

Company Registration Number: 2441319

Charity Registration Number: 702314

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2008



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(A Company Limited by Guarantee)

YEAR ENDED 31ST MARCH 2008

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**LEGAL AND ADMINISTRATIVE INFORMATION
FOR THE YEAR ENDED 31ST MARCH 2008**

Directors/Trustees:	The directors/trustees who held office during and subsequent to the above year, all of whom served on the Council of Management, were as follows:	
	Original Subscribers:	
	Alan Robson	(Life President) (Secretary)
	Joyce Hallett	
	Nominated by Stockton-on-Tees Borough Council:	
	Cllr. Ian Dalgarno	
	Cllr. David Harrington	(May 2007 - December 2007)
	Nominated by Churches Together in Thornaby:	
	Richard Spruce	
	Additional Members Appointed to the Council of Management:	
	Terence Murphy	(Chair)
	Diane Patterson	(Vice-Chair)
	Ed Kirkham	(resigned December 2007)
	Derrick Brown	(Treasurer)
	Ken Craggs	(resigned April 2008)
	Marie Devine	(resigned June 2008)
	John Lynch	(Stockton Council Nominee to May 2007)
	Ann Grubb	(appointed July 2007)
	Tracey Stott	(appointed February 2008)
	Beryl Robinson	(appointed February 2008)
	Peter Brennan	(appointed February 2008)
	Philip Tucker	(appointed June 2008)
Senior Management Team:	Graeme Oram	Chief Executive
	Sue Westerman	Head of Programmes and Development
	William Erskine	Head of Finance and Enterprise
Status:	The Five Lamps Organisation is a company limited by guarantee, incorporated under the Companies Act 1985 on 9th November 1989, and is also a registered charity.	
Governing Documents:	Memorandum and Articles of Association	
Company Registration Number:	2441319	
Charity Registration Number:	702314	
Registered Office:	Eldon Street Thornaby Stockton-on-Tees Cleveland TS17 7DJ	
Bankers:	Unity Trust Bank Nine Brindleyplace 4 Oozells Square Birmingham B1 2HB	
Auditors:	Baines Jewitt Barrington House 41-45 Yarm Lane Stockton-on-Tees Cleveland TS18 3EA	

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DIRECTORS'/TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST MARCH 2008

The directors/trustees (the Board) present their report and the financial statements of the charitable company (the Charity) for the year ended 31st March 2008 and confirm that they comply with current statutory requirements, the company's governing documents and the provisions of the latest Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

The legal and administrative information on page 1 forms part of this report.

Structure, Governance and Management

The Five Lamps Organisation is a registered charity and a company limited by guarantee. The company is registered under a Memorandum of Association, which established the objects and powers of the charitable company and its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

The directors of the company are also charity trustees for the purposes of charity law and, under the company's articles, are known as Members of the Management Committee. Under the requirements of the Memorandum and Articles of Association the Members of the Management Committee are elected to serve for a period of three years after which they must be re-elected at the next Annual General Meeting. One-third of the trustees retire and may stand for re-election each year.

There may be up to 20 trustees at any time. The growth in the geographic coverage of our services and our commitment to the social and economic regeneration of the Tees Valley has created an enhanced potential pool of trustees. We have previously placed discreet advertisements in the local press and, on occasions, we have recruited some of the beneficiaries of our broad project portfolio as trustees. We have a strong balance of community representatives, business-people and individuals with expertise in the management and delivery of a broad range of voluntary and community sector projects. We regularly review the range of skills of our trustees and have often approached individuals to offer themselves for election in order to address identified skills gaps.

Two trustees are nominated by Stockton-on-Tees Borough Council and one is nominated by Churches Together in Thornaby. The Churches Together nomination is in recognition of their role in the formation of Thornaby Impasse, our progenitor organisation, over 20 years ago. Five Lamps is not a faith-based organisation.

Trustee Induction & Training

Trustees are encouraged to become familiar with the work of the organisation in a number of ways. Trustee induction mirrors our staff induction process which is part of a range of Investors in People-accredited human resource policies.

Trustees also benefit from:

- Regular presentations from project staff on each of our projects;
- Quarterly themed staff/board meetings which address issues such as marketing and branding and working for Five Lamps;
- Twice-yearly away days focused on strategy development;
- Bespoke training to address identified need (most recently paralegal-type training) and attendance at relevant local, regional and national conferences;
- Participation in a range of sub-groups and committees e.g. as a member of the organisation's panel which approves lending to new and early-life businesses, our quality working group or health and safety committee;
- Protected time for trustees to discuss key issues.

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Risk Management

The trustees and Senior Management Team maintain a continuous review of the major risks to which the charity is exposed. Where appropriate, systems or procedures have been established to mitigate identified risk. The organisation seeks to manage some of these risks, while transferring others through a range of insurance cover. The managed risk revolves around the short-term and non-recurring nature of certain funding sources. Our strategic planning is targeted at winning contracts and building a broad project portfolio which has a range of funders, rather than continuing to be grant-reliant. Internal controls are in place and are subject to annual audit using compliance and substantive testing. A Health & Safety Committee, which has both staff and trustee membership, meets regularly to ensure statutory compliance across our three buildings. All of our sub-contractors must satisfy a health and safety check. The nature of our services, in that we often work with the most disadvantaged and marginalised groups, or with young people, also necessitates either of the two levels of CRB disclosure. All of our staff appointments are subject to obtaining satisfactory enhanced CRB checks. Our insurance cover spans public and employers liability, professional indemnity, directors and officers liability, buildings and contents and specialist cover such as lift installations and a climbing wall. These are all subject to review and market testing on a regular basis, usually annually. During the year, we undertook specific audits on compliance with extant Disability Discrimination Act legislation, making a number of investments in new equipment. We also completed a number of risk assessments in relation to the new services to be delivered in 32 Dovecot Street, Stockton, which is subject to some ambitious development plans detailed later in this report.

Organisational Structure

As mentioned above, the Charity has a Management Committee of up to 20 members who meet on a monthly basis (except August) and are responsible for the strategic direction and policy of the charity. Currently, there are 13 members drawn from our local communities and from a diverse range of professional backgrounds. A Chair, Vice-Chair, Treasurer and Secretary are appointed annually and have full voting rights. The organisation employs the services of a minute-taker.

Day to day responsibility for the provision of services and operation of the business rests with the Chief Executive. The organisation has a Senior Management Team which comprises the Chief Executive, the Head of Programmes and Development/Deputy CEO and the Head of Finance & Enterprise.

Related Parties

There are three organisations, Regen School North, Tees Credit Union and North East Enterprise Agencies Limited, which have a trading relationship with Five Lamps, and have Five Lamps staff or trustees involved at board level.

The Five Lamps Organisation is committed to the highest standards of partnership working and views itself as a catalyst for major change in the voluntary and community sector and the social enterprise sector in the Tees Valley.

Objectives and Activities

The Charity's objects and principal activities are the promotion, for the benefit of the public, of urban or rural regeneration in areas of social and economic deprivation, in particular in the North-East of England, by all or any of the following means:

- a) the relief of financial hardship;
- b) the relief of unemployment;
- c) the advancement of education, training or retraining, particularly among unemployed people, and providing unemployed people with work experience;
- d) the provision of financial assistance or business advice or consultancy in order to provide training and employment opportunities for unemployed people in cases of financial or other charitable need through help (i) in setting up their own business or (ii) to existing businesses;
- e) the creation of training and employment opportunities by the provision of workspace, buildings and/or land for use on favourable terms;

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Objectives and Activities - Continued

- f) the provision of housing for those who are in conditions of need, and the improvement of housing in the public sector or in charitable ownership, provided that such power shall not extend to relieving any local authorities or other bodies of a statutory duty to improve housing;
- g) the maintenance, improvement and provision of public amenities;
- h) the provision of recreational facilities for the public at large or those who, by reason of their youth, age, infirmity or disability, financial hardship or social and economic circumstances, have need of such facilities;
- i) the protection or conservation of the environment;
- j) the provision of public health facilities and childcare;
- k) the promotion of public safety and prevention of crime;
- l) the development of the capacity and skills of the members of socially and economically disadvantaged communities in the North East of England in as much as they are better able to identify and help meet their needs and to participate more fully in society;
- m) such other means as may from time to time be determined subject to the prior written consent of the Charity Commissioners for England and Wales.

The above objects received the consent of the Charity Commission under section 64 of the Charities Act 1993 on 7th August 2006 and were passed by special resolution at our 2006 Annual General Meeting held on 1st November 2006. This significant revision completed a comprehensive strategic review process initiated by the Board in 2004 and underpinned the development of the Five Lamps' 2007-2010 Strategic Direction which was published in June 2007.

The main activities of the organisation in 2007/2008 continued to focus on broadening our range of social and economic regeneration projects. The range of these activities continued to reflect the organisations strategic priorities and the progressive movement from grant-funded projects to contracts. Our four division business model is now firmly embedded and is increasingly recognised by our funders. These four divisions are Guidance Employability & Learning; Young People; Finance & Enterprise; and Health & Communities.

The establishment of our Guidance Employability & Learning service followed a major operational review and grouped together eight different projects, supported by six different funders, into a single integrated service. Full implementation was completed in November 2006, creating one of the largest cohorts of advice and guidance professionals in the voluntary and community sector in the North East. The new service, under a new manager and for the first time including a Quality Manager with an organisation-wide remit, secured re-accreditation to the 'industry-standard' *matrix* in November 2006 and has a current portfolio of six contracts. The integration of services and our increasingly prominent position in the Tees Valley sub-region has positioned Five Lamps particularly well to secure a 'prime provider'-type contract. However we find ourselves, like many organisations in our sector, to be disadvantaged by the procurement processes of large government agencies. Moving forward, we are most likely to enjoy success as a sub-contractor on bigger, regional contracts or as a specialist provider.

Our two major contracts funded by the Learning & Skills Council (LSC) North East – 'Breaking Barriers' and 'Working Together' ended in July 2008. Both had initially proved extremely challenging for our transitional Guidance & Support service but contract performance improved strongly in 2007/2008 and contributed to the impressive financial recovery detailed later in this report. Both contracts were for sub-regional delivery. A key element in our recovery plan for these contracts was the return of Five Lamps to direct learning delivery, primarily basic and key skills in numeracy, literacy and information and computer technology. Our learning activity has been a catalyst in service integration and is now a very significant component in our service portfolio. We have been frustrated by the disjointed nature of commissioning of basic skills learning, particularly in the failure of the LSC to ensure that successful ESF-funded projects are transferred into their mainstream-funded activities. Our frustration has been compounded by the dissonance inherent in the on-line tendering portal which has created significant delays in notifying outcomes, various procurements being discontinued after providers have submitted tenders and the limitations of prime provider contracts. Five Lamps has supported the LSC-commissioned development of a new VCS contracting model in the North East.

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Our guidance projects continue to have a positive record of success, reflecting the organisation's ability to engage the hardest to reach individuals in our communities; develop services based on need, including a guidance and jobs project for substance misusers; wrap a largely unprecedented range of support around our clients and provide a high-quality public service. We recruited an employer engagement officer in November 2007 and are committed to developing stronger and better links with employers in future. To this end, we have been successful in applying to join the Quality Improvement Agency 'World Class Skills' Programme to support a period of organisational development in enhancing our employer responsive provision. This is a key development opportunity for the organisation.

We have submitted bids to become a mainstream 'Train to Gain' provider. 'Train to Gain' is the flagship LSC programme for workforce skills development and we believe that our Guidance Employability & Learning service is an excellent fit with the core programme elements, including basic skills. This would also enable the next stage in the expansion of our direct learning delivery into NVQ type qualifications. While the majority of our work will be focused on the voluntary and community sector, we are hopeful that our improved employer engagement will see an influx of private sector-employed clients. We are also delighted to see the expansion of 'Train to Gain' to include volunteers.

We have expressed keen interest in being a specialist provision sub-contractor on Flexible New Deal. These DWP contracts are targeting a key Five Lamps client group and are looking for the integration and innovation that has become Five Lamps' trademark. The outcome will be known late in 2008. Unusually this contract will cover Tees Valley and North & East Yorkshire and the Humber (instead of the traditional North East boundaries) and our new financial inclusion work in Scarborough & Whitby may be advantageous.

In March 2008 we received confirmation that our joint Community Asset Fund bid with Stockton Borough Council, to refurbish a Grade II listed building in Stockton Town Centre and create a 'Community Economic Inclusion Centre', had been successful. The project for 32 Dovecot Street is one of only 30 successful projects nationwide and enables £363,000 of Big Lottery funding, plus up to £80,000 from Five Lamps, to be spent on upgrading the premises ahead of a 99 year lease being granted to ourselves. This is a hugely significant project, which is directly linked to the government's ambitions to facilitate the transfer of ownership and management of public assets to community anchor organisations like Five Lamps.

Our Young People service grouping embraces our youth service and our Entry to Employment (e2e) provision.

In January 2008, our e2e service was visited for the first time by an Ofsted inspection team. The outcome was a Grade 2 – Good overall, in each of the inspection areas – effectiveness of provision; capacity to improve; achievements and standards; quality of provision; leadership and management; equality of opportunity and preparation for life and work. This result was the reward for the transformational work of our e2e team, and the excellent integration of other Five Lamps services into supporting 16-18 year olds who were not in education, employment or training at the time that they joined our programme.

Ofsted identified a range of key strengths, notably the very good progressions into employment, training and further education. During 2007/2008, and into the current year, the Five Lamps e2e service was consistently one of the strongest performing in County Durham and Tees Valley. This high level of performance, allied to the strength of our service offer, has resulted in a successful tender for a new e2e contract. We hope to extend our service into Middlesbrough and Darlington, securing new delivery premises and supporting up to three times as many beneficiaries as we do at present.

The youth service, based at The Youthy, remains the focal point of youth activity in Thornaby. It is a source of continued disappointment that we receive no recurring mainstream funding for this work, although we are strongly supportive of the proposed integrated service model and commissioning processes being developed by the Children's Trust in Stockton. During 2007/2008, we delivered a successful youth outreach programme and worked closely with Cleveland Police, Connexions and the Local Authority. A range of health activities also took place within the Communities for Health (C4H) initiative, including teenage sexual health, healthy eating and healthy lifestyles. The 'All Stars' group, our hugely successful project for 7-12 year olds, goes from strength to strength with very high numbers and positive results. We also secured funding from Children in Need and started a new service for young people with disabilities. The proposal for a youth café in Thornaby energised our staff and young people, particularly with the opportunity to create a new range of services in our premises at South Thornaby. The location of the new café in a local secondary school was disappointing.

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We believe that our e2e and youth services can be at the heart of some new service paradigms locally and sub-regionally. There are a number of major funding initiatives around at present which present many possibilities for us, notably around extended schools, alternative curriculums, raising aspirations, health improvement and the Every Child Matters agenda.

2007/2008 was a year of dynamic change for our Finance & Enterprise division.

Building on the loan fund initially established in 2004 and the work funded by Stockton Borough Council Neighbourhood Renewal Fund, we are the only Tees Valley-based members of the National Federation of Enterprise Agencies. Working with other Enterprise Agencies, we are part of a delivery consortium which secured a Business Link/One North East contract to deliver a range of business start-up workshops. This contract allows us Tees Valley-wide delivery and we are responsible for nearly one third of all activity on the contract. This contract is now extended until 2010 and we hope to secure a further business planning contract from the same source from October 2008. We secured Working Neighbourhoods Funding for a transitional year for 2008-2009 to continue our local start-up activities and are working with the local employability consortium led by Stockton Council to agree a further contract through to 2012.

Our trustees have continued their commitment to ring-fence the original 'Phoenix Fund' capital for the foreseeable future, recognising that the loan product is unique in the sub-region. The impact of the 'credit crunch' presents both opportunities and threats to our loan fund and we will monitor activity and potential default closely.

We remain interested in developing a range of business start-up units which can be accessed by our start-up clients. There are several potential sites locally which we will evaluate during 2008.

June 2007 saw the long-awaited expansion of our Community Development Finance Initiative activities into personal lending, following confirmation of grant support from the Northern Rock Foundation. We secured an initial pool of £80,000 to provide personal loans to low income individuals who are unable to access mainstream financial services and are consequently reliant on unaffordable credit and the services of an ever-increasing array of predatory lenders. We recruited an FSA accredited financial adviser and developed strong partnerships with local advice and support agencies. Our work in establishing the 'Tandem' brand, a partnership with Erimus Housing (the housing stock transfer company in Middlesbrough) has been recognised with a nomination for the Best Partnership Award at the National Housing Federation Neighbourhood Awards.

The impact of the personal lending project also allowed us to secure some further funding from the DWP 'Now Let's Talk Money' campaign to promote financial literacy and awareness.

In August 2008, we successfully tendered to the DWP Financial Inclusion Growth Fund to expand our services in Stockton and to move into Redcar & Cleveland, Scarborough and Whitby. This will expand our capital pot to circa £700,000 by April 2011. Our new work in Scarborough and Whitby affords real business expansion opportunities and also the potential to take a positive role in the establishment of a new county-wide credit union in North Yorkshire.

Five Lamps remains strongly supportive of the process to create a single credit union for Stockton-on-Tees and to embed financial inclusion as a major cross-cutting theme in the new Sustainable Communities Strategy in the borough. We believe that we are at the forefront of this critical agenda in the Tees Valley and hope to be considered to be a host for the new 'Financial Inclusion Champions' initiative.

The Health & Communities service grouping includes our health improvement activity, our Community Centre-type activity, Community Empowerment, and space rental. We secured Communities for Health (C4H) funding in January 2007, to deliver a range of public-facing health activities in Thornaby, and delivered a range of classes/sessions throughout the year. Our community centre activity remains strong and during the year we continued to sub-let part of South Thornaby Community Resource Centre to the Local Authority Day Care Service. They will be pulling out at the end of 2008 and we are already formulating plans for new uses for the space. The extension to South Thornaby, which was completed in March 2006, is still not used to its full potential and we are seeking to develop some new services, primarily around youth work, our health activities and possibly establishing a community gym/fitness facility. We are also stepping up the use of our outreach venues within our Guidance Employability & Learning service. This will see our staff increasingly deployed closer to target communities and job centres, particularly in Stockton, Thornaby and Billingham.