that CDF is committed to ensuring that all client service delivery is of the highest possible quality. This includes the partners it works with in the delivery of services. It also includes ensuring that high quality practice is communicated within the organisation and beyond. High quality means not becoming complacent, but always challenging the boundaries to continuously improve performance.

Accountable staff

This means people who take pride in their work and who can work in a way that displays responsibility to both the organisation and the client. This includes ensuring systems and processes are followed and staff taking individual personal responsibility for meeting the needs of clients. Everyone is individually accountable, which means recognising success as well as mistakes and using these to improve the service.

Belief in the power of community development for social transformation

CDF values staff who have a passionate belief that community development can be a tool for social transformation. This includes a genuine valuing of the diversity of communities as well as a commitment to empowering communities to become more involved in decisions affecting their lives.

Sharing of knowledge and skills

CDF values staff who can harness knowledge from diverse sources and can share that knowledge across the organisation. It includes the use of technology to ensure that knowledge is appropriately available to a wide range of people within the organisation and beyond.

What CDF offers

CDF offers:

- Policy solutions and expertise in areas such as community empowerment, community engagement and involvement, cohesion and diversity, social inclusion and regeneration. It does this across a range of social policy areas, ranging from marginalised communities – such as black and minority ethnic groups, young people, faith organisations – local governance, the environment, health, education, safety, the third sector, economic development and housing;
- Training for a wide range of audiences interested in community development across the UK;
- Grant administration and funding for community groups;
- Information forums and exchange opportunities;
- Conferences and events;
- Projects;
- Evidence-based good practice from across the UK and the rest of Europe;
- Consultancy services;
- Publications and information.

Relationship with CPF Trust Ltd

CPF Trust Limited (the Trust) is a company limited by guarantee, number 1791017, and a charity registered with the Charity Commission, number 290255. The company is governed by its Memorandum and Articles of Association. CPF Trust works closely with its parent undertaking, CDF, as set out in these accounts, to further the principal objectives of CDF, the Charity. During the reporting period CDF revised its principal objects, which were agreed by the Charity Commission; these objects will be applied to CPF Trust Ltd. CPF Trust's principal activity during the year continued to be that of owning the property and letting it to CDF.

Structure, governance and management

At the start of the 2006-07 administrative period, CDF was supported principally by the Active Communities Directorate of the Home Office. In May 2006 there was a government reshuffle and this Directorate was split, with part going to the new Office of the Third Sector and part moving to the Department for Communities and Local Government. Following negotiation in August 2006, CDF's sponsorship was confirmed as the Community Empowerment Division of CLG.

The Community Empowerment Division provided £1.52m in Grant-in-aid to fund CDF's core operational activities. The rest of our funding comes from other sources including government departments, local government, charitable trusts and the private sector. We also generate income from sales of publications, training courses, consultancies, conferences and seminars.

Role of Trustees

CDF's affairs are overseen by a publicly appointed board of 15 Trustees who meet three times a year. One of the Trustee meetings is a two-day residential to set CDF's broad strategy and review its progress. There are five sub-committees: finance, audit, human resources, four nations and Europe. Each meets approximately three times a year and have separate terms of reference. The human resources committee and four nations and Europe committees were formed in 2006-07. Recommendations from all these committees are taken to the full board for ratification. Trustees are involved in other aspects of the organisation; for example, the Scottish Community Development Centre Management Committee and the Trustee Equal Rights Group. In 2006-07 two new CDF Trustees were appointed by the Minister of State at the Department for Communities and Local Government on behalf of the Secretary of State. A list of current Trustees is included on page 80.

Policies and procedures for training Trustees

Trustees receive induction information upon joining the board, and are briefed by the Chair and Chief Executive. In addition, general Trustee training sessions are held as part of relevant Trustee meetings. In 2007 Trustee appraisals will be introduced. The Trustees have overall responsibility for ensuring that CDF has appropriate systems and controls, both financial and otherwise. They are also responsible for keeping proper accounting

records which disclose with reasonable accuracy CDF's financial position at any given point in time. They also ensure that the financial statements comply with various legislation including the Charities Act 1993 (The Charities Accounts and Reports), Regulations 2005 (2005 No. 572) and the Treasury's Financial Reporting Manual (FRoM). The Trustees are also responsible for safeguarding CDF's assets and for their proper application as required by charity law. They are therefore responsible for taking reasonable steps to prevent and detect fraud and other irregularities and to provide reasonable assurance that:

- CDF is operating efficiently and effectively;
- All assets are safeguarded against unauthorised use or disposition and are properly applied;
- Proper records are maintained and any financial information used within CDF or for publication is reliable;
- CDF complies with relevant laws and regulations;
- Internal controls over all forms of commitment and expenditure continue to be refined to improve efficiency;
- Processes are in place to ensure that performance is monitored and appropriate management information is prepared and reviewed regularly by both the Management and the Board of Trustees.

A programme of internal audits is in place, derived from a comprehensive risk assessment.

Trustees' responsibilities

Management is responsible for making day-to-day decisions on behalf of the organisation, including those related to finance, staff, projects and programmes and administration. Trustees help to set strategic direction, and review and monitor financial and operational aspects of CDF's work including strategies, work programmes, budgets, accounts, Grant-in-aid bids, half and full-year progress reports and Directors' reports. Trustees, and specifically the Chair of Trustees, also provide support to the Chief Executive.

Trustees are responsible for CDF's annual report, and for the preparation of annual financial statements. These must give an accurate picture of the organisation's incoming resources and their application during the year, and of its financial position at the end of the year. In preparing these financial statements, the Trustees are required to:

- Ensure that the most suitable accounting policies are established and applied consistently;
- Make judgements and estimates which are reasonable and prudent;
- State whether the applicable accounting standards and statement of recommended accounting practice (SORP) have been followed, subject to any material departures disclosed and explained in the financial statements;

- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that CDF will continue in operation.

CDF's governing document is a Declaration of Trust dated 12 December 1967 and has been varied by scheme several times. In 2006 CDF's Trustees considered that the organisation's existing documents, focusing on direct service work with young people and others in the community, were no longer accurate. The charitable objects were changed to reflect CDF's mission and agreed by the Charity Commission during 2006-07. They are detailed later in this report.

Register of members' interest

Trustee	Risk of interests relevant to CDF business
Tom Levitt	MP None
Hilary Willmer	None in any financial sense
Abdulhamid Ismail	None
Ruth Lister	None
Michael Hamilton	Director of Community Affairs for John Laing plc and Secretary of Laing's Charitable Trust. As Trustee of The Hertfordshire Groundwork Trust, School Governors One-Stop Shop, Bury Lake Young Mariners, Foundation for Allergy Information & Research and as a director of Groundwork Environmental Management (Hertfordshire) Ltd.
Andrew Robinson	While he has no direct contact with the day-to-day banking arrangements for particular customers, he does have lead responsibility for RBS and NatWest relationship (marketing and sales) with the voluntary and community sector. Also as head of community development banking for RBS group, he also has considerable contact with individuals and organisations with professional links to CDF.
Alison Wightman	A self employed independent facilitator working with community and voluntary groups in Northern Ireland. The work focuses on change management, governance, strategic development, creative event design and planning and training on advocacy. Current clients include older people's groups, disability groups, minority ethnic groups, healthy living centres, Sure Start partnerships and community development networks.
Jagwant Johal	Birmingham City Council City College Corporation

Peter Latchford	A company of which he is a Director and shareholder, Spark UK Ltd, had a minority stake in a management consultancy business, Wilson Given Ltd, which has undertaken some work for CDF. This shareholding was sold earlier in 2006.
Suhail Ibne Aziz	None
Stewart Murdoch	Director of Dundee City Council Director and Treasurer of IACD Chair of Community Development Alliance, Scotland Chair of Scottish Community Development Centre

Chief Executive

The Chief Executive is responsible for the day-to-day management of CDF's affairs and for implementing policies agreed by the Board of Trustees. The Chief Executive is assisted by CDF's Directors. In November 2005 an Interim CEO was publicly appointed to cover the existing CEO's six months' maternity leave. On her return, both CEOs were retained as Co-Chief Executives on a combined 1.6 full-time equivalent basis; this was a Trustee investment in CDF's strategic development. It provided senior management capacity to continue the internal review activity described throughout this report and at the same time raise CDF's external profile with government and community sector stakeholders. The original postholder left CDF in June 2007 and the remaining CEO continues this development work on a full-time basis.

Staffing

At the balance sheet date, CDF had 68 staff (56.73 full-time equivalent) working from Head Office in London and six other offices in Cambridge, Hove, Leeds, Coventry, Glasgow and Cardiff.

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

CDF carries out exit and entry interviews for all staff and operates a supportive staff development programme. A full staff manual is adhered to, covering areas such as health and safety, recruitment, equal opportunities, parental leave, other leave and working hours.

In accordance with CDF's equal opportunities policy, the organisation has established fair employment practices in the recruitment, selection, retention and training of disabled staff. The profile of staff in terms of disability, ethnicity, age and other factors is regularly analysed and reported to Trustees. Finally, the Equal Opportunities Strategy Group has produced an Equalities scheme, which is being implemented across all functions of the organisation. Progress will be reported to Trustees annually.

Risk appetite and management

CDF has demonstrated that it has value, from a government perspective, in being able to undertake 'risky' business. It does this, for example, by dispensing small funds to local groups that, due to their size or capability, may have less robust management arrangements than might be desirable, or who operate in a sensitive subject area, such as faith, or by bringing together national partners with different interests and needs to undertake large programmes that require consensus and partnership. In undertaking this type of risk, we are able to reach communities of interest and places that might otherwise be excluded. Additionally, through our research and evaluation functions, we are able to generate evidence to improve future connections with, and impact in, these communities.

However, in order for CDF to be able to successfully manage these risks we have to ensure that government is aware that this is our unique contribution and we also have to implement controls which put parameters around the risks. It is on this basis that Trustees are able to make the final judgement on whether to proceed with the activity.

CDF Trustees confirm that they have established systems to mitigate significant risks, which are categorised as strategic, regulatory, operational and financial. Trustees and senior staff review the major risks that CDF faces on a regular basis. The CDF Trustees and CEO believe that maintaining reserves at current levels, combined with a regular review of the controls over the key financial systems, will provide sufficient resources in the event of a major risk occurring.

Each department manages a detailed risk register, which feeds into a high level risk register. Risks are scored from 1-36. CDF identified its potential top ten risks during this period (2006-07).

Grant administration

CDF both administers grants and provides 'added value' to funding programmes using its knowledge and experience of community development approaches and the community sector. We ensure that other units and projects in CDF are involved in our grant administration in an appropriate way. In addition, CDF learns from its grant administration work through the monitoring and support it provides to groups receiving funding. This builds organisational knowledge and experience; for the organisations we fund, for the sector, our sponsors and CDF as a community development organisation. CDF prides itself on its ability to bring added value to the role of grant administrator and works collaboratively with the grant programme's appropriate sponsor to ensure that each fund is as relevant as possible to its target audience and meets the funding criteria. Further details of our grant administration work can be found on our website, www.cdf.org.uk/practice/grants/default.asp

Environmental policy

In 2006, CDF developed an environmental policy.

Its aim is to enable CDF staff to work to their optimum in the most sustainable workplace that is realistically achievable.

The policy also aims to meet the requirements of ISO 14001 (environmental management requirements) and stresses that CDF will strive to comply with all environmental regulations, laws and codes of practice as a minimum standard. CDF will also strive to achieve realistic goals towards environmental sustainability which will be monitored and recorded at regular intervals.

More specific targets are described in the policy in the following areas:

- Energy use
- Resource consumption
- Recycling
- Supply chain
- Training of personnel
- Targets and goals

We follow the Quick Wins Sustainable Procurement Action Plans issued by OGC buying solutions (www.ogcbuyingsolutions.gov.uk) for the purchase of office equipment.

In 2006-07, the following was achieved in:

Energy use

- CDF has reduced its energy use by setting the heating thermostat to a lower temperature;
- CDF has introduced procedures to ensure all staff turn off screens and equipment when not in use for long periods of time;
- CDF has applied for permission for installation of a solar panel;

Recycling

- CDF now recycles all toner cartridges, old furniture and equipment, and all waste;
- All CDF publications are now printed on paper from sustainable managed forests;

Supply chain

- The majority of CDF's stationery is now recycled, we have introduced environmental cleaning products and Fairtrade refreshment products.

Additionally, records are being kept to make year-on-year comparisons of the percentage of energy from renewable resources. This to be effective from April 2008.

We have installed a water cooler from mains water, and reduced paper-based information by storing data on compressed tape media.

Management commentary

A new clarity and confidence of purpose

As a non-departmental public body (NDPB), CDF works to a three-year work plan agreed with its sponsor unit. This forms the basis of Grant-in-aid paid to CDF, which in turn forms a proportion of the overall resources that CDF receives during the year. Further resources are secured from contracts with public bodies, management fees from our grant programmes and trading income from events, training, consultancy and publications.

At the end of 2005, work began on CDF's first corporate plan, identifying CDF's new vision for 'an inclusive and just society' and mission 'to lead community development analysis and strategy, in order to empower people to influence decisions that affect their lives'. The plan identified the organisation's strategic aims and objectives for the next three years covering 2006-09:

- Stronger communities and community sector;
- Cohesive communities;
- Engaged communities.

From this a comprehensive work plan was developed; the corporate plan was endorsed by Trustees in July 2006 and two reviews took place in November 2006 and May 2007.

In addition to clarifying mission, vision, aims and objectives, CDF also needed to clarify how it portrays its organisational status internally and externally. A stakeholder review took place in 2006 and it became clear that, although professional relationships with individual CDF staff were held in high regard, there was a lack of corporate identity due to CDF's NDPB and charitable status and the range of work that CDF undertakes. The nature of CDF's work with communities, where there are often conflicts and tensions with public authorities, and CDF's requirements as a public body have caused CDF to have its own identity tensions. There was a strong message from many national community sector organisations that CDF needed to be clear about 'what it is'. There was a view that, by using its privileges as an NDPB – access to a range of government departments/ministers/civil servants, advance position on informing policy to improve practice and an annual Grant-in-aid sponsorship arrangement – CDF was strategically positioned to help raise the profile of, and open doors for, the wider community sector. Being an NDPB is therefore a unique factor of CDF and should be maximised.

CDF's role as a non-departmental public body

CDF is now clear that its role as an NDPB relies on the mutually dependent nature of its work with communities and the community sector and its relationship with government. By providing evidence from activity in communities – generated through relationships with community sector membership organisations, commissioned research and evaluation of the grants programmes it administers – CDF is able to credibly inform government on policy issues, advise where there are policy gaps and provide an overview of interrelated cross-government strategy on community empowerment and cohesion. By maintaining this strategic overview CDF is then able to ensure that practice at a local level continues to improve in quality, scope and impact, and that information on policy development is

transmitted through partners, who have the relevant community networks, to a local level. Community work and government work are, therefore, mutually dependent and beneficial.

CDF continues to strengthen this argument and correspondingly that the Grant-in-aid sponsorship should be viewed as an investment in the organisation to undertake this strategic function across government on behalf of the sponsor department, rather than undertaking work solely for the sponsor department. In reality the Grant-in-aid resources allow CDF to make proactive approaches where policy is developing, or needs to develop. It is usually able to do this until such a point that the activity becomes a defined area of work with additional development or delivery resource attached. The Grant-in-aid, therefore, levers in further resource to CDF, as identified in the financial section of this report.

CDF has crystallised its view of itself and has embarked on a journey of communicating its role to internal and external stakeholders. For example, CDF has acted as a facilitator bringing together national partners on areas of common interest, such as community development practice (Community Development Challenge), the environment (Every Action Counts) and empowerment (National Empowerment Partnership). It has acted as a bridge between government departments and between communities and government, and continues to raise its profile as a trusted and expert source of advice and information on community development theory and practice. Examples of these activities can be found throughout the narrative section of this report.

Internal development

As a result of this new clarity and confidence of purpose, CDF continues to review its own internal structure and systems to ensure that it is fit for purpose and can meet its strategic goals. At the same time, CDF has also had to respond to Grant-in-aid allocations in 2006-07 and 2007-08 which do not fully meet the financial requirements of this new way of operating. All of this is unsettling for staff. Continuing to successfully manage change while maintaining business as usual will be the greatest focus and challenge for senior management during the 2007-08 reporting period.

Developments of significance during 2006-07 were: relationship-building with the new sponsor department, which has facilitated an increased profile for CDF across that, and other, government departments; the continuing development of the financial software package, SUN, and an increasing emphasis on the financial education of budget-holders across CDF; the appointment of a permanent Finance Director and a substantial handover period with the Interim postholder, in order to enable a review of finance systems; the relocation to new premises of CDF's office in Scotland (the Scottish Community Development Centre) and the development of its business plan; the resignation of two Trustees and the public appointment of their replacements; a staff survey across CDF which has been analysed and will form the backbone of an HR strategy; the development and implementation of a communications and public affairs strategy.

Objects, objectives and principal activities of the charity

CDF's existing objects were changed early in 2007.

To develop the capacity and skills of members of socially and economically or socially disadvantaged communities in such a way that they are better able to identify, and help meet, their needs and to participate more fully in society – in particular by:

- Local action projects;
- Development of best practice;
- Research evaluation and policy analysis;
- Making grants and loans to such communities;
- Consultancies and training programmes;
- Conferences and seminars;
- Information and publications.

In 2006 a new three-year Corporate Plan was agreed for CDF by Trustees for the period 2006-09. The plan covers the following three aims and objectives:

Aim 1 Stronger communities and community sector

To ensure that communities become more capable of controlling their own circumstances and that the community sector is better able to play a constructive role in society. Our three key objectives are:

1. Contribute to the modernisation of government policy on strengthening, empowering and regenerating communities by increasing the level, consistency and benefits evidence of, and recognition and support for, community development approaches.
2. Clarify the existing and potential role for community development networks and practitioners across the UK and assist them to obtain resources and develop medium-term strategies to increase their influence and input into policy.
3. Contribute to a continuing commitment by the UK government to an inclusive and just social Europe.

Aim 2 Cohesive communities

To develop community cohesion policy and practice by encouraging the use of community development methods and values to improve the capacity of communities to manage diversity and resolve conflicts. Our three key objectives are:

1. Build the capacity of grass roots community groups to undertake activity to improve understanding of, and contribute to, cohesion, by acting as agents to develop and deliver ground-breaking grant programmes using a community development approach.
2. Increase the level of understanding of policy-makers and frontline community development workers of the issues which arise in communities around faith, black and minority ethnic groups, cultural identity, generational differences, asylum and immigration, to enable them to respond effectively to matters which can have a

positive or negative influence on cohesion, such as housing, safety, employment, education, health and environment.

3. Raise the profile of community development as a potential solution to address challenges in marginalised communities in new CDF policy areas, for example learning difficulties, mental illness, health, community safety.

Aim 3 Engaged communities

To increase the ability of individuals and communities to effectively participate in local decision-making, in order to improve public service delivery, strengthen democratic processes and deliver sustainable communities. Our three key objectives are:

1. Champion community engagement and participatory approaches, practices and benefits by galvanising other national organisations and networks to speak with a single voice to influence policy development and practice implementation.
2. Improve practice, increase understanding and improve quality of community engagement standards in government policy across the sectors by providing a range of flexible, responsive needs-led services.
3. Promote and encourage greater civic engagement and community participation by exchanging knowledge on the motivators behind, vehicles for, and outcomes of, voluntary action and citizenship.

To achieve these aims and objectives CDF will:

Develop and influence policy

By providing policy-makers with analysis and recommendations for improving the quality and breadth of community participation, empowerment and cohesion.

Improve practice

By developing and strengthening community development practice to enable local and regional engagement in the delivery of public programmes and regional activity.

Transfer knowledge

By building the collective identity and strengths of the majority of community development workers, and support other community practitioners and stakeholders by providing theoretical and practical materials that meet the current needs of practice and policy.

General governance achievements and performance

Change of sponsorship arrangements

In August 2006, CDF's sponsorship arrangements were transferred from the Home Office to the Community Empowerment Division in Communities and Local Government (CLG). CDF also works closely with two other units within CLG; the Cohesion and Faiths Unit and the Race Equality Unit.

The move to CLG is both beneficial and logical. In the Community Empowerment Division, CDF truly has a 'sponsor' that both understands the nature and value of community development practice, approaches and principles as a key component of community empowerment, and the usefulness of having an arm's-length organisation that can champion this cause across other departments, sectors and within CLG. It is a mutually reinforcing arrangement with the division facilitating introductions to relevant policy leads, both in CLG and elsewhere.

There is some difference in the way in which CLG and the Home Office manage their sponsor responsibilities and there has been a learning curve as both CLG and CDF settle in to these new arrangements.

Grant-in-aid

CDF receives an annual allocation of Grant-in-aid from its sponsor unit. The process by which the level of allocation is made, in both 2006 and 2007, was unclear and post-dated the start of each new financial year. This has hampered effective financial planning by CDF management and Trustees. There is a commitment from CLG to begin earlier discussion on this allocation for 2008-09. In both 2006 and into the new 2007 financial year, the Grant-in-aid allocation has not been sufficient to meet CDF's NDPB activity. This trend may continue, in the light of continuing public sector cuts. Therefore, it is imperative that CDF reviews the use of its Grant-in-aid allocation to ensure that it can prove it is an effective and efficient NDPB, and that financial risks are not disproportionately rested in one particular area of activity. CDF will also ensure it reflects its charitable status when managing its income and expenditure.

Financial management

The period 2006-07 saw significant financial challenges. An Interim Finance Director was appointed in November 2005 to cover maternity leave for a year. While familiarising himself with the organisation's financial operations, he also undertook the implementation of a new financial software package. This extensive project required integration of software across six offices, with different and incompatible software and internet capacities. This was further complicated by a move to new head offices in London, changes within the finance team, meeting the requirements of both internal and external auditors, and preparation of annual accounts to meet both new SORP and FReM (the government Financial Reporting Manual) requirements. This meant that there was insufficient capacity to address problems as they arose, to provide financial support to other CDF staff, or to ensure financial policies and procedures were consistently implemented and reviewed.

At the end of 2006, the previous postholder confirmed that they would not be returning from maternity leave. The Interim postholder had already made plans to return to New Zealand in 2007. This enabled a clear recruitment strategy to be implemented. A new Finance Director was recruited and in place by February 2007. The Interim Director's post was extended to July 2007, providing additional finance resource to address some outstanding issues and financial support to budget-holders.

There have been slight year-on-year improvements in the budgeting and reporting procedures in CDF. It is believed that the investment in personnel resources has enabled senior management to prioritise actions to ensure more significant improvements in future years.

Training and Consultancy Unit closure and review

During 2006-07, the Training and Consultancy Unit was closed as it was no longer providing an efficient or effective service. The closure involved two staff redundancies and natural wastage of a further post. Plans were put in place to complete existing training and consultancy contracts through other CDF resources.

Over the past year, CDF has been reviewing its role in relation to learning in a wider sense. We have sought views from staff across the nations, with different job roles, and with associates who had helped to deliver training and consultancy contracts in the past. As a result, a cross-CDF learning and support strategy is being developed, based upon the research carried out during this review. This also contains a quality assurance element, to ensure consistency of application across CDF and a clearer process for appointing and managing relationships with associates.

SCDC business plan

SCDC is recognised as the leading national agency in Scotland promoting best practice in community development. SCDC was established in 1994 by CDF in partnership with Glasgow University. Representatives from both, including CDF's Scotland Trustee make up the SCDC management committee, which guides the direction of policy, practice and

operational activity. Overall governance and accountability remains with CDF and the main board of Trustees and sub-committees. SCDC delivers and operates within a distinctly Scottish context, sharing good practice and learning in community development across the other nations. SCDC's vision for the future builds on its established reputation and sustaining its role. Over the next three years, SCDC envisages itself:

- Recognised as actively and effectively contributing to the betterment of cd in Scotland through research, consultancy, training, practice development, policy advice and publications;
- Identified as distinctly Scottish, relating to and responding to Scottish priorities and policies, while remaining in the public/not-for-profit sector, and being informed by developments in other parts of the UK;
- Offering a set of identified skills, competences and resources (products) that is recognised and valued by potential customers, and used to best effect to deliver its strategic goals;
- Committed to developing the skills and competences of staff to meet the opportunities available to further our mission;
- With an internal leadership and management structure that supports our operations effectively, and financial, IT and communications systems to support the leadership and management.

To work towards this outcome SCDC needs to recognise and respond to the anticipated risks and opportunities, and develop as an organisation that continues to be best placed to advocate community development approaches and promote best practice.

A three-year business plan is currently being developed to ensure that SCDC is structurally and financially prepared, and reaffirms its relationship with its principal partner, CDF, in order to meet the requirements of its changing operational environment.

Four nations activity

CDF continues to strengthen its work across the four nations of the UK and Europe. In addition to our role in England and Scotland, we are working with partners throughout Wales to influence, support and strengthen good community development practice and policies. We are developing partnerships and dialogue with other community development organisations including Community Development Cymru, Wales Council for Voluntary Action, the Federation for Community Development Learning and the Community Development Exchange. We also work with key agencies and organisations including the Welsh Assembly Government, Age Concern, Forest Enterprise, the Welsh Local Government Association and Groundwork Trusts. In addition to developing close links with policy-makers working in health, education, lifelong learning, community safety and sustainable development.

In Northern Ireland our closest links are with the Department for Social Development at the Northern Ireland Office. One of our Trustees brings a valued Northern Irish perspective to discussions. We have good links with the Community Foundation Northern

Ireland and the Rural Communities Network, and we are always keen to develop working relationships with other community development organisations.

The Scottish Community Development Centre is the designated National Development Centre for community development in Scotland. It is an innovative partnership between the CDF and the University of Glasgow.

The organisation's main function is to promote best practice in community development through the development of frameworks, training, development support and networking.

CDF's European and International Unit (EIU) works across a diverse range of themes and partnerships. The unit seeks to exchange experience and foster network development at local, national and international levels.

4

CDF's work programme review

Our work programme review explains the progress CDF has made in achieving the first year's objectives as set out in the workplan. However, note that some of CDF's activities overlap more than one objective. For example, an activity seeking to strengthen communities may also engage them. Reporting therefore takes place in the area that is most relevant and reflective of the majority of spending on that project this year.

Aim A Stronger communities and community sector

To ensure that communities become more capable of controlling their own circumstances and that the community sector is better able to play a constructive role in society.

Objective 1: Strengthen, empower and regenerate communities.

Objective 2: Strengthen the position, effectiveness and influence of community development practitioners.

Objective 3: Spread community development in Europe and internationally.

Develop and influence policy

The Community Development Challenge

In 2006, CDF drew together a small working party which included other national community development organisations, academics, funders and practitioners. The report, *The Community Development Challenge*, was published in December 2006 in partnership with Community Development Exchange (CDX), Federation for Community Development Learning (FCDL) and Together We Can – the government's campaign to bring government and people closer together.

The report sets out recommendations regarding the organisation, promotion, management and evaluation of community development activity, and how it can relate to the execution of government social policy.

The report makes five headline recommendations:

- A strategic approach to community development should operate across each local area, with strengthened regional community development networks and appropriate national links;
- Community development funding should be adequate to achieve and maintain a major step change in the level of community strengths and empowerment across the nation and especially in disadvantaged areas;
- Community development should be managed and delivered to the highest standards;
- Community development should be promoted as a nationally recognised occupation with a clear basis in values, methods and outcomes;
- High quality community development training should be available in each region at all levels and in different ways to suit the needs of new and experienced practitioners, and talented new entrants should be recruited.

A copy of the full report and summary can be downloaded from www.cdf.org.uk

The CD Challenge group is looking at the key areas outlined above in the next stage of work and will report in September 2007.

The work contributes to the discussion, debate and understanding of these issues as does the short-term research being undertaken for Office of the Third Sector (OTS) and Communities and Local Government (CLG), and the development of the National Empowerment Partnership.

The Local Government White Paper

A vital development in CDF's policy environment in 2006-07 was the publication of the Local Government White Paper. CDF held internal briefings on the White Paper's implications for communities and subsequently delivered a seminar to the Future of Local Government Conference on Neighbourhoods and the White Paper, in order to ensure that the community development implications of the White Paper were widely understood.

These activities led into the thinking around the National Empowerment Partnership (see Future Aims).

Government consultation on Local Strategic Partnerships (LSPs) and Local Area Agreements (LAAs)

CDF responded to the government consultation on LSPs/LAAs and Local Government emphasising the role of LSPs to improve the levels of community engagement and the importance of capacity building in the VCS in order for it to play a full part in both LSPs and LAAs. To see our full response, go to www.cdf.org.uk

Review of the voluntary and community sector

CDF also contributed to the Treasury's Review of the voluntary and community sector and the implications for the government's Comprehensive Spending Review 2007 which was held at an event with the Community Sector Coalition.

CDF highlighted issues of local representation, the need for support of community organisations and our knowledge and experience of the community sector in relation to local strategic partnerships, as well as underlying findings from Firm Foundations, the government’s published framework for community capacity building.

Unclaimed Assets

CDF responded to the Commission on Unclaimed Assets’ consultation. The independent commission, set up in November 2005 and chaired by Sir Ronald Cohen, proposed recommendations for the UK. In our response, we highlighted our experience from the:

- Scottish Community Action Research Fund (SCARF);
- Neighbourhood Support Fund (NSF);
- Faith Communities Capacity Building Fund (FCCBF);
- Work with BTEG on lottery-funded projects.

As well as highlighting funding issues, CDF also highlighted the contribution of the community sector to building social capital, as well as the importance of a wider definition of community in terms of the broadest view of the social capital base.

CDF’s European and International Unit (EIU)

The EIU continues to contribute to the work of the Combined European Bureau for Social Development (CEBSD) and the Third Sector European Network (TSEN). CDF sits on the board of CEBSD and has developed two projects and responded, in partnership with them, to a number of policy papers.

Improve practice

Strengthening community sector partnerships and collaborative working

Throughout the year, we have developed and consolidated our relationship with other community sector organisations by establishing or joining partnerships and working collaboratively with individual organisations and consortia. For example:

- We identified and explored joint working opportunities with key sector organisations, such as CDX and FCDL. This involved participating at CDX meetings and the development and publication of the Community Development Challenge;
- Through our national conference on integration, we worked closely with the major equalities organisations, such as the Commission for Racial Equality and the Black History Foundation, to explain and examine community development’s contribution to integration and cohesion;
- We have worked closely with over 30 organisations through the Every Action Counts consortium to help engage national and local voluntary and community sector (VCS)

organisations across England in work to protect and improve our environment and deliver sustainable development;

- We also participate and work closely with the Community Sector Coalition (CSC) to develop partnerships and help ensure a unified voice with others in the community sector.

Regional Links

The Regional Links Manager delivered a series of training courses for the Government Office of the West Midlands on community engagement, following excellent feedback on a similar programme of training for the Government Office North-east. Both were delivered in partnership with an associate company, The Guild.

CDF also used its connections in the English regions to identify and work with potential partners to set up regional consortia which will undertake work within the National Empowerment Partnership (see Future Aims).

European and International Unit (EIU)

In 2006-07, the EIU has attended partnership meetings in Romania, Bulgaria and Slovenia. These visits provide opportunities to exchange community development good practice with others.

CDF also ran a seminar to promote training and learning for International Community Development with CEBSD partners to help widen understanding and the exchange of CD experience across EU countries.

Indicators of community involvement

A pilot course on indicators of community involvement was run – one for practitioners and one for CDF's Government Office contacts.

The aim of the seminar was for participants to understand:

- 1) That a set of community empowerment indicators is now established within local government;
 - Their own and others' position in relation to these indicators;
 - The nature and usefulness of the indicators;
- 2) How government is currently using indicators in Local Area Agreements including:
 - How this is likely to grow in the next few years;
 - What the established community empowerment indicators are;
 - How much flexibility there is in their use;
 - What scope there is for adding other indicators;
- 3) How the indicators should be connected to community development including:

- How information for the indicators should be collected and analysed;
- What is needed to make the indicators serve to strengthen local communities.

As indicators are amended to reflect the government's new Public Service Agreements and Comprehensive Spending Review requirements, we will look again at our indicators material to see what learning and training products we can develop. We will also see how this fits in the context of our new National Empowerment Partnership because indicators and quality assurance measures are key parts of this proposal.

European and international work

The unit held a European seminar in 2006-07 to promote training and learning for International Community Development with the Combined European Bureau for Social Development (CEBSD). The seminar widened understanding and exchange of community development across EU countries.

Practice Links, Wales

Practice Links, CDF's programme for supporting practitioners and their learning, launched in Wales with an inaugural seminar on health, well-being and community development. The aim of the seminar was to initiate a Wales-wide debate on the role of community development in delivering well-being, and the findings were written up in guide and summary papers which are on CDF's website.

A further Practice Links event in Wales debated community leadership, exploring the relationship between leadership in communities and community engagement.

Health and well-being in Wales

CDF Wales produced a briefing paper on the health and well-being agenda, and the implications for community development workers. The aim was to enable community development practitioners to contribute to and inform Welsh health and well-being policy. Briefing papers were made available on the CDF website and distributed to key contacts.

SCDC's LEAP Support Unit – championing outcome-focused participatory planning and evaluation

This year, SCDC's LEAP (Learning Evaluation And Planning) Support Unit developed a facilitator scheme to provide training and follow-up support to practitioners interested in the LEAP framework.

The LEAP Learning Object was developed in partnership with SIESWE (Scottish Institute for Excellence in Social Work Education) and is now live and available at <http://www.scdc.org.uk> – it provides an online outline of the framework, promotes understanding of the principles that underpin the framework and explores its application in practice.

Project funding for LEAP ended on 31 March 2007. Staff from the unit are continuing with SCDC as part of an enlarged core team providing consultancy and contract work. This includes LEAP-related training and development.

LEAP

The LEAP Support Unit is a two-year project, funded by Health Scotland and BIG. Its role is to support the informed use of the LEAP framework through dedicated support to healthy living centres and others, the development of learning resources and support structures, the promotion of the principles of participatory planning and the evaluation and understanding of evaluation as a learning and empowering process.

The LEAP framework (developed by SCDC) combines the principles of participatory planning and evaluation with a robust outcome-focused planning and evaluation model. The result is a tool that has attracted much interest outside of mainstream community development and has ever-increasing utility, as community and voluntary sector organisations struggle with demands to evidence outcomes and retain their value base, and public sector services struggle to embrace the participation agenda in a meaningful way.

For more information, go to www.scdc.org.uk/leap_index.htm

CHEX

The Community Health Exchange (CHEX) supports a network of Community Health Projects and Healthy Living Centres in developing good practice in community development approaches to health improvement.

The staff team is employed by Community Development Foundation and located in the Scottish Community Development Centre. They are funded by NHS Health Scotland through its Community and Voluntary Sector Programme.

In 2006-07, the CHEX produced a briefing on story dialogue as a means of community inquiry and sharing lessons across the public, community and voluntary sectors.

For further information, go to www.chex.org.uk

CHEX

CHEX in collaboration with NHS Health Scotland organised the annual Health Issues in the Community conference at Celtic Park in Glasgow in May 2006. With almost 200 delegates from across the country, the conference focused on the achievements of students who had undertaken the Health Issues in the Community course. There was a particular focus on how HIIC participants had turned Ideas into Action using their learning from the course to achieve real change in their own personal lives and their communities.

CHEX also produced a new briefing on signposting Community Health Initiatives (CHIs) to resources on sustainability.

The Community Led Health Task Group made a number of recommendations in 2006–07 to the Minister at the launch of the report *Healthy Communities: A Shared Challenge* which were subsequently endorsed by the Scottish Executive.

Transfer knowledge

Publications

Setting up for Success, February 2007

Authors: Anna Allen and Catriona May

CDF published *Setting up for Success*, a practical handbook offering tips on setting up and running a community organisation. The book was inspired by the experience of hundreds of projects and organisations who have achieved great results in their communities. It was written to help community and voluntary organisations build to success, and it can be applied in many community settings. The publication was distributed to over 3500 community groups – both applicants and grant recipients of the Faith Communities Capacity Building Fund and Connecting Communities Plus Community Grants scheme. To date CDF has sold over 350 copies.

LEAP Step-by-Step, Second Edition, February 2007

Authors: Alan Barr and Jane Dailly

The LEAP framework, developed by SCDC, is a practical tool that supports the process of planning and evaluating work in collaboration with communities and partners. LEAP Step-by-Step is a short guide, designed to be read in conjunction with the LEAP Handbook which provides a summary of the main elements to the five-step LEAP cycle. It is designed to improve planning and effectiveness, and to facilitate partnership working and learning from common experiences. A UK-wide generic version will be published in 2008.

Journal of Community Work and Development

We published two issues of this leading journal devoted to community work and development in Britain. It combines peer-reviewed policy, research and practice articles. A variety of issues were covered by the Journal in 2006-07 including citizen participation in local governance; digital networks for disadvantaged groups; community radio; mental health and community well-being; and empowering communities through active learning. However, due to a reduction in readership in 2007, it was decided to cease publication of the journal.

Learning from the Past

Through a series of interviews with 33 community development practitioners spanning four decades, this book provides an insight into how past experience can influence current practice. It highlights the shift from neighbourhood community work to partnership working and community planning. Much of 2006-07 was spent interviewing the participants and editing the findings.

Community development practitioner seminars

Practice Links held two further seminars on cohesion and leadership. The events inspired interesting debates. The findings were written up in a report, a toolkit was developed and some of the findings were incorporated in a revised edition of CDF's publication, *Bridges and Barricades*.

Training and consultancy, England

In 2006-07, CDF delivered a number of training courses aimed at equipping cd practitioners and non-practitioners with cd knowledge and skills to work more effectively with communities.

We ran a course called Understanding Community Development, which provided non-community development (cd) practitioners working with communities with a basic understanding of the theory, principles and practice of cd. Participants were given the opportunity to explore the definition of cd, how to apply the strategic framework for cd and implement cd strategies.

Achieving Better Community Development (ABCD) is a widely acknowledged cd model for planning and evaluating community development projects, programmes and policies. Participants were drawn from a variety of community, local authority and voluntary sector organisations. They were shown how to use the ABCD framework for structuring and evaluating community projects and policy planning. Participants learned techniques for identifying and working effectively with stakeholders, setting visions and defining work outcomes.

Capacity Building for Stronger Communities introduced a practical framework for building the capacity of both the community and public sectors based on skills development, enabling equality, community involvement and organisational development. The course advocated an approach in which both communities and the public sector can strengthen their capacity for effective engagement. Examples of good practice were used to help bridge the link between theory and practice.

Assessing Community Strengths looked at the process and benefits of undertaking a community strengths assessment and introduced a practical stage-by-stage framework for assessing and building community capacity. The course covered all aspects of the assessment process from initial community engagement approaches to establishing the baseline analysis and joint working/partnership within a community setting.

Crown Prosecution Service (CPS) project

CDF was contracted by the Crown Prosecution Service to develop and run three community engagement pilots to assess the effectiveness of using community development principles and methods in improving community engagement outcomes in its 42 operational areas. The contract began in April 2005 and was completed in July 2006.

The pilot areas were:

Durham: engaging the voluntary and community sector (VCS) through active participation in the Sensitive Case Courts Steering Group and a cross-sectoral conference;
West Yorkshire: engaging the VCS through a Community Involvement Panel (CIP);
Thames Valley: engaging local citizens and the business community through questionnaires and neighbourhood meetings.

CDF provided the three pilots with practical advice and support on the use of effective community engagement techniques, facilitated meetings between CPS and VCS groups, facilitated a community engagement conference and supported the development of a multi-agency approach to developing and implementing the community engagement strategy locally.

A national conference was held in London to disseminate findings and recommendations from an evaluation of the pilots. This was presented by CDF in addition to a community engagement toolkit and guidance developed by CDF and the CPS to equip staff with good practice.

The toolkit and guidance highlighted the importance of applying community development principles and approaches when undertaking community engagement.

SCDC training and consultancy services

In the period 2006-07, to meet demands from the field, SCDC's training and consultancy services shifted focus away from delivering standard training courses to offering tailored consultancies and bespoke training packages on an in-house basis to individual organisations and local partnerships.

SCDC delivered several small consultancies across Scotland, working with local authorities, local Community Planning Partnerships, Community Learning and Development Partnerships, Community Health Partnerships, Public Partnership Forums and voluntary sector organisations. Further details can be found in the Communications and Services section.

SCDC also delivered national contracts for the Care Commission, the Carnegie UK Trust and Communities Scotland.

Wales training and consultancy

Three courses were held for the first time in Wales:

- Community engagement;
- Connecting and working with faith communities;
- Community development and health.

Aim B *Cohesive communities*

To improve and increase the capacity and capability of communities to manage diversity and resolve conflicts

Objective 1: Build the capacity and networks of grass roots groups to aid their contribution to community cohesion.

Objective 2: Improve the knowledge and understanding among policy-makers and practitioners of the complex issues affecting community cohesion.

Race, faith, ethnicity, cultural identity, intergeneration, asylum, immigration, housing, safety, employment, education, health and environment.

Objective 3: Include the excluded, using community development approaches.

Learning difficulties, mental illness, health, community safety.

Develop and influence policy

CDF's policy positions

One of CDF's significant achievements in 2006-07 was to set out its position in relation to both community cohesion policy and faith communities. Our policy position papers have subsequently served as anchors for the organisation's position and have been used successfully in various discussions with partner organisations, including the Commission on Integration and Cohesion.

CDF is now in a position to work proactively with government and cohesion-focused organisations to influence future policy, drawing evidence from its practice work and grant administration evaluation on faith and BME organisations.

Commission on Integration and Cohesion

CDF made submissions to the Commission on Integration and Cohesion's consultation on integration and cohesion in England. Community development and its critical role in enabling communities to work together were subsequently championed by the commission in its final report, *Our Shared Future*.

Improving mental health services for BME users

Delivering Race Equality in Mental Health Care (DRE) is an action plan from the Department of Health for achieving equality and tackling discrimination in mental health services in England for all people of black and minority ethnic (BME) status, including those of Irish or Mediterranean origin and east European migrants.

Community engagement was one of the three building blocks first proposed in the consultation of DRE, which proposed 500 new community development workers to deliver its aim in this area. CDF contributed guidelines for community development workers and made a number of presentations to NHS bodies in the South-west region on what community development meant in relation to the DRE. Some mentoring support was offered to community development workers and their regional network through the South West's Services Improvement Partnerships.

Research on Faith Communities Capacity Building Fund

2006-07 was predominately taken up with data collection and analysis for FCCBF evaluation. This included a self-completion questionnaire sent out to round one grant recipients, the survey of women and the survey of young people. During this time the Research Officer and Research Assistant also carried out qualitative field work across England and Wales.

Online publications from this period include: the evaluation plan for the fund and the first report on the self-completion questionnaires. The report concluded that:

- The faith and inter-faith sector is highly diverse. This has clear implications for funding, working in partnership, policy and practice;
- Single faith groups are reaching out to a diverse user base. This is true both in ethnic and faith terms and counters the opinion that funding for a single faith organisation only impacts on a single faith community;
- FCCBF is delivering community cohesion. Respondents felt overwhelmingly that FCCBF was delivering cohesion in, and between, communities;
- Email is the preferred method of communication for many small grants organisations;
- Voluntary and community sector (VCS) networks are essential for communication with faith and inter-faith organisations. VCS networks were the most popular means of hearing about FCCBF.
- The faith and inter-faith sectors rely heavily on volunteers. This is particularly evident when you compare the number of paid workers in faith and inter-faith groups with those organisations that are non-faith (probably VCS organisations).

Faith Communities Capacity Building Fund

The Faith Communities Capacity Building Fund (FCCBF) helps faith communities promote understanding and dialogue.

CDF, commissioned by the Race, Cohesion and Faiths Directorate, part of Communities and Local Government, administers the Faith Communities Capacity Building Fund. The fund supports faith and inter-faith organisations to strengthen their capacity (capacity building) in order to play a fuller part in civil society/community cohesion. It also supports inter-faith activities which bring together people from different faith groups to talk, network and learn from one another.

Improve practice

The Faith Community Capacity Building Fund

The fund went from strength to strength in 2006-07. The second round of the fund was announced in spring 2006 with the government committing an extra £5m to the round of funding. This made the total of grant giving in the second round £4.15m which subsequently funded 343 community organisations.

Around 1,200 organisations made bids from a wide range of faith, inter-faith and non-faith-based community groups.

FCCBF case study

SWIPE – a group funded in round one of the Faith Community Capacity Building Fund

SWIPE ran a community music project, involving young people from all the different ethnic and cultural backgrounds in Slough. As an organisation working within the community, it was important that SWIPE continued to have a common vision and foster a sense of belonging through the different faiths and cultures of Slough.

Slough is a multiracial community and has many diverse cultures and religious faiths. SWIPE recognised this and used music as a common denominator to promote good relations between these people.

The key factor of the project's success was to see the whole community working together. This involved the young people from different cultures and backgrounds working together to produce a showcase. They were involved in the lights, sounds, equipment and setting the stage for the night, as well as performing.

At end of the evening a steel band performed and was delighted to see the mayor of Slough and the police joining the conga line!

Community research in action

The Scottish Community Development Centre won the contract to continue to develop and manage the Scottish Community Action Research Fund (SCARF) until 2009. The project gives community groups support to improve their skills and confidence to carry out their own research. The fund helps them to plan a project, collect information and understand it, use the information and learn from the experience.

A total of £150,000 is available for SCARF projects across Scotland each year. Grants for each project are normally between £3,000 and £10,000. Between March 2006-07, 21 groups have been funded.

SCARF case study

Castlemilk Voices is a group of local people brought together by the Community Forum to carry out research in Castlemilk, Glasgow. An open-space event was held in the community centre. People formed groups and went round five 'stations'. At each 'station' a facilitator described each method of engagement. Following group discussions, participants voted on their preferred methods of consultation.

Results of the voting showed that people preferred focus groups and user panels to citizens' panels, opinion polls and public meetings.

Since the event, the Castlemilk Voices group is still going. It has carried out a number of pieces of research for groups in Castlemilk. These include a safety audit, a questionnaire for land use on vacant sites and a consultation exercise on play facilities for the area. It has also been involved in training to help improve members' skills including research methodologies, business planning and marketing.

Carnegie UK Trust evaluation

SCDC has taken a lead role in drafting the conclusion of the report of the Skills theme group of the Rural Action Research Programme which has now completed its work and made its submission to the Commission for Rural Community Development, established by the Carnegie UK Trust.

In a separate project, SCDC conducted an evaluation of the work of two of the RARP projects for a report to the Carnegie trustees. The final report of the Rural Commission has now been launched. It is anticipated that further evaluation will be conducted on the process and impact of the work of the commission.

CDF's Chief Executive is one of the Carnegie Rural Commissioners.

Further information about the Rural Commission and RARP is available at:
<http://rural.carnegieuktrust.org.uk/home>

CHEX

CHEX continued to support Healthy Living Centres (HLCs) in Scotland through providing a networking and capacity building programme in 2006-07. The overall aim of the support programme is to provide support to HLCs in Scotland which will assist them to develop practice, influence policy and promote local models of partnership working to improve health and tackle health inequalities.

Connecting Communities Plus, Community Grants

The year 2006 saw CDF run the first round of funds aimed at improving race equality and community cohesion. A figure of £1m was made available in 2006-07 for locally-run

community and voluntary organisations. The fund was sponsored by Communities and Local Government (CLG) Race Equality and Cohesion and Faiths Units.

In January 2007, 140 groups were offered funding totalling £1,293,000. The increase in funding, from CLG, was due to the quantity and quality of the applications.

Some of the groups funded in the first round included:

- Hyndburn Mela and Community Festival Association North, in Lancashire, plan to set up a project called 'Why I Live Here', which will document and photograph a multicultural snapshot of life in Hyndburn. The project will result in an exhibition and report. It was awarded £11,750;
- Full Circle in the South-east has planned a project to involve Bangladeshi, African Caribbean and British elders in school-based craft/games sessions with children of various cultural backgrounds. The project aims to promote intergenerational understanding within and between cultures. It was awarded £6,000.

For a list of all the groups that accepted funding in the first round, go to www.cdf.org.uk

Review of Civic Pioneers project

In 2006-07, CDF undertook a review of Civic Pioneers on behalf of Communities and Local Government (CLG). Between October 2005 and June 2006, 18 projects were funded in 13 authority areas. CDF reviewed these projects in summer 2006.

The projects aimed to tackle a diverse range of problems including:

- Young people, women and vulnerable adults lacking a voice in local decision-making and not knowing how to get involved;
- The need to integrate asylum seekers and migrant workers into the community;
- The lack of recreation and play facilities for young people;
- Local people wanting to improve their local environment;
- Young people's anti-social behaviour;
- Fear of crime.

The evaluation report is available on CDF's website: www.cdf.org.uk

Civic Pioneers

Civic Pioneer local authorities are committed to working with communities to enable more people to influence the way local services are designed and carried out. They each signed up to work with one another and CLG's Community Empowerment Division to share their experiences and learn from each other. The network was launched in 2003 and now includes 24 authorities across England.

What is community cohesion activity achieving?

Practice Links held a seminar for practitioners, which looked at the achievements of community cohesion activity. The seminar focused on four themes: meaning, purpose, approaches and measuring of achievement. It drew out participants' experiences and used this experience as a basis for developing resources to influence practice and policy.

Findings from the seminar significantly influenced one of CDF's submissions to the Commission on Integration and Cohesion consultation in January 2007. Draft summaries were also used by the Regional Links Manager in work with Government Offices. The seminar also provided substantial new material on cohesion practice and conflict for a rewrite of Bridges or Barricades (forthcoming in 2007-08).

The findings of the seminar suggested a real need for practice tools on conflict. These were developed and trialled in workshops at the CDF Integration Conference (see in next section): Cohesion Practice: Papering Over the Cracks or Surfacing Communities' Conflicts? A draft version of the Cohesion Take-away Toolkit was produced, which is now available free on the CDF website.

Following Practice Links' seminar on what community cohesion activity is achieving (see under Aim A), the team produced a number of resources. Summary papers were distributed to attendees and made available on CDF's website on the following topics:

- Cohesion approaches;
- Purposes of cohesion work;
- Notes on indicators;
- Ethical dilemmas in cohesion work.

Practice Links

CDF's Practice Links team works to:

- Support community development workers to explore, make sense of and apply their practice experiences;
- Generate knowledge about and evidence of community development practice which meets identified needs of practitioners and policy-makers;
- Influence practice and policy through the sharing of knowledge, practice experience and evidence.

Transfer knowledge

CDF's National Conference, Integration: If Not Now, Then When? – the Community Development Approach, was held in March 2007. The national conference was supported by the Black History Foundation, the Commission for Racial Equality, I&DeA, the Institute of Community Cohesion and the Inter Faith Network.

Its aim was to bring a wide range of perspectives and experiences together to discuss what integration means for communities while promoting community development's contribution to building community relations and tackling tensions.

The keynote speaker was Professor Parekh, an eminent academic who is currently Professor of Political Philosophy at the University of Westminster. He spoke of his personal unease regarding the debate on multiculturalism.

A panel comprised of Professor Ted Cattle (Chair, Institute of Community Cohesion), Michelynn Lafleche (Director, the Runnymede Trust), Darra Singh (Chair, Commission on Integration and Cohesion), Dr Harriet Crabtree (Deputy Director, the Inter Faith Network) and Alison Gilchrist (Director, Practice Development, CDF) then offered reflections on Professor Parekh's speech.

The afternoon question time was chaired by Alice Wilcock, Director of Policy and Research. The panel of Nick Johnson (Director, Policy and Public Sector, CRE), Ed Cox (Commissioner, Commission on Integration and Cohesion), Rushanara Ali (Associate Director, The Young Foundation), Osman Sheikh (Adviser, Faith Communities Capacity Building Fund, CDF) answered a variety of questions from the audience.

The conference also offered a number of practice-oriented workshops on a variety of related topics.

Finding a voice

CDF in partnership with Capacity Global and the West Indian Standing Conference organised a one-day seminar in October 2006 to bring together leaders from the African and African-Caribbean communities to discuss approaches to community cohesion and co-operation.

The seminar explored the opportunity for a collective voice to achieve and champion the views and issues for both communities. Delegates were given the opportunity to discuss how the difficulties and obstacles facing both communities can be overcome in order to successfully tackle common issues. Further information about the outcomes of the conference is published on CDF's website at www.cdf.org.uk/products/conferences/introduction.asp

CDF is currently working with the West Indian Standing Conference to support the development of a more broadly focused organisation that will address issues affecting both African and Caribbean communities.

Refugee Integration and Cohesive Communities report

We produced a report, *Refugee Integration and Cohesive Communities: Community Development in Practice*, which explored community development practice in asylum seeker and refugee communities in order to distil lessons for policy and practice. The report highlights four fruitful areas where community development can contribute well to the field of refugee integration and community cohesion:

- Preparation of receiving communities;

- Settlement support;
- Capacity building of both refugees and receiving communities;
- Refugee involvement in and access to mainstream activities.

The report was published on the CDF website. In addition, we produced a summary report which was published on the website and printed. It was distributed by CDF, the Refugee Council and circulated to participants at an LGIU conference.

Work with the National Institute for Mental Health

CDF made a presentation on community development and mental health to Mental Health managers at an international conference in Preston. The conference was the International Initiative for Mental Health Leadership and the presentation highlighted the key importance in well-connected communities for mental health and identity.

Consultancy

CDF undertook a feasibility study exploring options for setting up a county-wide organisation to support travellers, BME and migrant communities in the West Sussex area. The study was commissioned by the Arunwide CVS on behalf of the CRE in 2006. The final report was adopted for implementation by the project's steering group, which included Sussex County Council, Arunwide CVS, Crawley CVS and the West Sussex Community Safety Partnership.

Training

In 2006, CDF delivered a course entitled Working with Rural Communities. The key aim of the course was to increase understanding of the background of and context of rural community work and to provide a model for applying best practice. It explored the differences between rural and urban areas, as key factors influence community development workers approach to their work in rural areas, and how community development can help reach the most excluded people in rural communities.

Aim C *Engaged communities*

To increase the ability of individuals and communities to participate effectively in local decision-making in order to improve public service delivery, strengthen democratic processes and deliver sustainable communities.

Objective 1: Champion community engagement and participatory approaches, practices and benefits.

Objective 2: Embed the practice, quality and understanding of community engagement standards across the sectors.

Objective 3: Promote and encourage greater civic engagement and community participation.

In 2006-07, much of the work on ‘engaged communities’ relates to influencing policy under our ‘strengthening communities’ aim. This policy-focused work has contributed to the development of a national consortium, the National Empowerment Partnership (NEP). This has been set up to improve the quality, co-ordination and evidence of empowerment across England (discussed further under ‘Future Aims’, below).

Develop and influence policy

Neighbourhood Support Fund (NSF)

In December 2006, CDF published *Re-engaging Young People*. This was the evaluation of the Neighbourhood Support Fund (NSF), a grant programme administered by CDF on behalf of The Department for Children, Schools and Families (known previously as the Department for Education and Skills), distributing funds to groups supporting young people not in education, employment or training. Through six years of research, including surveys, focus groups and case studies, the evaluation of the programme showed that community organisations can successfully work with ‘hard-to-reach’ and disengaged young people.

The evaluation also concluded that the integration of young people into a community-based organisation is positive for the participants, the organisation and society. Young people participate on their terms, gradually getting involved, but can use the project as a springboard to involvement in the organisation and beyond. Similarly, organisations have used the NSF projects as springboards to further work, new networks and an engagement with a broader community.

Improving young people’s lives in a community setting

Between 2000 and 2006 almost 50,000 young people participated in projects that were part of CDF’s NSF programme. The entire cost of the programme was just under £58m, thus each young person was worked with for £1,172. NSF projects recruited young people who were either disengaged from education or were at risk of becoming so. Through community networks and friends, and using informal activities such as sport, computers and DJ-ing, they attracted young people with histories of school exclusion, offending and drugs, homelessness and so on. New activities and socialisation helped to increase young people’s confidence as well as keep them interested. This was combined with advice, information and guidance (sometimes in partnership with Connexions), help with school work, accredited activities and training. When young people were ‘signed off’ NSF projects, 71% were noted as moving on to a ‘positive outcome’. Few remained NEET, and young people gained new experiences and qualifications that will help them in the long term.

The National Strategic Framework for community development in Wales

CDF Wales works closely in partnership with a number of organisations in Wales including Community Development Cymru (CDC). CDF Wales contributed to and

informed the development of the National Strategic Framework through representation on the steering group. Edwina Hart, AM MBE, the Welsh Minister for Social Justice and Regeneration, launched the report at the All Nations Centre in Cardiff. The aim is to get a wide range of organisations to sign up to the National Strategic Framework and to embed community development practice into their operations.

Policy statements

CDF published two policy statements on the neighbourhood agenda and community engagement. Our policy statements are part of our overall response to the publication of the Local Government White Paper. They are published on CDF's website.

Guiding the National Institute for Clinical Excellence on good engagement methods

CDF contributed to the Department of Health and National Institute for Clinical Excellence (DoH/NICE) consultation on community development approaches to health. CDF's relationship with NICE is an ongoing process as we are members of its programme development group which will result in making recommendations on how community development and engagement methods can be used to get better health outcomes. CDF also informed the sector of the consultation and will continue to do so into the next financial year.

Improve practice

Demonstrating the links between greenspaces and community well-being

The Scottish Community Development Centre (SCDC) worked in partnership with Greenspace Scotland and others to develop a two-year programme of community-led action research on eight to ten community greenspaces. The project, launched in spring 2006, provides community groups with mentor support, training and networking to enable them to develop and undertake action research. This work, based on a model developed by Communities Scotland for the Scottish Community Action Research Fund (SCARF), builds community capacity, delivers practical projects and provides evidence that will be of value to both the community groups and the wider greenspace community.

The project involves a series of networking and dissemination events, and is being independently evaluated. It is a partnership between Greenspace Scotland and SCDC, with funding from Communities Scotland, NHS Health Scotland and Scottish Natural Heritage.

National Standards for Community Engagement

In Scotland, with the introduction of community planning that places participation and empowerment as essential preconditions of effective implementation, SCDC has developed, for Communities Scotland, National Standards for Community Engagement. These help to develop and support better working relationships between communities and

agencies delivering public services. They are designed to improve the quality and process of engagement by setting out key principles, behaviours and practical measures that underpin effective engagement.

The National Standards for Community Engagement were developed with the involvement of over 500 people from communities and agencies throughout Scotland. They provide a practical tool to help improve the experience of all participants involved in community engagement and so achieve the highest quality of process and results. The standards can be used in both formal and informal community engagement. A copy is available at www.communitiesscotland.gov.uk or there is a link from the SCDC website at www.scdc.org.uk

In 2006-07, SCDC ran a support programme for Community Planning Partnerships and CLD Partnerships throughout Scotland. Outputs included: progress review sessions, capacity building with community forums, development of tools to support practice, conferences and seminars with frontline and managerial staff. Four networking and practice exchange events were very successful. As a result of this work, SCDC has drafted four new briefing notes on rural practice, engagement of young people, equalities and monitoring performance. A prototype tool for planning and recording progress in community engagement, integrating LEAP and the standards, is in the process of being developed.

Curriculum framework for community engagement practice

The Better Community Engagement practice skills framework prepared by SCDC for Communities Scotland was published in January 2007.

Every Action Counts (EAC)

In 2006-07, CDF was responsible for the setting up of the Every Action Counts programme, recruitment of key personnel, the payment of grants to 29 organisations and the handover of the EAC website from DEFRA to the consortium.

EAC aims to engage national and local voluntary and community sector (VCS) organisations across England in work to protect and improve our environment and deliver sustainable development. It will help tackle global climate change and move us towards 'one-planet living'. Over the three years, around 14,000 community groups will take part. Community groups can register with the initiative and receive information and advice. More information is available at www.everyactioncounts.org.uk

Every Action Counts (EAC)

Every Action Counts focuses on five sustainable development 'themes':

- Energy and climate change;
- Transport;
- Waste minimisation and recycling;
- 'Care for where you live' (focusing on local environmental improvements);
- Fair trade and 'ethical shopping'.

It is delivered via five 'strands':

- A scheme to support 1,300 'community champions' – local community activists who receive training and then lead change in their own groups and neighbourhoods. This strand is run by BTCV;
- A national embedding programme to help 25 national and regional VCS bodies integrate work on these sustainable development issues into their existing programmes and draw up their own action plans for sustainable development. This strand is run by bassac;
- An innovative 'first point of contact' website and supporting resources designed to encourage community organisations to sign up and to take action. This strand is run by bassac;
- A training programme for community workers to help them work with communities to engage with these issues and build their skills. This strand is run by the Federation for Community Development Learning;
- A 'good practice' programme, providing case studies, podcasts and other media promoting EAC and helping groups learn from each other. This strand is run by Capacity Global.

CDF is the accountable body for the Community Sector Coalition consortium on Every Action Counts, a £4m programme running in England from 2006 to 2009, funded by the Department for Environment, Food and Rural Affairs (DEFRA).

The following organisations are currently involved in the programme: ACRE, bassac, Black Environment Network, Black Neighbourhood Renewal & Regeneration Network, BTCV, Capacity Global, Centre for Sustainable Energy, Civic Trust, Community Development Exchange, CDF, Community Matters, Community Recycling Network, Community Sector Coalition, Development Trusts Association, Educational Centres Association, Federation of City Farms and Community Gardens, Federation for Community Development Learning, Global Action Plan, Greenspace, Groundwork UK, National Association for Voluntary and Community Action, National Council for Voluntary Organisations, National Community Resource Centre, Royal Society of Wildlife Trusts, Sustrans, Tenant Participation Advisory Service and Urban Forum.

Between September 2006 and March 2007:

- **282** Community Champions have been recruited by the Every Action Counts consortium;
- **133** Community Champions have been trained by the British Trust for Conservation Volunteers;
- **15** organisational Sustainable Development action plans have been published which meet the agreed standard;
- **16** organisations have established Communications Plans produced to cascade information on Every Action Counts and sign up affiliated local or regional VCS bodies;
- **354** Community-level organisations have registered as Every Action Counts groups;

- 12 development events have been convened;
- 3 bespoke network capacity building programmes have been delivered through the Local Action Support Fund;
- The Federation for Community Development Learning delivered 26 training sessions to 410 individuals;
- 24 events (at least) have used Every Action Counts resources.

CCW Come Outside! consultancy

CDF Wales and the Countryside Council for Wales developed a three-year partnership initiative to develop three demonstration projects that explore how people can be encouraged to make better use of the outdoors, and seek to engage hard-to-reach groups in community-led outdoor activities.

The three demonstration pilot projects are being undertaken in partnership with organisations based in Blaenau Gwent, Cardiff and Ynysybwl, South Wales.

Practice Links tackle community leadership

In 2006-07 Practice Links organised two seminars to explore leadership perspectives and tensions between communities and public bodies. The results of this were fed into work across CDF, including CDF's work in the regions with Government Offices, FCCBF research design and the Community Development Challenge.

They plan to publish their findings on leadership in a policy briefing paper and a full report in 2007-08.

The findings suggested a need for supporting materials on improving the quality of interaction between communities and partnerships/authorities. A Take-away Toolkit was designed and trialled at a workshop run by Practice Links at bassac's conference on community leadership in February 2007. The toolkit was submitted to the 'how to' section of the Association of Community Workers' (ACW) Community Work Skills Manual, currently being revised. It is available to download on the updated Practice Links pages of the CDF website.

Practice Links leadership Take-away Toolkit

This 'Toolkit' comprises two participatory tools which have been used by Practice Links in our work on leadership and dialogue.

It is recommended that 'Evaluation H' is used with small focus groups representing different communities within a neighbourhood, town or city. The purpose is to surface perceptions about:

- The quality of interaction between the community and the authorities;

- The reasons for the interaction being effective or not;
- Ways in which the effectiveness of the interaction could be improved.

It provides a snapshot of the way in which a particular group of people see the interaction between themselves, their community and officialdom. To get a range of perspectives and divergent views the Evaluation H exercise needs to be repeated with different groups.

The verification matrix uses the outcome of Evaluation H as its starting point and involves asking communities to understand, analyse and assess each others' perspectives. The purpose of this tool is to:

- Allow different communities to understand each others' perspective;
- Identify issues and actions that are common to different communities;
- Understand the reasons for different perspectives where they exist;
- Prioritise the suggested actions.

Transfer knowledge

Leadership work in Wales

CDF Wales was commissioned by the Welsh Local Government Association to develop and deliver a development day for elected members in Powys on leadership and community engagement.

Publications

Our Kids, Our Community

Authors: Gavin Bailey and Kate Jones

Our Kids, Our Community shows how community projects can effectively incorporate working with young people into their wider work.

The collection of case studies from the Neighbourhood Support Fund programme helps projects to:

- Create effective activities for young people;
- Learn from other successful youth groups' approaches to community engagement;
- Develop an organisation which includes paid staff, helpers and volunteers working with young people;
- Add 'the youth element' to their wider work.

Training: National Training Programme

Engaging Black and Minority Ethnic Communities provided participants with an opportunity to review current practice in engaging and working with black and minority

ethnic (BME) and refugee communities and to learn new ways of successfully consulting and establishing meaningful relationships. It equipped participants with tools for effective engagement and useful consultation strategies.

Including the Excluded aimed to communicate the specific contribution that community development can make to combating poverty and social exclusion. The course offered policy and theoretical frameworks for understanding the connections between community development and social exclusion in both urban and rural settings.

Community engagement is at the core of many current policy initiatives, such as Together We Can, Local Authority Local Area Agreements, Neighbourhood Action Plans and sustainable community strategies. This course defined community engagement within the current policy context and drew on up-to-date research to illustrate examples of good practice on the ground. Experienced community engagement facilitators provided participants with the knowledge and tools to strengthen and develop their own engagement strategy.

Building Multi-agency Partnerships looked at the benefits, processes and challenges of building multi-agency partnerships and identified values, methods and processes that can enable community practitioners to strengthen partnership working in local communities. Participants learned to identify and extend networking opportunities and were equipped with the skills and competencies needed for partnership working.

The Engaging with Children and Young People course was aimed at community practitioners who work with children and young people, including youth workers and mentors. Participants were offered the opportunity to learn about best practice and processes for engaging and consulting young people and working with them to influence changes in service delivery.

The Faith Communities Capacity Building course aimed to enable participants to gain an understanding of the implications of policy and legislation on their work, funding streams and to develop sustainability strategies.

Training for the Scottish Care Commission

Following the pilot training programme conducted earlier in 2006, SCDC was successful in tendering for the delivery of the training programme to all 360 Care Commission Officers. The purpose of the training is to prepare Commission Officers for a new approach to evaluating participation in care settings and developing a participatory approach to the conduct of inspection of care facilities. The training is using the national standards for community engagement and developing skills in engagement methods appropriate for the care sector. SCDC also developed the training materials. The roll out to all staff will take place in 2007–08.

Communications and Services Review

Communications

In 2006-07, CDF's Communications team continued to play a role in supporting the organisation and staff to fulfil its aims and objectives. Activities included:

- Production of communications and media strategies;
- Production of CDF News – the organisation's quarterly magazine;
- A four-fold increase in the number of people registered for updates on our website;
- Publication of our annual report and set of accounts;
- The development of a number of publicity materials for the organisation, including a stand and publicity leaflets;
- Management of the relocation to new offices for teams in London and Scotland, mini-conference on community safety and CDF's national conference on Integration and Cohesion;
- Improved marketing support across the organisation;
- Co-ordinating and disseminating responses to consultations, briefing papers and policy statements to relevant audiences;
- Media support including press releases and articles.

The Scottish Community Development Centre developed a new website with subsidiary websites for LEAP and CHEX. Go to www.scdc.org.uk

Publications

CDF is one of the leading publishers on community development in the UK. We have a diverse catalogue of publications, ranging from research reports aimed at policy-makers to practical guides for community groups and activists.

Our titles are produced in-house, written by staff and a pool of experienced writers from the field, who bring their own considerable experience of policy and practice to our publications.

New Titles

In addition to our back catalogue, which we sell through the website and a catalogue updated twice a year, we published, wrote or co-produced nine new publications in 2006-07:

- *Setting Up for Success*, February 2007 (*Strengthening*)
Anna Allen and Catriona May
- *LEAP Step-by-Step, Second Edition*, February 2007 (*Strengthening*)
Alan Barr and Jane Dailly

- CD Challenge and Summary, December 2006 (*Strengthening*)
CD2 Working Party
- Re-engaging Young People and Summary, December 2006 (*Cohesive*)
Gavin Bailey
- Our Kids, Our Community, December 2006 (*Cohesive*)
Gavin Bailey and Kate Jones
- Two issues of our Journal of Community Work and Development (*Strengthening*)
- Refugee Integration and Cohesive Communities and Summary, November 2006 (*Cohesive*)
Alison Navarro

Achievements and performance

Our publications distribution increased in 2006-07 by 14% over the previous year.

Website sales

Our website bookshop was set up in 2006-07. We aim to grow website sales by 25% in 2007-08.

Training and consultancy

National Training Programme

CDF ran its National Training Programme and a range of bespoke in-house courses throughout 2006-07, assisted by a pool of experienced trainers and associates on a range of topics covering all three of CDF's aims. Details of individual courses are listed under the respective headings.

Consultancy

Three consultancy contracts were also undertaken by CDF in 2006-07 including the CPS community engagement contract and the West Sussex feasibility study.

Doing It Better – SCDC's training and consultancy programme

There is a continued flow of smaller training and consultancy projects within the Doing It Better programme. In 2006-07 these included:

- Review of community learning and development strategy for Argyll and Bute Council;
- Capacity building for community representatives in South Lanarkshire;
- Review facilitation for Lanarkshire Ethnic Minority Action Group;
- Evaluation of community-based adult learning in North Glasgow;
- Evaluation of Inverclyde Community Development Trust apprenticeship training programme;
- Review of engagement in Inverclyde Public Partnership Forum;
- Support to Building Healthy Communities in Dumfries and Galloway;

- Partnership review event for East Renfrewshire CLD partnership;
- Consultancy on community engagement South Ayrshire;
- LEAP awareness and links to inspection frameworks in East Ayrshire;
- Recognition of prior learning for LEAP;
- LEAP training for national adult learning networks in Ireland;
- LEAP training for Highland Council CLD teams.

Facilities and Information Technology (IT)

CDF's facilities and Information Technology (IT) continue to be managed by the Communications and Services department. During the period under review, the move to new premises at Angel Gate was successfully completed. As part of the move, a new and improved server system was installed to provide the increased capacity needed to support CDF's work and to improve access to shared drives and broadband connections for CDF's satellite offices. An interactive white board system was introduced during 2006-07 to support training and meetings.

A new environmental policy was produced in 2006 to improve awareness and practice of green issues across the organisation.

Freedom of Information

As a public body, CDF is bound by the provisions of the Freedom of Information (FOI) Act 2005. The Act gives members of the public the right to ask for information relating to any aspect of a public body's work, except personal information protected under the Data Protection Act 1998.

In 2006-07 CDF received three requests for information under the FOI all of which related to the grants administration work of FCCBF. CDF responded to them within the statutory deadline. These systems were adjudged to have met all the requirements of the Act and were classed as 'well controlled' by Home Office internal auditors.

Financial review and results for the year (2006-07)

CDF's core work is paid for by Grant-in-aid from the sponsoring government department, and this is supplemented by income brought in through the sale of books, through contracts with other government departments, conferences, training courses, research contracts and consultancies. All such income-generating work has to be in accordance with the objects of the charity.

The CDF financial accounts show incoming resources of £11.21m in the year. The Department for Communities and Local Government provided grant-in-aid funding of £1.52m for the year. In addition CDF received restricted funding of £8.86m of grants for specific projects from a number of organisations. These included £5m from the Department for Communities and Local Government for the Faiths Communities Capacity Building Fund (FCCBF) and £1.47m from the Department for Communities and Local Government for the Connecting Communities Plus, Communities Grant programme. Additionally £1.62m was received from the Department for Environment, Food and Rural Affairs for the Every Action Counts programme. CDF received £177k in consultancy fees, £89k for training services provided and £226k return on investments of which £94k is restricted to the FCCBF.

During the year CDF has disbursed £11.39m to support the objectives of the charity. Expenditure on restricted programmes accounted for £9.13m including grants of £4.15m to fieldwork projects of FCCBF, £1.29m of grants under the Connecting Communities, Communities Plus programme and £100k paid to groups supporting NSF. Grants paid under the Every Action Counts programme amounted to £1.47m. CDF returned £284k of the NSF grant received to the Department for Education and Skills during the year, as it was surplus to requirements for completion of the programme.

CDF also disbursed £2.26m of unrestricted expenditure in the community sector. This included £778k on practice development (this includes the staff costs apportioned to Scotland, Wales and the Leeds and Hove offices), £237k on policy and research, £177k on training and consultancy and £81k on publications.

Summary financial review for the year (2006-07)

CDF Consolidated	Unrestricted £	Restricted £	Total £
Net Incoming Resources	2,257,054	8,956,426	11,213,480
Net Expenditure	2,258,841	9,134,379	11,393,220
Transfers	(577)	577	
Net Movement of Funds	(2,364)	(177,376)	(179,740)

The consolidated Statement of Financial Activities (SOFA) on page 75 shows a net deficit of £179,740 (2005-06: deficit of £27,855). The SOFA shows a net deficit on unrestricted funds of £2,364 (2005-06: surplus of £496,401). The deficit on restricted funds is £177,953 (2005-06: deficit of £524,256). This is due to net spend exceeding incoming grants, and arises due to either grant income being received in previous financial years or spend occurring in advance of grants being received.

A breakdown of restricted funds is given in Note 18.

Financial position

The consolidated Balance Sheet on page 77 shows Net Assets at 31 March 2007 of £4,385,653 (2006: £4,565,393).

Disclosure of audit information to the auditors

So far as the Accounting Officer is aware, there is no relevant audit information of which the Community Development Foundation auditors are unaware. The Accounting Officer has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Community Development Foundation auditors are aware of that information.

Supplier payments

As a non-departmental public body (NDPB), CDF is required to make payments to suppliers within 30 days or in compliance with the terms of the particular contract. In the year CDF paid 70% of invoices on time. This is primarily due to CDF having satellite offices and a centralised payments point. Delays have occurred in passing invoices for payment. Systems are being reviewed to ensure prompter payment. No interest was paid in respect of Late Payment of Commercial Debts (Interest) Act 1998.

Financial management policies

Reserves policy

The Reserves of CDF consist of restricted funds which are available only for the purpose they are restricted to and the unrestricted funds which are available to meet CDF's objectives.

In relation to unrestricted reserves, the current Trustee policy is to designate reserves where appropriate to meet existing and potential financial commitments of the organisation. This

provides a clearer understanding of how the resources of the organisation are being utilised. CDF does not have a ‘target’ level of reserves as such, but aims to ensure that reserves are sufficient to ensure its continuing operation and to achieve its longer-term strategic aims.

A breakdown of the designated reserves is provided in Note 1 and Notes 16 and 17 to the accounts. During the year there were some significant changes to the designations. The Loan and Fixed Asset Reserves has been renamed the Fixed Asset Reserve. It now reflects the full value of fixed assets held within the organisation. A new designation, ‘CPF Trust Reserve’, was made reflecting the net value of assets held by the parent organisation in the subsidiary company CPF Trust. The ‘Designated Grants’ reserve was released during the year, as this designation was historical from prior years and no longer appropriate. The Specific reserve has been reviewed and re-aligned with the strategic objectives of the Trustees.

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

Investment policy

The current investment policy is maximising 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 3.9%. Subsequent to year end, investments have been consolidated and transferred to CCLA Investment Management Ltd and are held as part of the COIF Charities Deposit Fund. This has historically attracted a higher level than by placing cash on short-term deposit.

Employees

Staff levels

Staff levels in CDF increased from 64 (42 full-time and 22 part-time) at the end of March 2006 to 68 (43 full-time and 25 part-time) at the end of March 2007.

Key staffing changes during the year were:

- Expansion of the Faith Communities Capacity Building Fund to create two new Grants Administration posts (one full-time and one part-time);
- Introduction of two new projects:
 - Connecting Communities Plus, Community Grant Scheme, three new posts (Research Officer and two job-sharing Grants Administrators);
 - Every Action Counts, two new posts (Head of Every Action Counts and part-time Finance and Monitoring Officer);
- Creation of a Programme Manager post within the Projects Department;
- Redundancies, end of funding for:
 - Neighbourhood Support Fund leading to three redundancies (one Project Manager, one Research Officer and one part-time Administrative Assistant). One person transferred to a new project;

- LEAP Support Unit leading to one redundancy (part-time Information Officer/Web Editor).

These costs were all met through the relevant project or programme resources.

We also created a part-time Facilities Officer post in London and retained the Interim Chief Executive when the Chief Executive returned from maternity leave on a part-time basis. This led to the introduction of job-sharing Co-Chief Executives. Due to the continued maternity leave absence of our Finance Director, temporary cover was retained for the whole of the year. One member of staff continues to be seconded to the Department for Communities and Local Government.

Staff conference

In 2006–07, our annual one and a half day staff development conference was held near Leeds. The focus was on facilitating networking across the organisation, meeting each other informally, involving staff in developments within CDF and wider community development policy and practice, updating staff on recent corporate plans and practical sessions, such as ‘Greening the Office’ and ‘Mind Your Language’.

A planning team was drawn from staff throughout CDF who developed the programme in response to current staff comments and from the report of the previous staff conference. All staff members were invited and more than 50 attended.

Quarterly staff meetings have also been held, giving all staff the opportunity to come together to discuss, learn and share. Departmental Teams also meet regularly, including the Directorate, who meet on a monthly basis.

Staff survey

Several staff surveys were conducted during the year using the ‘People and Performance Model’ produced by Bath University for the Chartered Institute of Personnel and Development. CDF is using the results to develop an HR strategy which will support the implementation of CDF’s corporate strategy and vision.

Equal opportunities policy

CDF’s policy is to be 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. Further, no job applicant or employee should be disadvantaged by conditions or requirements which have a disproportionately adverse effect on people in these categories and which cannot be shown to be justifiable on other grounds.

Selection criteria and procedures are reviewed frequently to ensure that individuals are selected, promoted and treated on the basis of their relevant merits and abilities.

Implementation of our CDF-wide Equalities scheme, which covers all areas of activity and functions, is being monitored by the Director, Communications. An Equal Opportunities Strategy Group meets once a year to discuss staff equalities issues and there is also a Trustees Equal Rights Group.

Associates

During 2006–07, CDF worked with a network of approximately 50 associates who brought considerable experience of policy and practice work to the organisation. They were involved in conducting pieces of research, writing publications, acting as consultants for external clients and training on our national programme.

Through our work on the Faith Communities Capacity Building Fund, Connecting Communities Plus, Community Grants and Every Action Counts we have also engaged approximately 50 consultants to provide a range of knowledge and expertise related to the specific programmes and approximately 15 interviewers for our evaluation of the Faith Communities Capacity Building Fund.

During 2006-07, a review of CDF and associate relationships took place. Our aim was to ensure a quality-assured process for recruitment and training of associates, monitoring and communicating the quality of work undertaken and sharing information and opportunities across CDF and with associates. A handbook is being produced to ensure that this is consistent across all of CDF's constituent parts.

Remuneration report

Remuneration for the Co-Chief Executives and all employees is based on the CDF salary structure and job evaluation scheme. CDF pay bands are reviewed annually by analysing pay and benefit levels of several government departments as well as salary rates in the voluntary and community sector, contained in the annual salary survey published by Celre. The two sources are amalgamated to produce an average which informs CDF pay rates.

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 Officers for the year were as follows:

	2007		2006	
	Salary	Pensions	Salary	Pensions
	£	£	£	£
S Benioff	48,939	5,209	57,411	12,960
A Seabrooke	63,071	6,306	23,482	6,470

The above figures have been subject to audit.

The Chief Executives are employed on a permanent basis, subject to a three-month notice period. The Chief Executives do not receive any performance-related pay. Health and life insurance benefits are received through a scheme held with Canada Life. The scheme covers all employees of the organisation and total payments made to the scheme in 2006-07 were £43,091.

S Benioff returned from maternity leave in May 2006 on a part-time basis and A Seabrooke was retained to enable a job-sharing Co-Chief Executive post to be created.

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 £5,496 during the year. This included reimbursement for travel and other reasonable out-of-pocket expenses.

Pensions

Our occupational pension scheme is provided through an outside provider, the Pensions Trust, 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. Current contribution rates are 3.5% of salary from the employee and 10% from CDF. The Pension Trust provides an annual statement to participating individuals providing an estimate of their pension entitlement on retirement.

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

During this period we began a review of the pensions provision to staff and will be consulting with them during the new financial year (2007–08).

Life assurance and permanent health insurance

Staff are 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% 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.

Post-balance sheet events

The one significant post-balance sheet event was the resignation of Sarah Benioff as Co-Chief Executive in June 2007. Alison Seabrooke who had been acting as Co-Chief Executive with Sarah, was appointed Chief Executive in July 2007.

This section reviews CDF's future aims in relation to its work objectives.

The National Empowerment Partnership (NEP)

The National Empowerment Partnership (NEP) was initiated by CDF in 2006. It is a national partnership of interested parties drawn chiefly from the voluntary, community and public sectors, set up to improve the quality, co-ordination and evidence of empowerment across England.

The partnership will support and inform the government to help implement its vision of a truly participative society and promote the fundamental role of empowerment in achieving a more equal, cohesive and democratic society.

Empowerment is not the same as engagement. It is the result of strategic and practical actions – such as engagement, participation, partnership working – that increase the capacity of people to influence the decisions that affect their lives and is central to community development principles and practices.

Currently, there are numerous community empowerment projects and community engagement initiatives already taking place and some have a long history. However, investment in these is often sparse, scattered, unstable and of variable quality. In addition, the knowledge of what works and what doesn't work has not been uniformly compiled at local, regional or national levels.

NEP will work through the regions, local areas, and with its partners and government to centrally gather information about community empowerment. It will show the difference it can make to individuals and communities, quality assure processes to achieve good empowerment and promote examples of good practice across the country. NEP believes that this is the best way to ensure that community empowerment initiatives are well supported across the country, thereby increasing the numbers and capacity of people able to influence the decisions that affect their lives and improve the quality and function of relationships between citizens and government.

CDF facilitated the establishment of NEP, approaching other organisations to take part. Current members of NEP are:

Community Development Foundation (CDF – convening); the Community Development Exchange; the Community Sector Coalition; Involve; The Young Foundation; the Academy for Sustainable Communities; Community Alliance; the Federation for Community Development Learning; Urban Forum; IdeA; V (Youth Volunteering); and the Take Part network.

Other contacts include the Commission for Equality and Human Rights and the Local Government Association.

Additional members will be considered as the need for further reach and expertise becomes apparent.

What will happen at a regional or local level?

A network of regional consortia in each English region, supported by CDF, will carry out much of the practical work and build relationships with the local authorities and partners in their area. A nominated lead body in each consortium will work to an agreed action plan for their region. Each regional consortium will draw members from key public bodies, voluntary and community sector networks and community development practitioners, and will link with its Regional Improvement and Efficiency Partnership to ensure productive dialogue with local authorities. The regional Government Offices have played an important advisory role in identifying and supporting the regional lead bodies and will continue to be key partners.

How will communities be represented/involved in the process?

The national partnership is not intended to act as a delivery body as such. It has been established to set up a framework to enable organisations and communities at a regional and local level to maximise existing skills, expertise, knowledge and networks which will improve the conditions for empowerment.

Many of the national organisations involved in the national partnership are membership organisations and so their members will have an opportunity to feed in to this information gathering and giving process, taking reference from their communities and own members. Each regional consortium will also need to demonstrate how they will connect with and listen to concerns from local areas.

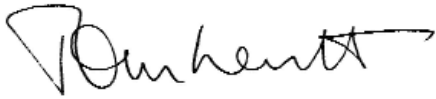
What impact will it have on communities?

Ultimately, the impact of the National Empowerment Partnership and the initiatives outlined by government will be the empowerment of citizens. The National Empowerment Partnership is an important first step towards creating a more participative society.

CDF's Ruby Year

In December 2007, CDF will be celebrating its 40th anniversary. This will be followed by a series of events and work to mark the anniversary year. CDF is calling this period its Ruby Year and will be hosting a reception for policy-makers in the House of Commons

to mark the occasion. Other activities planned for the Ruby Year include an Empowerment Conference in October 2008, a series of publications highlighting the value and benefits of community development and various meetings with policy-makers to highlight community development and promote CDF's expertise. Through these activities we hope to raise the profile of community development.



Tom Levitt MP
Chair
14 November 2007



Alison Seabrooke
Chief Executive and Accounting Officer
14 November 2007

Board of Trustees

Chair: Tom Levitt MP

Suhail I Aziz
Mavis Best MBE
Elizabeth Bickerton
Michael Hamilton
Abdul Ismail
Jagwant Johal
Peter Latchford
Professor Ruth Lister CBE
Stewart Murdoch
Andrew Robinson MBE
Dan Rogerson MP (appointed March 2007)
Alison Wightman
Jeremy Wright MP (appointed March 2007)
Hilary Willmer

Trustee retirements

Lynne Featherstone MP (January 2007)
Andrew Selous MP (January 2007)

Chief Executive

Alison Seabrooke
(Co-Chief Executive until July 2007, appointed Chief Executive July 2007)

Sarah Benioff
(Co-Chief Executive, resigned June 2007)



Professional advisers

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

CDF's Offices**Head Office**

Community Development Foundation
Unit 5,
Angel Gate
320–326 City Road
London EC1V 2PT

Tel: 020 7833 1772
Fax: 020 7837 6584
Email: admin@cdf.org.uk
Website: www.cdf.org.uk

Human Resources, Communications,
Policy and Research, Evaluation, Publications,
Dissemination, Finance, European work,
Projects, Every Action Counts

CDF North

Community Development Foundation
Suite 4D,
Joseph's Well
Hanover Walk
Leeds LS3 1AB

Tel: 0113 246 0909
Fax: 0113 246 7138
Email: north@cdf.org.uk

Practice Development, Practice Links
and Learning support work

CDF in Scotland

Scottish Community Development Centre
(SCDC)
Suite 305,
Baltic Chambers
50 Wellington Street
Glasgow G2 6HJ

Tel: 0141 248 1924
Fax: 0141 248 4938
Email: info@scdc.org.uk
Website: www.scdc.org.uk

Policy, Practice Development,
Research, Evaluation, Training
and Consultancy, Community
Health Exchange (CHEX),
LEAP Support Unit

CDF in Wales

Community Development Foundation
53 Mount Stuart Square
Cardiff Bay
Cardiff CF10 5LR

Tel: 02920 481 600
Fax: 02920 470 213
Email: wales@cdf.org.uk

Policy, Practice Links Wales,
Training and Consultancy

CDF South

Community Development Foundation
Wayland Business Centre
61 Western Road
Hove BN3 1JD

Telephone: 01273 718055
Fax: 01273 711707
Email: sacramento.rodriques@cdf.org.uk

Practice Links

CDF in Europe

European and International Unit
Community Development Foundation
Unit 5,
Angel Gate
320–326 City Road
London EC1V 2PT

Tel: 020 7833 1772
Fax: 020 7837 6584
Email: sue.webb@cdf.org.uk
Email: helen.animashaun@cdf.org.uk
Website: www.cdf.org.uk

European and International Unit

Community Development Foundation
28B Earlsdon Street
Earlsdon
Coventry
CV5 6EJ

Tel: 02476 673823
Email: sue.webb@cdf.org.uk
Websites: www.cdf.org.uk

Projects and Grant Administration Programmes

Community Health Exchange (CHEX) Scottish Community Development Centre

Suite 305, Baltic Chambers
50 Wellington Street
Glasgow G2 6HJ

Tel: 0141 248 1990
Fax: 0141 248 4938
Email: chexadmin@scdc.org.uk
Website: www.scdc.org.uk

Faith Communities Capacity Building Fund (FCCBF)

Community Development Foundation
The Michael Young Centre
Purbeck Road
Cambridge CB2 8HN

Tel: 01223 400 341
Fax: 01223 400 329
Email: fundingadmin@cdf.org.uk
Website: www.cdf.org.uk

Connecting Communities Plus, Community Grants (CC Plus)

Community Development Foundation
The Michael Young Centre
Purbeck Road
Cambridge CB2 8HN

Tel: 01223 400 343
Fax: 01223 400 329
Email: ccplus@cdf.org.uk

Every Action Counts

Community Development Foundation
Unit 5, Angel Gate
320–326 City Road
London EC1V 2PT

Tel: 020 7833 1772
Fax: 020 7837 6584
Email: mark.walton@cdf.org.uk

Statement of Accounting Officer's responsibilities

Under the Charities Act 1993, the Home Secretary 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 must give a true and fair view of the state of affairs of CDF and of its net resource outturn, resources applied to objectives, 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 Home Office 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;
- Prepare the accounts on a going concern basis.

The Accounting Officer for the Department for Communities and Local Government designated the Chief Executive, A Seabrooke, as Accounting Officer of CDF. 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 the CDF's assets, are set out in the Accounting Officers' Memorandum issued by the Treasury and published in Government Accounting.



Alison Seabrooke
Chief Executive and Accounting Officer
14 November 2007



Statement on internal control

1. Scope of responsibility

As Accounting Officer and Trustees, we have joint responsibility for maintaining a sound system of internal control that supports the achievement of CDF's policies, aims and objectives, while safeguarding the public funds and assets for which the Accounting Officer is personally responsible, in accordance with the responsibilities assigned to us in Government Accounting and the requirements laid down by the Department for Communities and Local Government 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 2007 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 the Trustee level and appropriate actions taken when necessary. During this financial year a high level risk register was developed which identifies 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 include the following:

- The implementation of a corporate plan; vision, mission, strategic aims and objectives have been reviewed enabling a new three-year work plan (2006-09) to be produced,

against which resources have been identified. This corporate work also included a review of CDF's charitable objects. The sum of this activity means that there is a clear line of sight for CDF's activity and a message which can be clearly translated to internal and external stakeholders;

- A senior management team (Directorate), which meets every four weeks to consider the plans and strategic direction of the organisation, including the high level risk register. This team includes the Chief Executive, Directors of Finance, Policy and Research, Practice Development, Projects, Communications and Services, and the HR and Facilities Managers. Other staff attend 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. In the financial year beginning April 2007 a Trustee Human Resources Committee was also established and has been part of the risk management process. Systems have previously been subject to external assessment every five years, through a Quinquennial Review under the Home Office;
- The Home Office's audit and assurance unit conducted an internal audit programme throughout the year. Specific work was undertaken on the financial control framework, grant administration, payroll, corporate governance, risk management and data protection and information. Reports were discussed and reported to Management and plans drawn up to ensure points arising were implemented. The reports have also been presented to the Audit Committee;
- The standard Financial Memorandum of Understanding and Management Statement, which were agreed with the Department for Communities and Local Government in the financial year 2006-07;
- For groups and umbrella groups that receive funding administered by CDF on behalf of the Department for Communities and Local Government such as the Faith Communities Capacity Building Fund and Connecting Communities Plus, Community Grant, 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. 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 to Trustees;

- Reports are produced by the Chief Executive on internal control activities for other staff, for Trustees and for the sponsor department;
- Where appropriate, reports are produced on compliance with key government recommendations. Work is under way in relation to adapting CDF's IT system to deal with the Cabinet Office report Successful IT: Modernising Government in Action;
- The Audit Committee meets three times a year. It is responsible for dealing with 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 and other reports.

While purchase order system compliance has improved over the past year, we continued to observe that on some occasions budget-holders committed CDF to expenditure prior to completing a valid purchase order requisition. This could have exposed CDF to obligations it could not meet or which were for unauthorised purposes. A plan to address weaknesses is in place following the Home Office's internal audit reviews, and both the Chief Executive and Finance Director have impressed this requirement upon staff.

Procedures are being implemented to address all issues identified by the internal audits during the year. In particular a Finance Manual is being developed with specific guidance on all procedures for personnel within Finance and more generally for Budget Managers and other staff to follow. The effectiveness of this and other controls will be reviewed by DCLG and reported to the Audit Committee in the next financial year.



Alison Seabrooke
Chief Executive and Accounting Officer
14 November 2007



Tom Levitt MP
Chair
14 November 2007

Independent Auditor's Report

Community Development Foundation

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 Community Development Foundation for the year ended 31 March 2007 under the Government Resources and Accounts Act 2000 as amended by Statutory Instrument 2003 No. 1326. These comprise the Statement of Financial Activities, the Balance Sheet, the Cashflow 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 Accounting Officer, Board of Trustees and auditor

The Board of Trustees and Chief Executive as Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Charities Act 1993 and Secretary of State for the Home Office's directions made thereunder and for ensuring the regularity of financial transactions funded by Parliamentary grant (grant-in-aid). These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view, and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Charities Act 1993 and Secretary of State for the Home Office's directions made thereunder. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises the Chair's Report and Trustees' Report, is consistent with the financial statements. I also report whether in all material respects the expenditure, income and resources funded by grant-in-aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Community Development Foundation has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed

I review whether the Statement on Internal Control reflects the Community Development Foundation's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Community Development Foundation's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Board of Trustees and the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Community Development Foundation's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure, income and resources funded by grant in aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

Audit Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Charities Act 1993 and directions made by the Secretary of State for the Home Office, of the state of the Community Development Foundation's and the group's affairs as at 31 March 2007 and of the incoming resources and application of resources of the group for the year then ended;

- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Charities Act 1993 and Secretary of State for the Home Office's directions made thereunder; and
- information given within the Annual Report, which comprises the Chair's Report and Trustees' Report, is consistent with the financial statements

Audit Opinion on Regularity

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

Report

I have no observations to make on these financial statements.



John Bourn
Comptroller and Auditor General

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

21 November 2007

The maintenance and integrity of the CDF's website is the responsibility of the Accounting Officer; the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Statement of financial activities

Consolidated statement of financial activities for the year ended 31 March 2007

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2007 £	Total Funds 2006 £
Incoming resources for the year					
Incoming resources from generated funds					
Voluntary income		1,548,500	0	1,548,500	1,477,000
Investment income		131,768	94,249	226,017	373,579
Incoming resources from charitable activities		541,653	8,862,177	9,403,830	12,591,337
Other incoming resources		35,133	0	35,133	457,213
Total incoming resources	2	2,257,054	8,956,426	11,213,480	14,899,129
Resources expended for the year					
Charitable activities					
Governance costs		87,630	0	87,630	90,445
Total expenditure	3/4	2,258,841	9,134,379	11,393,220	14,926,984
Notional costs					
Cost of capital	6	156,643	0	156,643	160,276
Total incoming/(outgoing) resources		(158,430)	(177,953)	(336,383)	(188,131)
Reversal of notional costs		156,643	0	156,643	160,276
Total incoming/(outgoing) resources before transfers		(1,787)	(177,953)	(179,740)	(27,855)
Transfers between funds	19	(577)	577	0	0
Net movement in funds		(2,364)	(177,376)	(179,740)	(27,855)
Fund balances brought forward at 1 April 2006					
		3,159,363	1,406,030	4,565,393	4,593,248
Fund balances carried forward at 31 March 2007					
	20	3,156,999	1,228,654	4,385,653	4,565,393

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 each of the financial years arise from continuing operations. There were no discontinued operations or acquisitions in the year.

Consolidated balance sheet as at 31 March 2007

	Notes	2007 £	2006 restated £
Fixed assets			
Tangible assets	9	988,554	1,024,878
Intangible assets	9	56,069	57,951
Total fixed assets		1,044,623	1,082,829
Current assets			
Debtors	11	375,346	325,932
Investments	26	2,712,313	4,970,998
Cash at bank	26	830,315	1,446,217
Total current assets		3,917,974	6,743,147
Liabilities			
Creditors	13	576,944	3,260,583
Net current assets		3,341,030	3,482,564
Total assets less current liabilities		4,385,653	4,565,393
Net assets		4,385,653	4,565,393
The funds of the charity			
Restricted funds	18	1,228,654	1,377,534
Unrestricted funds	16	3,156,999	3,187,859
Total charity funds	20	4,385,653	4,565,393

The notes of pages 83 to 104 form part of these financial statements. The accounts were approved by the Trustees and Chief Executive on 14 November 2007 and were signed on their behalf by:



Chair



Chief Executive

Community Development Foundation's balance sheet as at 31 March 2007

	Notes	2007	2006
	£	£	restated £
Fixed assets			
Tangible assets	10	248,051	269,028
Intangible assets	10	56,069	57,951
Total fixed assets		304,120	326,979
Current assets			
Debtors	12	375,346	325,932
Investments	26	2,712,313	4,970,998
Cash at bank	26	830,315	1,446,217
Total current assets		3,917,974	6,743,147
Liabilities			
Creditors	14	575,734	3,259,583
Net current assets		3,342,240	3,483,564
Debtors due after 1 year	12	275,820	291,377
Total assets less current liabilities		3,922,180	4,101,920
Net assets		3,922,180	4,101,920
The funds of the charity			
Restricted funds	18	1,228,654	1,377,534
Unrestricted funds	17	2,693,526	2,724,386
Total charity funds	21	3,922,180	4,101,920

The notes of pages 83 to 104 form part of these financial statements. The accounts were approved by the Trustees and Chief Executive on 14 November 2007 and were signed on their behalf by:



Chair



Chief Executive

Consolidated cashflow statement for the year ended 31 March 2007

	Notes	2007 £	2006 restated £
Net cashflow from operating activities	23	(2,812,873)	(4,167,492)
Capital expenditure and financial investment			
Purchase of fixed assets	9	(61,714)	(309,172)
Net cash inflow (outflow) on capital expenditure and financial investment		(2,874,587)	(4,476,664)
Financing			
Cash inflow (outflow) from short-term deposits	26	2,258,685	(1,112,957)
Net cash inflow (outflow from financing)		2,258,685	(1,112,957)
Increase (decrease) of cash in year		(615,902)	(5,589,621)

I. Basis of accounting and accounting policies

Basis of accounting

The Financial statements set out on pages 75 to 82 together with the Notes on pages 83 to 104 have been prepared on a going concern and accruals basis in accordance with the Accounts Direction given by the Secretary of State for the Home Office 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 '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 Ltd are consolidated on a line by line basis.

Fund accounting

The reserves have been allocated to designated funds and future applications. All designations and releases from reserves are approved by the Finance Committee.

Funds are designated in accordance with the ongoing strategy of CDF to enable its continuing operation and to achieve its longer-term strategic aims.

Designated funds (see notes 16 and 17)

a) Fixed assets

This represents the value of fixed assets held. It has been renamed from the 'Loans and Fixed Asset' reserve.

b) CPF Trust

This represents the net value of assets held in the CDF balance sheet relating to CPF Trust.

c) Specific reserve

This represents a number of initiatives as follows:

	£
CDF strategic investment and development	205,000
SCDC strategic investment and development	350,000
Pay and grading review	248,000
Operating commitments	334,659
Maternity cover	30,000
Total	1,167,659

CDF and SCDC strategic investment costs are clearly linked to current strategic planning activity and cover, for example, improved IT infrastructure, HR support to deliver the HR strategy, staff development, increased communications and public affairs activity, research and development, including the learning and support strategy. SCDC's designation also includes resources to strengthen its governance structure, inter-project business continuity costs and other business plan recommendations. These reserve allocations may be fully or partly utilised as these separate elements are fully developed and approved by Trustees.

c) General redundancy

The sum of £96,910 has been set aside to meet redundancy costs. This is in recognition of the commitment that CDF has to its staff paid through unrestricted funds to cover redundancy payments. The estimated average figure reflects the nature and number of CDF's staff base, which has grown significantly over the past three years and includes a number of long-serving employees. The redundancy costs of staff appointed to work on short-term projects and grant administration programmes are covered within the restricted project budgets and, therefore, are not included here.

d) Cessation reserve

The sum of £731,000 has been set aside to meet six months financial operating obligations of the group should it face cessation.

General reserve

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

Restricted funds (See note 18)

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 the Department of Communities and Local Government 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.

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 Natwest and Barclays Bank.

Investment income earned with respect to restricted funds is allocated to those restricted fund balances.

Donations

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

Deferred income

Capital expenditure on restricted assets is deferred as a liability in the balance sheet and assigned to the appropriate funds on the basis of the asset usage over its life.

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

Resources expended

Expenditure is classified between 'costs in the furtherance of charitable activities' and 'governance costs'.

Costs in furtherance of charitable activities

These 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

These 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.

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 'Bank and Cash' 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.

Deferred income charges are made to spread the cost of assets purchased for restricted funds over the life of the restricted fund.

Bad debt provision

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

Fixed assets

Fixed assets are included for assets greater than £100, which are held for continuing use by the group. They are held at historic cost and depreciated on a straight-line basis over their estimated useful lives as follows:

Furniture	4 years
IT equipment	4 years
Intangible assets	4 years
Freehold land and buildings	50 years
Leasehold land and buildings	50 years

There has been no revaluation of assets in 2006-07 or earlier years as the group does not have a policy of revaluation. Depreciation is calculated both in year of purchase and year of disposal. CDF undertakes an annual impairment review of fixed assets to ensure the validity of balance sheet carrying values.

Investments

Investments comprise short term deposits held with Natwest and Barclays Bank. Subsequent to year end investments have been switched to the COIF Charities Deposit Fund held with CCLA Investment Management Ltd.

The Natwest business reserve account is now disclosed as cash on the balance sheet, as cash is placed on overnight deposit. It had been disclosed in 2006 under investments. The comparatives have been restated to reflect the new treatment.

Finance and operating leases

Costs in relation to operating leases are charged to the Statement of Financial Activity over the life of the lease. There were no finance leases.

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.

2. Net incoming resources

		Other		Total	Total
	Grant-in-aid	grants	Other	2007	2006
	£	£	£	£	restated £
Unrestricted incoming resources					
Donations and sponsorship	0	0	28,500	28,500	19,000
Stronger communities and community sector	645,234	42,256	199,223	886,713	971,464
Cohesive communities	466,042	2,178	91,610	559,830	379,943
Engaged communities	408,724	30,139	176,248	615,111	642,744
Unrestricted incoming resources	1,520,000	74,573	495,581	2,090,154	2,013,151
Restricted incoming resources					
Community Health Exchange	0	231,165	0	231,165	264,161
Connecting Communities Plus, Community Grants	0	1,471,147	0	1,471,147	0
Demonstrating Links	0	33,161	0	33,161	30,125
Scottish Community Action Research Fund	0	118,087	0	118,087	92,439
LEAP for Health Unit	0	125,065	0	125,065	134,276
Standards for Community Engagement	0	164,400	0	164,400	157,248
Healthy Living Centre	0	75,657	0	75,657	95,134
Carnegie UK Trust	0	17,035	0	17,035	0
Every Action Counts	0	1,622,459	0	1,622,459	0
Age Concern	0	4,000	0	4,000	0
Faith Community Capacity Building Fund	0	5,000,000	0	5,000,000	3,800,000
Anchor Fund	0	0	0	0	3,000,000
Neighbourhood Support Fund	0	0	0	0	4,448,425
Other Income	0	0	0	0	33,378
Restricted incoming resources	0	8,862,176	0	8,862,176	12,055,186
Activities in furtherance of the charity's objects	1,520,000	8,936,749	495,581	10,952,330	14,068,337

Investment income

Unrestricted resources

Interest receivable	0	0	131,768	131,768	172,657
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Restricted resources

Interest receivable	0	0	94,249	94,249	200,922
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Investment income	0	0	226,017	226,017	373,579
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Other incoming resources

Unrestricted resources

Surplus on exchange of buildings (Note 7)	0	0	0	0	412,521
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Recovery on staff seconded	0	0	35,133	35,133	44,692
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Unrestricted resources	0	0	35,133	35,133	457,213
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Net incoming resources	1,520,000	8,936,749	756,731	11,213,480	14,899,129
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The Grant-in-aid for 2006-07 was £1,520,000 (2005-06: £1,458,000)

3. Net expenditure for the year

Analysis of resources expended

	Activities undertaken directly £	Grant funding of activities £	Support costs £	Total 2007 £	Total 2006 restated £
Stronger communities and community sector	1,118,473	575,812	304,521	1,998,806	1,948,719
Cohesive communities	629,630	5,759,180	631,594	7,020,404	6,175,845
Engaged communities	880,393	684,924	436,775	2,002,092	6,711,976
	2,628,496	7,019,916	1,372,890	11,021,302	14,836,539
Surplus funds returned to funder: NSF	284,287	0	0	284,287	0
Governance	87,631	0	0	87,631	90,445
	3,000,414	7,019,916	1,372,890	11,393,220	14,926,984

Analysis of grant funding of activities

	Grants to institutions £	Grants to individuals £	Total 2007 £	Total 2006 £
Faith Community Capacity Building Fund	4,148,044	0	4,148,044	3,340,560
Every Action Counts	1,473,293	0	1,473,293	0
Connecting Communities Plus, Community Grants	1,293,294	0	1,293,294	0
NSF	100,285	0	100,285	4,708,677
ESRC Case Studentship	5,000	0	5,000	0
	7,019,916	0	7,019,916	8,049,237

A list of recipients of grants is available on the CDF website.
All grants were made to private or voluntary sector institutions.

Analysis of Support costs

	Management £	Facilities and IT £	Finance £	Human resources £	Grant- making Support costs £	Total 2007 £	Total 2006 restated £
Stronger communities and community sector	94,217	90,339	55,014	47,307	17,645	304,522	298,632
Cohesive communities	109,983	105,456	64,220	55,223	296,712	631,594	431,812
Engaged communities	91,292	87,534	53,306	45,838	158,804	436,774	423,364
Total	295,492	283,329	172,540	148,368	473,161	1,372,890	1,153,808

Direct costs are allocated by activity between the objectives. Where an activity relates to more than one of CDF's objectives then an apportionment has been made based on the budget manager's understanding of the work undertaken.

Support costs are apportioned on the basis of headcount attributable to activities.

Surplus funds of £284,287 were returned to the Department for Education and Skills at the end of the Neighbourhood Support Fund programme.

4. Net expenditure for the year

	Total 2007	Total 2006
	£	restated
		£
Depreciation	99,920	68,682
Rent and rates	116,750	126,357
Communications and information	175,456	202,685
Telephone and postage	86,900	88,821
Insurance	4,002	3,889
Audit	34,325	32,773
Trustees costs	11,136	11,600
Consultancy costs	596,524	745,458
Travel and subsistence	134,671	114,964

The external audit fee for 2007 is £22,000 (2006: £21,500).

Trustees or connected persons receive no remuneration in respect of their services.

Trustees received reimbursement of expenses amounting to £5,496 (2006: £4,184).

This included reimbursement for travel and other reasonable out-of-pocket expenses.

The number of Trustees who claimed expenses in 2007 was 11 (2006: 9).

5. Staff emoluments

	2007	2006
	£	restated
		£
Wages and salaries	1,734,241	1,569,627
Social security costs	181,280	160,212
Pension costs	157,585	123,960
Agency staff	90,960	96,161
	2,164,066	1,949,960
Recoveries from staff secondment	(35,133)	(44,692)
Inward staff secondments	89,761	90,746
Total staff emoluments	2,218,694	1,996,014

The number of employees whose emoluments as defined for taxation purposes (basic pay and taxable benefits) amounted to over £60,000 in the year was as follows:

	2007	2006
	No.	No.
£60,001–£70,000	1	0

All employees whose emoluments were greater than £60,000 are part of a defined contribution pension scheme and CDF paid contributions of £6,305 for these employees.

The average number of people, including part-time staff employed during the year was 58 (2006: 59). Staff numbers only include permanent staff.

Full-time equivalent staff employed by objective are:

	2007	2006
	£	£
Permanent staff (excluding outward secondment)		
Stronger communities and community sector	19	19
Cohesive communities	22	22
Engaged communities	17	18
	58	59
Agency Staff		
Stronger communities and community sector	1	1
Cohesive communities	2	1
Engaged communities	1	1
	4	3
Total	62	62

Pensions

CDF offers an occupational pension plan to all employees through the Pension Trust. This is a Money Purchase Plan, which equates to a defined contribution scheme. CDF contributes 10% of the gross salary to relevant staff. Staff make a contribution of 3.5% to match and any voluntary contributions that they wish 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 £157,585 (2006: £123,960). At the balance sheet date there were no prepaid pensions costs; however, £18,289 was payable. The assets of the scheme are held separately from those of the group in an independently administered fund.

6. Notional cost of capital

Notional cost of capital is calculated as 3.5% of the average capital employed by the group in the year. This disclosure is required as the group is a non-departmental public body (NDPB). The cost of capital calculated for 2007 is £156,643 (2006 £160,276).

7. Trading subsidiary

CPF Trust is a subsidiary undertaking of CDF. The Directors of CPF Trust are recruited from the Trustees of CDF and CDF exerts control over CPF Trust through its control of the Trustees. CPF Trust has no share capital. However, as a company limited by guarantee members are liable to contribute £1 in share capital in the event of the company being wound up.

The company's principal activity during the year continued to be that of owning the CDF headquarters building and letting it to the Community Development Foundation.

The headquarters building is at Unit 5, Angel Gate, 320-326 City Road, London EC1V 2PT. The premises were acquired in July 2005 with a 982-year lease. There are now 980 years remaining on the lease. It is the registered address for the parent charity the Community Development Foundation.

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

	Unrestricted funds £	Restricted funds £	Total funds 2007 £	Total funds 2006 £
Income and expenditure				
Incoming resources	37,365	0	37,365	35,173
Resources expended	37,365	0	37,365	35,173
Movements in funds from operations	0	0	0	0
Surplus on exchange of buildings	0	0	0	412,521
Net movement in funds	0	0	0	412,521
Balances brought forward at 1 April 2006	463,473	0	463,473	50,952
Balances carried forward at 31 March 2007	463,473	0	463,473	463,473

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

	CDF funds (parent) £	CPF Trust funds (subsidiary) £	Intra group £	Total funds 2007 (group) £
Net incoming resources for the year	11,233,401	37,365	(57,287)	11,213,479
Net expenditure for the year	11,413,141	37,365	(57,287)	11,413,219
Net movement in funds	(179,740)	0	0	(179,740)
Fund balances brought forward at 1 April 2006	4,101,920	463,473	0	4,565,393
Fund balances carried forward at 31 March 2007	3,922,180	463,473	0	4,385,653

9. Fixed assets (consolidated)

	Furniture & equipment £	IT Equipment £	Intangible assets £	Leasehold land & buildings £	Total £
Cost					
At 1 April 2006	299,424	210,547	95,481	767,360	1,372,812
Additions	15,832	33,027	12,855	0	61,714
Disposals	0	0	0	0	0
At 31 March 2007	315,256	243,574	108,336	767,360	1,434,526
Depreciation					
At 1 April 2006	109,632	131,769	37,072	11,510	289,983
Charge for the year	32,815	36,563	15,195	15,347	99,920
Disposals	0	0	0	0	0
At 31 March 2007	142,447	168,332	52,267	26,857	389,903
Net Book Value at 31 March 2007	172,809	75,242	56,069	740,503	1,044,623
Net Book Value at 1 April 2006	189,792	78,778	58,409	755,850	1,082,829

All of the fixed assets shown above are used for direct charitable purposes. The property at Unit 5, Angel Gate, EC1V 2PT is the subject of a 999 year lease, this has 982 years remaining when acquired.

10. Fixed assets (parent charity)

	Furniture & equipment £	IT equipment £	Intangible assets £	Total £
Cost				
At 1 April 2006	299,424	210,547	95,481	605,452
Additions	15,832	33,027	12,855	61,714
Disposals	0	0	0	0
At 31 March 2007	315,256	243,574	108,336	667,166
Depreciation				
At 1 April 2006	109,632	131,769	37,072	278,473
Charge for the year	32,815	36,563	15,195	84,573
Disposals	0	0	0	0
At 31 March 2007	142,447	168,332	52,267	363,046
Net Book Value at 31 March 2007	172,809	75,242	56,069	304,120
Net Book Value at 1 April 2006	189,792	78,778	58,409	326,979

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

11. Debtors due within one year (consolidated)

	2007	2006
	£	£
Due within one year		
Sundry debtors	355,494	317,429
Prepayments	19,852	8,503
	375,346	325,932

12. Debtors (parent charity)

	2007	2006
	£	£
Due within one year		
Sundry debtors	355,494	317,429
Prepayments	19,852	8,503
	375,346	325,932
Due after more than one year		
CPF Trust debtor	75,820	91,377
Loan to CPF Trust	200,000	200,000
	275,820	291,377
Total	651,166	617,309

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

Included in the CPF Trust debtor is the amount that CPF Trust owes Community Development Foundation for financing the property-related costs after taking into account what Community Development Foundation owes CDF Trust for renting the premises.

13. Creditors due in less than one year (consolidated)

	2007	2006
	£	restated
		£
Loans and overdrafts	0	1,331,798
Accruals	169,565	1,760,499
Deferred income	46,815	22,352
Trade creditors	258,551	34,048
Tax and social security	83,538	108,101
Other creditors	18,475	3,785
	576,944	3,260,583

14. Creditors due in less than one year (parent charity)

	2007	2006
	£	restated
		£
Loans and overdrafts	0	1,331,798
Accruals	168,355	1,759,499
Deferred income	46,815	22,352
Trade creditors	258,551	34,048
Tax and social security	83,538	108,101
Other creditors	18,475	3,785
	575,734	3,259,583

15. Intra-government balances (consolidated)

	2007	2006
	£	restated
		£
Debtors < 1 year		
Other central government bodies	36,848	66,091
Local authorities	52,150	29,947
NHS bodies	16,465	5,160
Public corporations	224	0
Total intra-government balances	105,687	101,198
Balances with bodies external to government	269,659	224,734
Total	375,346	325,932
Creditors < 1 year		
Other central government bodies	116,538	1,547,946
Local authorities	13,484	0
NHS bodies	150	0
Public corporations	0	0
Total intra-government balances	130,172	1,547,946
Balances with bodies external to government	446,772	1,712,637
Total	576,944	3,260,583

16. Unrestricted funds (consolidated)

	Balance at 1 April 2006	Movement in funds		Balance at 31 March 2007
		Designations	Releases	
	£	£	£	£
Fixed asset reserve	526,980	503,543	0	1,030,523
Specific reserve	1,520,068	441,757	(794,166)	1,167,659
General redundancy	93,911	2,999	0	96,910
Cessation fund	760,000	0	(29,000)	731,000
Designated grants	148,016	0	(148,016)	0
Total designated funds	3,048,975	948,299	(971,182)	3,026,092
General reserve	138,884	(7,977)	0	130,907
Total unrestricted funds	3,187,859	940,322	(971,182)	3,156,999

The Fixed Asset reserve was previously called the 'Loans & Fixed Assets' reserve.

The Fixed Asset reserve now contains the value of fixed assets held by the group.

17. Unrestricted funds (parent charity)

	Balance at 1 April 2006	Movement in funds		Balance at 31 March 2007
		Designations	Releases	
	£	£	£	£
Fixed asset reserve	526,980	0	(236,961)	290,019
CPF Trust reserve	0	275,820	0	275,820
Specific reserve	1,056,595	441,757	(330,693)	1,167,659
General redundancy	93,911	2,999	0	96,910
Cessation fund	760,000	0	(29,000)	731,000
Designated grants	148,016	0	(148,016)	0
Total designated funds	2,585,502	720,576	(744,670)	2,561,408
General reserve	138,884	(6,766)	0	132,118
Total unrestricted funds	2,724,386	713,810	(744,670)	2,693,526

The Fixed Asset reserve was previously called the 'Loans & Fixed Assets' reserve. The Fixed Asset reserve now contains the value of fixed assets held by the parent charity. A new reserve, the CPF Trust reserve, has been designated to reflect the net value of assets relating to the subsidiary company CPF Trust.

18. Restricted funds

A programme is now in place to review historic fund balances and consult with the original funders as to how they should be resolved. The review is expected to be completed by December 2007.

	Movement in funds				Balance at 31 March 2007 £	
	Balance at 1 April 2006 £	Designations £		Releases £		Transfers £
Age Concern	0	4,000	0	0	4,000	
Bangor Project Community Fund	3,377	0	0	0	3,377	
Canterbury People's Group	4,956	0	(70)	0	4,886	
Carnegie UK Trust RARP	0	17,035	(4,365)	0	12,670	
Community Forum	430	0	0	0	430	
Community Health Exchange	191,019	231,168	(317,758)	0	104,429	
Community Resource Fund	14,531	0	0	0	14,531	
Connecting Communities (2002 – SCDC Project)	6,649	0	0	0	6,649	
Connecting Communities Plus	(1,724)	1,471,147	(1,476,458)	0	(7,035)	
Every Action Counts	0	1,622,459	(1,571,254)	0	51,205	
Demonstrating Links	32,450	33,161	(51,580)	0	14,031	
Faith Community Capacity Building Fund	362,669	5,094,249	(4,783,221)	0	673,697	
Faith One Off Community Enterprise	0	0	(34)	0	(34)	
Healthy Living Centre	6,022	75,657	(74,190)	0	7,489	
LEAP For Health	52,808	125,065	(88,697)	0	89,176	
Learning Action Centres DFEE	438	0	0	0	438	
Learning Action Centres DTI	2,279	0	0	0	2,279	
Learning Development Partnerships	9,214	0	(24)	0	9,190	
Leeds City Council Project	306	0	0	0	306	
Leicester Practice Learning Centre	3,722	0	0	0	3,722	
Local Initiatives	974	0	(100)	0	874	
London Survivors Group	325	0	0	0	325	
Measures of Community Shares	7,000	0	0	0	7,000	
Neighbourhood Support Fund	558,197	0	(511,475)	0	46,722	
Policy Action Team 15	1,666	0	0	0	1,666	
Regional Links Project	(29,073)	0	0	29,073	0	
Resource	(654)	0	0	0	(654)	
Scottish Community Action Research Fund	81,255	118,087	(125,615)	0	73,727	
Self Advocacy Team	1,510	0	0	0	1,510	
Small Grants Project (Manage)	85	0	0	0	85	
Somali Project (SCRETA)	2,093	0	0	0	2,093	
Sustainable Community Network	360	0	0	0	360	
Standards	(9,935)	0	0	0	(9,935)	
Standards for Community Engagement	0	164,400	(129,121)	0	35,279	
Welsh Community Strategy	24,986	0	(419)	0	24,567	
Women Connect West Midlands Objective	58,770	0	0	0	58,770	
Women Connect Phase 2	(9,915)	0	0	0	(9,915)	
WUC Research	744	0	0	0	744	
Total restricted funds	1,377,534	8,956,428	(9,134,381)	29,073	1,228,654	

19. Transfers between funds

	Unrestricted £	Restricted £
Regional Links transfer	(29,073)	29,073
Opening adjustment on fund balances	28,496	(28,496)
Total	(577)	577

An overspend on the Regional Links fund has been funded from unrestricted reserves.

An opening adjustment arose to reconcile individual restricted fund balances to total restricted fund brought forward.

20. Reconciliation of funds (consolidated)

	2007 £	2006 £
Opening funds as at 1 April CDF	4,101,920	4,542,296
Opening funds as at 1 April CPF Trust	463,473	50,952
Movement in restricted funds	(177,376)	(524,256)
Movement in unrestricted funds	(2,364)	496,401
Funds carried forward at 31 March 2007	4,385,653	4,565,393

Reconciliation of funds (consolidated)

	Restricted funds £	Unrestricted general funds £	Designated funds £	Total £
Fixed assets	14,101	0	1,030,522	1,044,623
Net current assets	1,214,553	130,907	1,995,570	3,341,030
Total funds	1,228,654	130,907	3,026,092	4,385,653

21. Reconciliation of funds (parent charity)

	2007 £	2006 £
Opening funds as at 1 April CDF	4,101,920	4,117,553
Movement in restricted funds	(177,376)	139,009
Movement in unrestricted funds	(2,364)	285,734
Funds carried forward at 31 March	3,922,180	4,542,296

Reconciliation of funds (parent charity)

	Restricted funds	Unrestricted general funds	Designated funds	Total
	£	£	£	£
Fixed assets	14,101	0	290,019	304,120
Net current assets	1,214,553	132,118	1,995,569	3,342,240
Long-term debtors	0	0	275,820	275,820
Total funds	1,228,654	132,118	2,561,408	3,922,180

22. Related party

CDF received a Grant-in-aid of £1,520,000 in 2007 (2006: £1,458,000) from the Department for Communities and Local Government. The Department for Communities and Local Government also funded the Faith Community Capacity Building Fund for £5,000,000 (2006: £3,800,000) and Connecting Communities Plus, Community Grants for £1,471,000 (2006: nil). CDF also received funding from the Department for Environment, Food and Rural Affairs for the Every Action Counts programme of £1,622,000 (2006: nil)

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

	Notes	2007 £	2006 £
Net (outgoing)/incoming resources before revaluations & investment asset disposals		(179,740)	(27,855)
Depreciation	9	99,920	68,682
(Increase)/Decrease in debtors	11	(49,414)	1,634,665
Increase/(Decrease) in creditors	13	(2,683,639)	(5,396,499)
Surplus on exchange of Highbury Grove		0	(446,485)
Net cash (outgoing)/inflow from operating activities		(2,812,873)	(4,167,492)

24. Funders

The projects were funded in 2006-07 by the following organisations:

Project	Funding organisation
Community Health Exchange (CHEX)	NHS Health Scotland
Connecting Communities Plus, Community Grants	Department for Communities and Local Government
Demonstrating Links	Community Scotland & Scottish Natural Heritage
Every Action Counts	Department for Environment, Food and Rural Affairs

Faith Communities Capacity Building Fund	Department for Communities and Local Government
LEAP for Health: Umbrella Grant	Big Lottery Fund
LEAP for Health Unit	NHS Scotland
Neighbourhood Support Fund	Youth Inclusion Team of the Department for Education and Skills
Regional Links project	Active Communities Directorate of the Home Office
Scottish Community Action Research Fund	Communities Scotland
Standards for Community Engagement	Communities Scotland

An outline of the purposes and restrictions of each of the Restricted Funds is detailed below.

Restricted Funds	Purpose	Restrictions
Age Concern	Research project on older people in neighbourhoods	Timing, Methodology, Adherence to Purpose
Bangor Project Community Fund	A project working in Bangor community on social and economic regeneration.	Timing, Methodology, Adherence to Purpose
Canterbury People's Group	Estate-based community development project to work with tenants on regeneration of their area	Timing, Methodology, Adherence to Purpose
Carnegie UK Trust RARP	Evaluation, consultancy and research study for the Carnegie Trust Rural Commission.	Timing, Methodology, Adherence to Purpose
Community Forum	Commissioned from Home Office to promote dialogue for local policy-making.	Timing, Methodology, Adherence to Purpose
Community Health Exchange	Community health networking.	Timing, Methodology, Adherence to Purpose
Community Resource Fund	Research into social inclusion and regeneration.	Timing, Methodology, Adherence to Purpose
Connecting Communities	Evaluation of impact of national programme to enhance use of Information and Communication Technology in communities.	Timing, Methodology, Adherence to Purpose
Connecting Communities Plus, Community Grants	A demonstration programme of funding for small voluntary and community groups working on improving access to public sector services for BME communities and community cohesion.	Timing, Methodology, Adherence to Purpose
Demonstrating Links	A project focusing on providing mentoring/ consultancy/publications using the Greenspace LEAP framework.	Timing, Methodology, Adherence to Purpose
Every Action Counts	A programme to engage national and local voluntary and community sector organisations across England in work to protect and improve our environment and to deliver sustainable development.	Timing, Methodology, Adherence to Purpose
Faith Communities Capacity Building Fund	A demonstration programme of funding faiths and interfaith organisations to strengthen their capacity and contribute to community cohesion.	Timing, Methodology, Adherence to Purpose

Restricted Funds	Purpose	Restrictions
Healthy living Centre	A programme tackling health inequalities in Scotland.	Timing, Methodology, Adherence to Purpose
LEAP For Health: Umbrella Grant	Establish and operate a support unit for practitioners and community health projects that are using or intend to use the 'LEAP for Health' planning and evaluation resource.	Timing, Methodology, Adherence to Purpose
LEAP for Health Unit	A unit established to explore establishing a LEAP-based work programme which will be launched with a series of events.	Timing, Methodology, Adherence to Purpose
Learning Action Centres	Centres established to manage the establishment of Information and Communication Technology.	Timing, Methodology, Adherence to Purpose
Learning Development Partnerships	An evaluation of the needs of Community Learning and Development Partnerships resulting in training events which included focus on community capacity building and community engagement.	Timing, Methodology, Adherence to Purpose
Leeds City Council Project	A project to develop the skills and knowledge of 12 unemployed people in order that they can undertake a qualitative audit of employment issues and social care needs.	Timing, Methodology, Adherence to Purpose
Local Initiatives	Various studies of social and economic regeneration.	Timing, Methodology, Adherence to Purpose
London Survivors Group	Project to set up a network of support for people with mental health issues in the London area.	Timing, Methodology, Adherence to Purpose
Measures Of Community Shares	Study to analyse ways of judging whether communities are flourishing.	Timing, Methodology, Adherence to Purpose
Neighbourhood Support Fund	Established to test community-based approaches to reintegrating disaffected young people into the community.	Timing, Methodology, Adherence to Purpose
Policy Action Team 15	Project of work in relation to social exclusion, in order to produce policy.	Timing, Methodology, Adherence to Purpose
Regional Links Project	A project which is establishing Regional/National Links in relation to community development policy and practice development.	Timing, Methodology, Adherence to Purpose
Resource	Community development initiatives.	Timing, Methodology, Adherence to Purpose
Scottish Community Action Research Fund (SCARF)	Commissioned to select communities, supply research mentors, manage and evaluate an initiative designed to enable community organisations to develop, commission and make use of their own research.	Timing, Methodology, Adherence to Purpose
Self Advocacy Team	Initiative which is assisting a local project in enabling people with mental illnesses to relate to public services and utilise self-help.	Timing, Methodology, Adherence to Purpose

Restricted Funds	Purpose	Restrictions
Small Grants Project	Established to support and monitor small community-based online centres.	Timing, Methodology, Adherence to Purpose
Somali Project	Somali refugee employment training project in Tower Hamlets.	Timing, Methodology, Adherence to Purpose
Standards for Community Engagement	The creation of standards to be used by practitioners on community development.	Timing, Methodology, Adherence to Purpose
Sustainable Community Network	Research and publication on 'Sustainable Communities in the Network Society'.	Timing, Methodology, Adherence to Purpose
Welsh Community Strategy	Programme of capacity building and support of five local regeneration programmes in Wales.	Timing, Methodology, Adherence to Purpose
West Midlands Objective	Match funding to support the initiatives of the Women Connect project in the West Midlands.	Timing, Methodology, Adherence to Purpose
Women Connect Phase 2	A project to build organisational capacity through the use of Information and Communication Technology for the female community.	Timing, Methodology, Adherence to Purpose
Working Together Learning Together	A project to build community participation and develop skills.	Timing, Methodology, Adherence to Purpose
WUC Research	Research commission for Department for Children, Schools and Families.	Timing, Methodology, Adherence to Purpose

25. Reconciliation of net cashflow to movement in net funds

	2007	2006
	£	restated
		£
Change in cash for the period	715,896	(5,589,621)
Cash (outflow)/inflow from changes in liquid resources	(2,258,685)	1,112,957
Changes in net funds resulting from cashflow	(1,542,789)	(4,476,664)
Net funds at beginning of year	5,085,417	9,562,081
Net funds at end of year	3,542,628	5,085,417

26. Analysis of net funds

	At 31 March 2006 restated	Cashflow	At 1 April 2007
	£	£	£
Cash available on demand	1,446,217	(615,902)	830,315
Overdrafts	(1,331,798)	1,331,798	0
Increase in cash for the period	114,419	715,896	830,315
Financing			
Short-term deposits	4,970,998	(2,258,685)	2,712,313
Net funds at end of year	5,085,417	(1542,789)	3,542,628

27. Other commitments

In the year ended 31 March 2007 CDF had commitments under operating leases related to photocopying leases, rental agreements and service agreements as follows:

	2007	2006 restated
	£	£
Operating leases which expire:		
<i>Land and buildings</i>		
Within one year	6,561	0
In more than one year but less than five years	54,405	80,812
In more than five years	0	0
<i>Other</i>		
Within one year	7,685	7,299
In more than one year but less than five years	21,585	3,589
In more than five years	0	0
Total	90,236	91,700

28. 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 NDPBs 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.

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 2007.

29. Post-balance sheet events

The financial statements were authorised for issue by the Finance Committee, using its delegated authority from the Board on 19 November 2007.

Sarah Benioff resigned as Co-Chief Executive in June 2007. Alison Seabrooke was appointed full-time Chief Executive in July 2007.

There were no other post-balance sheet events.



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