LOCALITY (UK)

England & Wales · Charity number 1036460

Details

Other names	DEVELOPMENT TRUSTS ASSOCIATION, D T A, LOCALITY
Status	Registered
Legal form	Charitable company
Company number	02787912
Registered	1994-04-13
Register	View on the Charity Commission register

Contact

Address	33 Corsham Street London N1 6DR
Phone	03454588336
Email	info@locality.org.uk
Website	www.locality.org.uk

Activities

Objects: A) TO ADVANCE CITIZENSHIP AND CIVIL SOCIETY INCLUDING BUT NOT LIMITED TO: I. IMPROVING THE EFFICIENCY AND EFFECTIVENESS OF COMMUNITY-LED OR BASED VOLUNTARY AND CHARITABLE ORGANISATIONS INCLUDING BUT NOT LIMITED TO DEVELOPMENT TRUSTS, SETTLEMENTS, SOCIAL ACTION CENTRES, COMMUNITY ENTERPRISES, AND SIMILAR ORGANISATIONS; II. PROVIDING A NETWORK OF COMMUNICATION, TRAINING SERVICES, SUPPORT AND ASSISTANCE TO FACILITATE THE WORK OF SUCH ORGANISATIONS FOR THE PUBLIC BENEFIT AND PROMOTE AND ENABLE COMMUNITY-LED OR BASED APPROACHES TO IMPROVE NEIGHBOURHOODS; III. SUPPORTING AND PROMOTING OF PUBLIC PARTICIPATION IN AND INVOLVING INDIVIDUALS IN ACTIVITIES TO SUPPORT SUCH ORGANISATIONS; IV. PROMOTING CO-OPERATION AND LIAISON BETWEEN SUCH ORGANISATIONS, INDIVIDUALS, STATUTORY BODIES AND LOCAL AND CENTRAL GOVERNMENT AGENCIES CONNECTED WITH COMMUNITY DEVELOPMENT, URBAN AND RURAL REGENERATION AND CONSERVATION; AND V. ACTING AS A REPRESENTATIVE OF SUCH ORGANISATIONS IN RELATION TO GOVERNMENT POLICIES AND LEGISLATION. FOR THE AVOIDANCE OF DOUBT, FOR THE PURPOSES OF THESE OBJECTS THE TERM "CIVIL SOCIETY" SHALL NOT INCLUDE POLITICAL PARTIES, AND OTHER BODIES WHOSE PURPOSE IS PRIMARILY POLITICAL AS THIS TERM IS UNDERSTOOD IN ENGLISH CHARITY LAW. (B) TO ADVANCE EDUCATION OF THE PUBLIC IN THE WORK OF DEVELOPMENT TRUSTS, SETTLEMENTS, SOCIAL ACTION CENTRES, COMMUNITY ENTERPRISES, AND SIMILAR ORGANISATIONS.

Activities: Locality is the national network of ambitious and enterprising community-led organisations, working together to help neighbourhoods thrive. Our network is a strong, collective voice inspiring community action to create a fair and diverse society where local people determine their future together.

Classification

- **How:** Makes Grants To Organisations, Provides Advocacy/advice/information, Sponsors Or Undertakes Research, Acts As An Umbrella Or Resource Body
- **What:** The Prevention Or Relief Of Poverty, Economic/community Development/employment
- **Who:** Other Charities Or Voluntary Bodies

Geography

- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-06-30	£9,140,000	£9,052,000	£3,599,000	50
2024-06-30	£10,305,000	£10,559,000	£3,871,000	51
2023-06-30	£8,010,000	£8,257,000	£4,275,000	50
2022-06-30	£7,099,000	£7,504,000	£4,522,000	48
2021-06-30	£7,515,000	£7,169,000	£4,927,000	48

Trustees

Name	Role	Appointed
Adrian Ball		2020-11-11
Amy Kinnear		2022-11-07
Angela Wright		2025-12-03
Bernadette O'Brien		2023-12-06
David Judge		2025-12-03
David Nugent		2024-12-04
Dr Manjula Patel		2021-11-16
Paul Butler		2019-11-13
STEPHEN FREDERICK SAYERS		2017-11-15
Sarah Mitson		2022-01-27
Sian Rogers		2025-12-03
Teresa Lanning		2020-07-02
Thomas Glanville		2025-12-03

LOCALITY (UK)

England & Wales - Charity number 1036460

Accounts

LOCALITY (UK)

(A Company Limited by Guarantee)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30th JUNE 2025

Registered Charity No. 1036460

Company No. 02787912

Locality (UK)
Trustees' Annual Report
for the year ended 30th June 2025

Contents Page

Legal and Administrative Details

Locality (UK) is a Private Company limited by guarantee (Company number 02787912) and a registered charity (Charity number 1036460). The Company was incorporated in England and Wales on 8th February 1993. Its governing document is the Memorandum and Articles of Association. The Board's investment powers are subject to such conditions and consents as may for the time be imposed by law.

The Directors of the Company act as Trustees for the Company's charitable activities.

Registered office:	33 Corsham Street London N1 6DR
Bankers:	Unity Trust Bank plc PO Box 7193 Planetary Road Willenhall WV1 9DG
Auditors:	MHA 6th floor 2 London Wall Place London EC2Y 5AU
Solicitors:	Bates Wells 10 Queen Street Place London EC4R 1BE Anthony Collins Solicitors 134 Edmund Street Birmingham B3 2ES

Trustees

The Trustees in office during the year and to date were as follows:

Senior Management Team

Tony Armstrong	Chief Executive and Company Secretary
Csaba Prodan	Director of Finance
Carole Reilly	Director of Services
Ed Wallis	Director of Policy & Engagement
Chris Wood	Director of Marketing and Partnerships

Day-to-Day Management
The Trustees have delegated day-to-day management of the organisation to the Locality Chief Executive, Tony Armstrong.

Trustees' Annual Report

The Trustees present the Trustees' Annual Report and Financial Statements for the year ended 30th June 2025. The Trustees confirm that the Annual Report and Financial Statements comply with the current statutory requirements, the requirements of the Company's governing documents and the provisions of the Statement of Recommended Practice (SORP) applicable to charities.

1. Structure, Governance and Management

1.1. Structure

Locality was established on 1st April 2011 and is a membership organisation. Our membership consists of community members: local community enterprises, development trusts, settlements, and other community organisations working locally. We also have associate members (network and partner members) who consist of other voluntary organisations, local authorities, academic institutions, private sector bodies and individuals, and supporters. To become members, organisations need to sign up to our charter and work (or support others) to support their local community.

Locality's work is primarily in England, with working relationships with independent organisations in the other UK nations (Development Trusts Association Scotland, Development Trusts Association Wales, and Development Trusts Northern Ireland), and with links to international activities, for example through our membership of the International Federation of Settlements and Neighbourhood Centres (IFS).

1.2. Governance

Corporate governance

Locality is a registered charity and a Company limited by guarantee. Our Board members are Trustees of the charity and Company Directors. We currently have 16 Trustees, 11 of which are elected Trustees, who can serve up to two consecutive three-year terms (with provision for a third term in special circumstances). Elections to the Board are undertaken at the Annual General Meeting (AGM) and are open to all Locality members. Independent Trustees can be co-opted onto the Board, to enhance the range of skills and experience of the Board. All new Trustees receive an induction and complete a register of interests. They are also provided with opportunities for governance and sector-specific training and development. The training is carried out ad hoc on request and once a year there is a Trustees' away day to exchange knowledge and skills.

The Board has one sub-committee, the Executive Group, consisting of Board officers and key senior staff. The group meets on a quarterly basis in advance of the Board meetings and is responsible for carrying out scrutiny of risk and finance and making relevant recommendations to the Board. It does not have a general authority to make decisions but makes recommendations for decision by the full board unless specifically delegated to take decisions.

We have a committed Trustee team. Our chair, Alison Haskins, has completed her second term and retired in December 2024. We thank her for the significant contributions and support she has provided to Locality over the years. Steve Sayers has been appointed as Chair, succeeding Alison. With several years of experience as a trustee, we look forward to his continued strategic leadership in this position.

Conflicts of Interest and Related Party Transactions

In line with our Conflicts of Interest policy, Trustees declare all personal and professional connections on a register of interests. At the start of each meeting, declarations are made for any potential conflicts of interest, and the relevant Trustee recuses themselves from any decisions that the charity must make regarding a conflict of interest. Related party transactions in the year have been disclosed within note 16 of the accounts.

1.3. Management & Remuneration Policy

Within the staff team, the Senior Management Team meets weekly and consists of the Chief Executive and Directors. There are regular team and all-staff events, bringing staff together from across England.

Locality has a structured salary framework linked to job roles, responsibilities, and seniority. The pay and remuneration for all key management personnel within Locality are covered by a remuneration policy, to ensure consistency and good governance. Remuneration is determined each year by the Board, via the Executive Group sub-committee, which acts as the remuneration committee, considering the organisation's financial position, any appropriate benchmarking, and the views of the union (Unite).

The key management personnel of the charity are the Trustees and the senior management team. Trustees receive no remuneration. The Trustees are based across the country and are reimbursed for the cost of their travel and subsistence expenses. During the year, Trustees were reimbursed expenses of £1,973 (2024: £2,376). Locality has liability insurance that covers trustees Management liability - Trustees and individual liability up to £500,000.

2. Objectives and Activities

2.1. Aims

The Charitable objects of Locality (adopted in November 2014) are:

(a) To advance citizenship and civil society including but not limited to:

> I. improving the efficiency and effectiveness of community-led or based voluntary and charitable organisations including but not limited to development trusts, settlements, social action centres, community enterprises, and similar organisations;
>
> II. providing a network of communication, training services, support and assistance to facilitate the work of such organisations for the public benefit and promote and enable community-led or based approaches to improve neighbourhoods;
>
> III. supporting and promoting of public participation in and involving individuals in activities to support such organisations;
>
> IV. promoting co-operation and liaison between such organisations, individuals, statutory bodies and local and central government agencies connected with community development, urban and rural regeneration and conservation; and
>
> V. acting as a representative of such organisations in relation to government policies and legislation.
>
> For the avoidance of doubt, for the purposes of these objects the term "civil society" shall not include political parties and other bodies whose purpose is primarily political as this term is understood in English charity law.

(b) To advance education of the public in the work of development trusts, settlements, social action centres, community enterprises, and similar organisations.

Our organisational strategy was set out in 2019 and provides a framework for all our work. This is regularly monitored and reviewed and remains our strategic planning document. We develop an annual business plan which sets out our priorities for the coming year which is based on our financial year which starts on 1st July.

Our vision: A fair society where every community thrives.

Our mission: To support local community organisations to be strong and successful.

Our strategic framework sets out our priorities and our approach over the next few years. It is designed to be flexible in response to the changing and volatile climate we live in. Locality has five strategic goals:

1. Resources and tools to support people, groups and community organisations.

2. Direct support to community organisations and their partners.

3. Membership network to connect people and support learning and skills.

4. Influence to create a better operating environment for community organisations.

5. Locality is a strong and successful organisation.

These strategic goals are supporting the following charitable activities presented on the SOFA: Member Services, Services and Programmes, Policy and Campaigning.

2.2. Public Benefit

The Trustees confirm that they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission, including the guidance 'Public Benefit: Running a Charity (PB2)'. Locality establishes and supports community organisations that operate in communities which make up over a quarter of the UK population, with a particular focus on areas facing disadvantage, and which provide multiple economic, social, and environmental benefits to individuals in those areas.

Part of the support is making grants to community organisations through funded programmes. Locality works with funders and other stakeholders to design grant programmes that help community organisations in their local area and contribute to the aims of Locality.

3. Key Achievements

Reported against the strategic objectives.

Strategic Objective 1: Resources and tools to support people, groups, and community organisations.

My Community website

This year we further developed the My Community website (mycommunity.org.uk), the one-stop shop for charities and community groups looking to run projects, organisations and activities to support their community. We developed webinars and resources to support organisations to manage their own community spaces. Topics covered included gaining funding and income for community owned spaces, improving energy efficiency, and engaging the community in the project. We also created a new hub to help organisations support their staff and volunteers. The My Community website now has over 300 resources available across business planning, finances and funding, taking on buildings and land, HR, governance, DEI, housing, energy efficiency and climate action. We work with our partners to share information and useful events and publications, to promote the website to new users, to improve existing resources and develop new ones.

Neighbourhood Planning

In February 2025 we were advised by Ministry of Housing Communities and Local Government (MHCLG) that we had been successful in our tender submission to deliver the new Neighbourhood Planning contract. Work continued to progress this until in early April the decision was made by MHCLG that the contract would not go ahead as funding would cease.

As a result we have had to restructure the NP team to ensure that we can continue to deliver the remainder of the current contract whilst unfortunately making staff that did not have a role in the tail end delivery redundant.

We have agreed an exit strategy to manage all current Technical Support work by the end of March 26.

Up until the closure of the 24-25 contract we awarded:

- £2,912,004 of grants against a budget of £3M
- £4,198,413 of TS against a budget of £4,121,000 (increased using grant underspend)

We performed well in the period on our turnaround KPIs with 100% of grant requests and Advice Services queries answered within the required timescales.

Planning Consultancy Work

Beyond the formal programme, we continued to market our planning services, to support Neighbourhood Planning groups develop Neighbourhood Development Plans and to strengthen their influence in the creation of local development plans or master planning exercises. We engaged various groups and local authorities keen on the continuation of Neighbourhood Planning in their areas. And we are promoting our broader consultancy services to local authorities, emphasising how we can help strengthen community voices as they develop local development plans, create masterplans, or devise place-based strategies for different neighbourhoods.

Strategic Objective 2: Direct support to community organisations and their partners

Demand for support from community organisations remains consistently high. Throughout the year, we have engaged with hundreds of communities via directly awarded contracts and through the delivery of national and regional programmes. There has also been notable growth in interest from local authorities, housing associations, and some NHS bodies.

Our national team has been highly active in supporting community organisations, particularly as many face significant challenges due to ongoing financial pressures. These pressures have reinforced the need for responsive and effective support.

We have provided substantial assistance to numerous Big Local groups nationwide as they transition to the next phase of their development. Our support has focused principally on governance, asset-based development and acquisition, and long-term sustainability.

Individual consultancy contracts continue to be extremely varied, featuring significant work delivered in the following areas:

- Community asset transfer
- Asset-based community development (ABCD)
- Training and organisational development
- Financial sustainability and income generation
- Grant assessment and awards advice
- Measuring and reporting on social impact

Additionally, we supported Groundwork with the delivery of the DCMS Energy Efficiency Fund. Our staff delivered energy assessments, enabling community groups to implement effective energy-saving improvements within their buildings.

Collaboration with national funding bodies remains a priority, and we have provided ongoing support to groups funded by the National Lottery Heritage Fund, Local Trust, and Lloyds Bank Foundation, amongst others.

We have also continued to work closely with the Community Shares Unit (CSU), supporting the CSU Development Manager in the pursuit of further market development as the CSU enters a new phase in its development.

Programmes

Programme work has predominantly focussed on the delivery of the Community Ownership Fund (COF) support programme. Funded by the Ministry of Housing and Local Government, the £150m Community Ownership Fund (COF) exists to help communities across the UK to take ownership of assets at risk of closure.

Under the contract we led a UK wide consortium to deliver support to community organisations and parish councils wanting to save desperately needed community assets in their neighbourhoods.

Our consortium is made up of core partners Plunkett Foundation, alongside our sister organisations in the UK – Development Trusts Association Scotland (DTAS), Development Trusts Association Wales and Development Trusts Northern Ireland (DTNI). We are delighted to be also working with wider consortium partners: Shared Assets, Sporting Assets, Community Shares Unit, Architectural Heritage Fund, Cwmpas and Power to Change.

By the time of the Spending Review 2025 we learnt that the government has not provided dedicated funding to continue this support to communities, and so the programme came to an end in March 2025, with final delivery due until September 2025.

Community-Led Housing remains a priority for many of our members, and we have continued to deliver support through our specialist network and consultancy work. In the absence of an externally funded grant programme, support to groups undertaking Community-Led Housing was in the main delivered by direct contracts with groups, or through local authorities.

Strategic Objective 3: Membership network to connect people and support learning and skills

Locality members play a critical role in their communities. They provide the foundations of thriving neighbourhoods, through their work leading local economic development, providing preventative local services, and creating places and spaces for everyone.

However, the external environment continues to present huge challenges for community organisations to play this role to the full. The support we provide through our membership network is therefore more important than ever, to help our members remain strong and successful and able to keep driving their neighbourhoods forward.

Over the past year our network has continued to grow, with over 2000 organisations in membership. We offer a flexible range of membership packages to cater for differing needs, from a free network membership for information and updates, to bespoke assistance from a personal advisor.

Our events are central to our support offer, providing members with opportunities to connect, learn from each other, and access expert advice. We run a monthly 'All you need to know' webinar, which provides regular updates on funding, government guidance and analysis of key trends. We bring people together around key topics in our specialist groups. We provide opportunities to connect face to face as well as online through regular 'Power of Community'. Our member engagement levels are consistently high, with around 60% of members in our highest categories of engagement.

We have established our new Connectors-UK programme, with the support of a major grant from the National Lottery Community Fund. This enabling us to work across the UK, in partnership with the Development Trusts Associations in Scotland, Wales and Northern Ireland. As well as supporting and expanding our programme of peer learning events and specialist advice, we are supporting 15 "Connection Trailblazers" across the UK. The organisations are working over an 18-month period to develop innovative ways of connecting their communities across divides.

Convention

In November we hosted our annual Locality Convention 2024, the biggest community sector event of the year, in Manchester. We had 488 delegates, a huge increase on last year, and we had very high satisfaction levels, with people saying they gained useful information and left feeling inspired. Delegates heard from Andy Burnham, Mayor of Greater Manchester and many community organisations. They visited nearby Locality members, gained expert advice and created new connections. We celebrated our Locality award winners for 2024. We built equity and inclusion into the agenda throughout, for example covering barriers to taking community ownership of assets, health inequalities, board diversity and a specific workshop on tackling racism and division in communities. We provided more bursaries to groups that would otherwise not be able to attend, including organisations supporting racialised and minoritised communities.

Strategic Objective 4: Influence to create a better operating environment for community organisations

Locality's policy and public affairs work enables us to use our influence to create a better operating environment for local community organisations.

Following the general election, with a new Labour government, we have worked to explore the opportunities set out in our manifesto "Building Thriving Neighbourhoods". This proposed 5 "big reforms" to kickstart a "community power revolution" and these ideas have formed the basis of our political engagement.

Working closely with the We're Here Campaign - of which we are a founder member and current host organisation – we've seen important steps in a community powered direction, in particular with the government's commitment to establish a new "Community Right to Buy", a longstanding policy ask.

We have also continued to pursue a range of policy influencing projects. Locality has continued to be part of the Voluntary, Community or Social Enterprise (VCSE) Health and Wellbeing Alliance. This is an initiative of the Department of Health and Social Care (DHSC), the UK Health Security Agency and NHS England.

The HW Alliance exists to connect the VCSE sector with the health and care system to provide a voice and improve health and wellbeing for all communities. This year we have continued to support West Yorkshire as the first Integrated Care System to adopt our "Keep it Local" principles, which are designed to encourage long-term partnership working between the public sector and community organisations.

Strategic Objective 5: Locality is a strong and successful organisation

Our staff team consistently receive high praise from our members and partners; they truly are our most valuable resource. This year, the organisation faced a significant challenge triggered by the unexpected withdrawal of the Neighbourhood Planning contract, exacerbated by the end of the Community Ownership Fund support programme. This created considerable financial pressure, resulting in a difficult but essential restructure to ensure our future sustainability which completed in June 2025 with a transition to the new structure by September 2025.

The resulting structure, though smaller, is robust and designed for future success. It establishes a new, integrated Business Development and Programmes team and enhances our capacity in CRM and data, allowing us to be more forward-thinking in how we secure funding and deliver our work. This new structure ensures we retain a strong leadership team focused on our strategic priorities and the vital work that supports our members.

Our focus on our people is reflected in our 2024 staff survey, and our continued accreditation with Investors in People and Investors in Wellbeing. We have introduced a new training and development plan, aimed at growing talent within Locality as well and making improvements to our internal policies to reflect the changing legislation following the UK Employment Rights Bill.

Diversity, Equity, and Inclusion (DEI)

Our commitment to becoming an anti-racist organisation continues to drive our work on DEI. We developed a new strategic vision developed with our external partner, New Ways. Our efforts are now focused on key priorities for 2025-26, including "Thought Leadership" and becoming "Active Unlearners".

Our actions are delivering measurable results. We awarded 37 bursaries to individuals from racialised and other marginalised groups to enable them to attend our Convention. We were also pleased to be awarded funding by the Esmee Fairbairn Foundation to launch our 'Creating Places for Everyone' project. A steering group of nine Locality members is already in place, and this research will be fundamental in shaping how we support our members on their own race equity journeys in the future.

Financial Procedures

We produce monthly management accounts with regular reporting to the SMT, the Executive Group and the Board. The procedures are firmly embedded in our management and governance cycle. This was in response to working in an increasingly difficult and complex environment with the need to have up to date and accurate information in place to aid effective governance and decision making.

Health and Safety and Corporate Risk

Trustees received regular reports on health and safety and corporate risk. These were examined in detail at each Executive Group meeting and then presented to Trustees. All statutory obligations have been met and there were no major or reportable health and safety issues over the year.

4. Financial Review

4.1. Finances

These accounts cover the year ended 30th June 2025 and present our financial performance for the past 12 months. Overall, our business performance was as planned throughout the year, with good levels of demand for our programmes and smaller contract work and our financial outturn was slightly better than forecast.

However, in April the organisation faced a challenge triggered by the unexpected withdrawal of the Neighbourhood Planning contract. The current programme will finalise by March 2026 with no further funding to support the work. The news has not impacted the current year performance, however the future income reduction resulted in a restructuring process that Locality completed at the end of the financial year. As the levels of income will be reducing in the new year, Locality reduced its cost base as necessary in the budget process.

During the year, the charity recognised total income of £9,140k (2024: £10,305k) (£1,282k restricted), a decrease of £1,165k. The contributing factor to a lower turnover is mainly related to the Community Ownership Fund programme (grants distribution) that did not take place in the current financial year.

Expenditure amounted to £9,052k (2024: £10,559k), a decrease of £1,507k. Costs have decreased in line with the lower volume of activity generated by our main programmes. Staff costs remained at a relatively similar level in term of headcount to the previous financial year, although this will change in the new financial year due to the restructuring.

Locality ended the financial year with an unrestricted deficit of (£63k) and an additional impairment on the investment property (£360k); (2024: deficit of (£122k), and a restricted surplus of £151k (2024: deficit of (£132k)).

The current financial year's unrestricted deficit is mainly due to restructuring costs. The restricted surplus was mainly due to some projects that we received funding for in advance such as: The National Lottery Community Fund (The UK Fund – Connectors UK).

The total funds of the charity amount to £3,599k (2024: £3,871k), of which £349k are restricted (2024: £198k). Unrestricted funds of the charity decreased to £3,250k (2024: £3,673k).

Most of Locality's income streams are from contracts and programme/project grants, and our business model is based on investing any surpluses from programme and contract activity into support for members (including our influencing work). In setting the 2025-26 budget the Trustees paid attention to risks arising from the cost-of-living crisis and volatile economic climate, as well as some of the programmes coming to end in the new year.

Considering all these, the Board has signed off a broadly break-even budget for the coming year. Trustees have retained designated funds which provide us with the opportunity to ensure future support to specific business activities and development.

The main asset held by Locality is represented by a London office building, which was previously our HQ and is now an investment asset, let to other organisation, generating rental income that is being used for charitable purposes. The Trustees reviewed the fair value of the investment property in line with SORP requirements. The year-end valuation review carried out by the Trustees concluded that there was an impairment against the investment property of (£360k), which is reflected in the accounts.

Locality makes contributions to a defined contribution pension scheme, the assets of which are held separately from the assets of the organisation. Funds are invested in the default scheme and individual staff can vary this for their own investment portfolio.

Despite ongoing cost-of-living pressures and increased volatility in funding within the sector, the Board has approved a broadly break-even budget for 2025-26. This budget has a lower cost level throughout the organization while still allowing for investments in business development activities, routine operations, and maintaining a primary focus on member support.

The Trustees and SMT have considered a clear chain of command throughout the organisation to mitigate for potential crisis and ensure continuity in business operation; we reviewed our business continuity protocols accordingly, and we have an agreed schedule of delegation in place which codifies roles and responsibilities. Locality does not rely on volunteers in delivering its business.

The next year's budget 2025-26 has been signed off by the Board and this includes a good level of confirmed programmes and contracts that are expected to continue. Over the past years Locality has shown a strong track record of securing new business. Locality is well placed within the sector with a great reputation and a strong skillset.

The closing free reserves at end of June 2025 were £721k, a reasonable level in line with our current free reserves target of £740k. The free reserves represent the unrestricted funds of £799k (less tangible and intangible fixed assets and investments). The Trustees agreed that future business losses can be offset from these reserves in the short-term future.

Based on a good level of secured contractual income and unrestricted free reserves of £721k, the Trustees are confident that Locality can continue as a going concern. Furthermore, Locality owns the freehold investment building located at Corsham Street.

4.2 Reserves Policy

The Board are fully aware of their legal duty to maintain and regularly review the reserves policy ensuring that the reserves target is resilient and set at a level which shows due consideration of medium-term funding requirements.

The charity holds £3,599k in total funds at 30th June 2025, which includes £349k in restricted funds, £799k in general unrestricted funds, £2,451k in designated funds.

The Board's policy on free reserves is to have 3 months' essential core running costs plus sufficient funds to cover any restructure and a loss of unconfirmed income. Considering the volatile environment that we operate in; it is prudent to have this level of reserves.

The free reserves target calculated last year was £740k. As at 30th June 2025, free reserves stood at £721k, a deficit on the set target by (£19k). Trustees have determined that the variance is acceptable, no further action is required.

Designated Funds

With a total of £2,451k that includes:

£2,284k - Investment fixed asset fund which have been ringfenced by Trustees to identify the value of funds that can only be realised by disposing the investment asset. The total value of the investment asset includes £368k revaluation reserve. In practice, the investment asset is a free reserve, however, the trustees choose to present it under designated funds as it is not immediately available in liquidity terms.

£70k - Development fund: Existing designated fund to be used for income generating development activity such as business development priorities and digital work. We expect to draw down these funds in the coming 2 years.

£32k - Restructuring fund: Being prudent and prepared for long term restructuring costs as some of our larger contracts come to an end. This fund will be utilised over the next 2 years.

£65k - Member support fund: Funds set aside to invest in resources to support and grow our members' network. This fund is being utilised over the next 2 years.

5. Future Plans

5.1 Services and Programmes

As we approach the conclusion of our current contracts for both the Neighbourhood Planning Programme and the Community Ownership Fund, we recognise the importance of ensuring continued support to the communities involved in these areas. The transition away from these major contracts requires careful business planning, which we are addressing through a proactive and structured approach designed to maintain the financial health of the organisation and the continuation of our services to communities.

In the immediate term, we will adjust our consultancy focus towards securing and delivering direct contracts, reducing emphasis on larger programme work. To support our business development efforts, we have established two new roles: Head of Business Development and Programmes, and Senior Officer for CRM and Data. These positions will enhance our capacity to identify and secure new business opportunities.

We are committed to ensuring an orderly and effective close-out of both the Neighbourhood Planning Programme and the Community Ownership Fund support service. We hope to work with affected community organisations to help them secure alternative funding sources. Looking ahead, we will expand our consultancy services in land-based planning policy, collaborating with existing contract partners and subcontractors throughout the coming year.

Over the next year, our strategic focus will include allocating resources to source and develop new business initiatives. These may include innovative areas such as supporting members to achieve net zero targets through community enterprise. We will build upon our established track record in consultancy, aiming to maintain high standards of service delivery. In 2024-25, our Net Promoter Score was 76, reflecting strong client satisfaction—a standard we are determined to uphold.

Finally, we are actively reviewing our business development opportunities. This process involves assessing potential markets, engaging with partners, and evaluating client needs to identify areas where our support can have the greatest impact. Alongside this, we are developing a coherent, organisation-wide plan to establish and prioritise key areas for growth. These efforts are aimed at ensuring we deploy resources efficiently and position ourselves strongly within the sector, enabling the organisation to adapt effectively and drive long-term success.

5.2 Marketing and Partnerships

Over the coming year we will be promoting how community organisations can play their part in reducing carbon emissions and tackling climate change, and how Locality can help. We will also be continuing to promote what organisations can achieve when they take on and run buildings and spaces for the benefit of the community, including how they can ensure these places are welcoming and accessible for everyone.

We will deliver effective newsletters and events for Locality members, and we will promote what Locality members are doing through our social media and website. As part of this we will particularly showcase examples of Locality members tackling inequity and discrimination.

We will be running our popular annual Convention in Liverpool in November 2025, the biggest community sector event of the year. This year we will also be hosting the International Federation of Settlements and Neighbourhood Centres (IFS) conference, celebrating 100 years of the IFS with international delegates and speakers. We will continue to increase the number of delegates and create an accessible and engaging event for all attendees.

We will seek to find more partners to support our members with expert advice this year, including to help develop our My Community website (www.mycommunity.org.uk) with even more resources and tools in areas we know organisations need support.

5.3 Membership

With a highly challenging external environment showing no signs of letting up, we will continue to work hard to support our members the "ABC" of Locality membership: advice, belonging and connection.

A key part of our support offer will relate to our Connectors-UK programme, for which Locality has received almost £1.9 million over three years from The National Lottery Community Fund, the largest community funder in the UK. Following a successful first year, we will be deepening our collaboration with DTA Scotland, DTA Wales and DT Northern Ireland to bring our members together to build resilience, share innovative practice and shape their community's future.

In particular, this year will be the key delivery year for our "Connection Trailblazers" – 15 community organisations whom we are supporting to go further to bridge divides and connect their communities. We'll be providing practical advice as well as leadership development and drawing out learning to share with our wider networks.

5.4 Policy and Public Affairs

We have a full programme of Policy and Public Affairs work for 2025-26. A year into the new government we will be building on influencing successes such as the new Community Right to Buy and targeted funding for disadvantaged neighbourhoods. Our goal is to move "community power" from being supported via individual initiatives to a much wider animating theme for our politics.

A key part of this will be our continuing support for the We're Right Here Campaign, developing opportunities to embed its ambitious proposals for rebalancing where power lies in the country.

We will also continue to develop our work as part of the VCSE Health and Wellbeing Alliance, as well as conducting policy research project which support our influencing strategy. As with other years we also anticipate being able to respond to emerging issues as they arise.

5.5 Organisational Development

We will continue to invest in business development activities to further our impact and build new partnerships. We will improve the use of technologies across the organisation through our digital strategy, including attracting more members and improving how we support existing members.

We will continue to prioritise our diversity, equity and inclusion workstream and have built in actions into our annual business plan with regular review by Trustees.

We regularly review our priorities and our financial plans throughout the year to ensure that we remain in a strong organisational position.

6. Principal Risks and Uncertainties

The Board reviews risk on a quarterly basis, analysing levels of impact and probability, and the risk management approach. Each risk identified is assessed for impact and likelihood, with impact weighted to give an overall level of risk a numerical value.

High profile risk areas include:

Risk	Mitigation
Failure to win new contracts.	Clear income targets by region and departments and internally process to focus on current opportunities and business development priorities.
Failure to extend/renew Neighbourhood Planning Contract	A successful restructuring has been implemented, as the NP contract is set to conclude by March 2026. We have established a stringent budget for 2025-26 to mitigate the anticipated income reduction. Performance and available information will be reviewed during the forecasting stage, and adjustments will be made as necessary.
Cost of living crisis continues and affects business performance.	Consolidated existing free reserves and cash flow to hedge for potential adverse performance.
Failure to create appropriate interest in programmes, resulting in multiple problems for us as the lead organisation responsible.	Devise clear and engaging Comms. Partners support awareness raising to build pipeline. Review uptake regularly and amend strategy.
Income pipeline and income actuals plus expenditure actuals do not deliver on budget.	Monthly management accounts and forecast performance is monitored closely.
Failure of members / failure of services resulting in reputational damages.	Swift involvement of Comms in incidents.
Failure to attract, train, retain staff team.	Maintain reputation/benchmark T&Cs, build strong teams. Strong induction and training and development policies.

The Trustees regularly assess risks and are satisfied that the risk management process is robust and that risks are being managed appropriately. All risk assessments are discussed extensively at staff and Trustee meetings. We recognise that we are working in a volatile environment and risk management is a critical activity.

Statement of Trustees' Responsibilities

The Trustees (who are also Directors of Locality for the purposes of Company Law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company Law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company Law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Charitable Company and of the net income for that period.

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities Statement of Recommended Practice (FRS102);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions, disclose with reasonable accuracy at any time the financial position of the Charitable Company, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Information to Auditors

The Trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Trustees has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

MHA Audit Services LLP have been appointed as auditors since 2017.

The Trustees' Annual Report is approved by the Locality's Board of Trustees and authorised for issue on 23rd October 2025, and signed on its behalf by

S. Sayers.

……………………………………….
Steve Sayers
Chair of Locality's Board of Trustees

Independent Auditor's Report to the members of Locality (UK)
For the year ended 30 June 2025

Opinion

We have audited the financial statements of Locality (UK) (the 'Charitable Company') for the year ended 30 June 2025 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 30 June 2025, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report.

We are independent of the Charitable Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Trustees' assessment of the entity's ability to continue to adopt the going concern basis of accounting included critical reviews of budgets, forecasts and future plans for the Charity.

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report (incorporating the Directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' report (incorporating the Directors' report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

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

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the regulatory and legal frameworks that the entity operates in, focusing on those having a direct effect on the financial statements;
- Enquiry of management to identify any instances of known or suspected instances of fraud;
- Enquiry of management about instances of non-compliance with laws and regulations;
- Reviewing the design and implementation of control systems in place and testing the operational effectiveness of those controls;
- Performing audit work over the risk of management override, including testing of journal entries for appropriateness and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures alongside supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of this report

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

Sudhir Singh

Sudhir Singh FCA (Senior Statutory Auditor)
For and behalf of MHA, Statutory Auditor
London, United Kingdom

Date: 6 November 2025

MHA is the trading name of MHA Audit Services LLP, a limited liability partnership in England and Wales (registered number OC455542).

Locality (UK)
Statement of Financial Activities
for the year ended 30th June 2025

Income and expenditure	Note	Unrestricted funds 2025 £000s	Restricted funds 2025 £000s	12 months Total funds 2025 £000s	12 months Total funds 2024 £000s
Income					
Income from Investments		104	-	**104**	**99**
Other Income		101	-	**101**	**71**
Income from charitable activities					
Member services		231	-	**231**	**195**
Services and delivery and learning		7,398	926	**8,324**	**9,668**
Policy and campaigning		24	356	**380**	**272**
Total income		**7,858**	**1,282**	**9,140**	**10,305**
Expenditure					
Expenditure on charitable activities					
Membership services		326		**326**	**610**
Services and delivery and learning		7,341	798	**8,139**	**9,456**
Policy and campaigning		254	333	**587**	**493**
Total expenditure	2	**7,921**	**1,131**	**9,052**	**10,559**
Net (deficit)		**(63)**	**151**	**88**	**(254)**
Fund transfers	11	-	-	-	-
Gains/(losses) on investment property	7	(360)	-	(360)	(150)
Net movement in funds for the year		**(423)**	**151**	**(272)**	**(404)**
Fund balances brought forward at 1st July 2024	11	**3,673**	**198**	**3,871**	**4,275**
Fund balances carried forward 30th June 2025	11	**3,250**	**349**	**3,599**	**3,871**

All activities are continuing.

The comparative figures for each fund are shown in the notes to the accounts (note 19).

The notes on pages 22 to 37 form part of these financial statements.

Locality (UK)
Balance Sheet as at 30th June 2025

	Note	2025 £000s	2024 £000s
Fixed assets			
Tangible fixed assets	6	36	626
Intangible fixed assets	6	32	53
Investments	7	2,294	2,081
		2,362	**2,760**
Current assets			
Debtors	8	1,353	1,682
Cash at bank and in hand		1,367	1,063
		2,720	**2,745**
Creditors: amounts falling due within one year	9, 9a	(1,483)	(1,634)
Net current assets		**1,237**	**1,111**
Total Assets less current liabilities		3,599	3,871
Net Assets		**3,599**	**3,871**
Funds:			
Unrestricted funds - general	12	799	1,281
Unrestricted funds - revaluation	12	-	368
Designated funds	12	2,451	2,024
Restricted funds	12	349	198
		3,599	**3,871**

These financial statements were approved and authorised for issue by the Board on 23rd October 2025 and signed on its behalf by:

S. Sayers.

....

Steve Sayers - Chair of Locality's Board of Trustees

The notes on pages 22 to 37 form part of these financial statements.

Company number: 2787912

Locality (UK)
Statement of Cashflows
for the year ended 30th June 2025

	Notes	2025 £000s	2024 £000s
Net cash generated by/(used in) operating activities		341	(611)
Cash flows from investing activities			
Dividends and interest		(21)	(21)
Additions to fixed assets	6	(12)	(15)
		(33)	(36)
Cash flows from Financing activities			
Capital repayments	18	(14)	(14)
Interest accrued	18	10	10
		(4)	(4)
Change in cash and cash equivalents		**304**	**(651)**
Cash and cash equivalents at the beginning of the reporting year		**1,063**	**1,714**
Cash and cash equivalents at the end of the reporting year		**1,367**	**1,063**

Reconciliation of net outgoing resources to net cash outflow from operating activities

	Notes	2025 £000s	2024 £000s
Net incoming/(outgoing) resources		88	(254)
Bank interest received		21	21
Depreciation charges	6	30	37
Amortisation charges	6	20	20
Other non-cash adjustments		4	2
Decrease/(Increase) in debtors		329	(343)
(Decrease)/Increase in creditors		(151)	(94)
Net cash generated by/(used in) operating activities		**341**	**(611)**

Analysis of cash and cash equivalents

		2025 £000s	2024 £000s
Cash at bank and in hand		1,367	1,063
Total cash and cash equivalents		**1,367**	**1,063**

The notes on pages 22 to 37 form part of these financial statements.

1 Accounting policies

Basis of preparation
The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The Charity is a public benefit entity for the purposes of FRS 102 and therefore the Charity also prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (The FRS 102 Charities SORP) and the Charities Act 2011. Accounts are presented in GBP and rounded to the nearest thousand.

Going concern
The Trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the Charity to continue as a going concern. The Trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular, the Trustees have considered the Charity's forecasts and projections and have taken account of pressures on membership, consultancy and grant funding and investment income. After making enquiries, the Trustees consider that no material uncertainties exist which may cast doubt on the charity's ability to continue in operational existence for the foreseeable future. The financial statements have therefore been prepared on a going concern basis. The charity has sufficient financial resources and appropriate structures in place to manage business risks.

The Trustees considered the ongoing risks related to the cost of living crisis and economical challenges. Having a good level of secured contractual income for the new financial year 2025-26 and closing free reserves at June 2025 of £721k, the Trustees are confident that Locality can continue as a going concern. We have carried out scenario forecasting to June 2027 and the future operation is being supported by a robust cash and reserves position.

1.1 Income

Membership income
Membership fees are recognised in the financial periods that the membership covers.

Investment Income
Represented by rental income, this is recognised in financial periods that it covers.

Grants
Grants are recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably. Income received in advance of performance or provision of other specified service is deferred until the criteria for income recognition have been met. Advance payments in respect of grants for bursaries for future periods are carried forward in the financial statements as deferred income.

Government Grants
Grants received from Government bodies during the financial year 2024-25 are £160k (2024: £128k). All conditions and contingencies relating to the grants have been met. Income derived from business activities with DLUHC is contract based.

1.2 Expenditure

Expenditure is included within the statement of financial activities under one or more of the following headings. This is recognised in the accounts on an accrual basis and reflected in the accounts in the period that it relates to:

Charitable activities

(i) **Membership services**
The cost of supporting our extensive network of community organisations across the UK as they become more effective entities.

(ii) **Services and delivery and learning**
The costs associated with helping communities and community organisations with asset ownership, community enterprise, community co-design and organising.

(iii) **Policy and campaigning**
The costs of national work to influence policy and to promote community enterprise.

Support costs
Support costs are allocated on the basis of staff time, apart from where restricted funders specify a different formula.

Grant making policy
Grants payable are payments made to third party institutions in furtherance of the Charity's objectives. Unconditional grant offers are accrued in full once the recipient has been advised of the grant award and the payment is probable, or paid in advance. Where grant awards are subject to performance conditions that are outside of the control of the Charity, these are accrued when the recipient has been notified of the grant award. There were no grants made to individuals.

1 Accounting policies continued

Tangible fixed assets and depreciation
Tangible fixed assets costing more than £1,000 are capitalised and included at cost including any incidental expenses of acquisition.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected useful economic lives as follows:

Computer equipment	over 3 years
Office equipment	over 4 years
Fixtures and fittings	over 10 years
Freehold improvements	over 20 years
Freehold buildings	over 50 years remaining life of the building
Freehold land	not depreciated

Intangible fixed assets and amortisation
Amortisation is provided on all intangible fixed assets costing more than £1,000 at rates calculated to write off the cost of each asset over their estimated useful economic lives (based on expected useful life of asset) as follows:

Computer Software	over 3 years
Website development	over 5 years

Investments

Social investments
Investments in other organisations made by Locality by way of capital or lending, which are made primarily to further the charitable purposes of Locality rather than for financial return, are treated as programme related investments. Programme related investments are measured initially at transaction price and subsequently at each reporting date at fair value, except where the fair value cannot be readily determined, in which case the programme related investment is subsequently measured at cost less impairment.

Fixed assets investments
Investment properties are defined as those 'held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business'. FRS 102 requires valuation at year end fair value.

Financial instruments
The Charity only holds basic Financial Instruments. Financial Instruments are classified and accounted for according to the substance of the contractual arrangement as financial assets or financial liabilities. The trustees carried out a fair value review of the investment property and concluded that there was no impairment.

Debtors
Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Trade and other debtors (including accrued income) are financial instruments and are debt instruments measured at amortised costs as detailed in note 8. Prepayments are not financial instruments.

Cash and cash equivalents
Cash and cash equivalents are classified as basic financial instrument and is measured at face value.

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Liabilities

Trade creditors, accruals and other creditors are classified as financial instruments, and are measured at amortised cost as detailed in note 9. Amounts due for taxation and social security are not included in the financial instruments disclosure. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is simply an obligation to deliver charitable services rather than cash or another financial instrument.

Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

1 Accounting policies continued

Employee Benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service. The charity operates a defined contribution plan for the benefit of its employees. Contributions are unrestricted and expensed as they become payable. Termination payments are recognised immediately upon becoming a constructive obligation.

Funds

Funds held by the charity comprise:

Unrestricted general - these are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.

Designated - these are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.

Restricted - these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Pension scheme arrangements

Locality makes contributions to a defined contribution pension scheme, the assets of which are held separately from the assets of the organisation. The amount charged to the SOFA in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Leasing commitments

Rentals applicable to operating leases are charged to the SOFA against income over the period in which the cost is incurred on a straight-line basis.

Critical estimates and judgements

In preparing the financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The annual depreciation charge for tangible fixed assets, including freehold land and buildings, fixtures and fittings and office equipment, as well as the amortisation charge for intangible assets (computer software), are sensitive to changes in useful economic lives and residual values of assets. These are reassessed annually and any impairment accounted for.

In the view of the Trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

2 Expenditure 2025

Analysis of total expenditure	**Staff costs £000s**	**Grants to institutions £000s**	**Support costs £000s**	**Other direct costs £000s**	**12 months Total 2025 £000s**
Membership services	157	-	23	146	**326**
Services and delivery and learning	2,444	376	337	4,982	**8,139**
Policy and campaigning	337	-	33	217	**587**
Total expenditure	**2,938**	**376**	**393**	**5,345**	**9,052**
	(note 5)		(note 3)		

Expenditure 2024

Analysis of total expenditure	**Staff costs £000s**	**Grants to institutions £000s**	**Support costs £000s**	**Other direct costs £000s**	**12 months Total 2024 £000s**
Membership services	295	-	39	276	**610**
Services and delivery and learning	2,284	1,050	291	5,831	**9,456**
Policy and campaigning	261	-	26	206	**493**
Total expenditure	**2,840**	**1,050**	**356**	**6,313**	**10,559**
	(note 5)		(note 3)		

Grants to Institutions

	2025 £000s	**2024 £000s**
COF grants	-	1,009
Hodwell Associates (City Bridge Trust)	-	3
LHC London	179	-
Social Economy Growth Business Support grants	72	18
UK Fund	118	-
VCSE Health and Wellbeing Alliance	7	20
Total	**376**	**1,050**

The key business areas where Locality distributed grants to institutions were LHC London, Social Economy Growth Business Support, UK Fund, and Health & Wellbeing Alliance. No support costs were directly allocated to the grant-making activities. Any support costs were allocated against the revenue received as management fees for the running of the programmes.

City Bridge Trust: A Triage and Connect programme to support the delivery of City Bridge Trust's Bridge Project offer.

Community Ownership Fund: COF helps communities across the UK to take ownership of assets at risk of closure. Locality has partnered with 9 national charities to deliver the programme by providing in depth development support for organisations applying for funding. Locality also administered small revenue grants (up to 10k) for specialist support such as legal advice/building surveys.

LHC London: Locality acts as LHC agent to manage the investment of the LHC Community Benefit Fund and reports on its effectiveness in improving

Social Economy Growth Business Support: Business support and grant administration in respect of Social economy growth. Grants and business

UK Fund: Locality will receive almost £1.9 million over three years from The National Lottery Community Fund, the largest community funder in the UK. The funding will support the Connectors UK programme, delivered in partnership with DTA Scotland, DTA Wales and DT Northern Ireland. Through the programme we will bring local community organisations together, to build resilience, share innovative practice and shape their community's future.

VCSE Health & Wellbeing Alliance: The HW Alliance exists to connect the VCSE sector with the health and care system to provide a voice and improve health and wellbeing for all communities.

Locality (UK)
Notes to the Financial Statements continued
for the year ended 30th June 2025

3 Analysis of support costs 2025

	Member services £000s	Services and delivery and learning £000s	Policy and campaigning £000s	12 months Total 2025 £000s
Premises costs	4	61	6	**71**
Office costs	4	53	5	**62**
IT	2	36	4	**42**
Professional fees	3	52	5	**60**
Management	8	107	10	**125**
Governance	2	28	3	**33**
Total	**23**	**337**	**33**	**393**

Analysis of support costs 2024

	Member services £000s	Services and delivery and learning £000s	Policy and campaigning £000s	12 months Total 2024 £000s
Premises costs	9	70	6	**85**
Office costs	5	42	4	**51**
IT	10	63	5	**78**
Professional fees	5	40	4	**49**
Management	8	59	5	**72**
Governance	2	17	2	**21**
Total	**39**	**291**	**26**	**356**

Governance & audit costs	12 months Total 2025 £000s	12 months Total 2024 £000s
Audit fees	24	22
Non-audit fee	1	1
Trustees' costs	9	8
Other governance costs	7	8
Total	**41**	**39**

4 Net income / expenditure

These are stated after charging:

	12 months 2025 £000s	12 months 2024 £000s
Auditor's remuneration - current year	24	22
Non-audit fee	1	1
Amortisation	20	20
Depreciation	30	37

5 **Staff costs**	**12 months 2025 £000s**	**12 months 2024 £000s**
Wages and salaries	2,350	2,086
Social security costs	252	228
Pension costs	179	329
Total direct staff costs	**2,781**	**2,643**
Welfare, travel and agency staff	72	99
Recruitment	5	14
Holiday pay accrual	80	84
Total staff costs	**2,938**	**2,840**

Locality Pension costs in YE2024 included total pension salary sacrifice, including employee and employer contributions; during 2025 employee element of the pension salary sacrifice has been reallocated to wages and salaries, so pension costs represent the cost to Locality. Included in wages and salaries above are termination benefits totalling £61,409 (2024: £16,576) relating to eight individuals (2024: one individual). Of this total, £61,409 (2024: £nil) was outstanding at the year-end. This total includes contractual benefits of £50,684 (2024: £nil) and non-contractual benefits of £10,725 (2024: £16,576).

Number of employees within salary range:	**12 months 2025**	**12 months 2024**
£90,000 - £100,000	1	1
£70,000 - £80,000	2	-
£60,000 - £70,000	2	3

The total amount paid to 6 key management personnel *(2024: 7)* (CEO, Director of Finance, Director of Services, Director of Marketing and Partnerships, Director of Policy and Engagement, Strategic HR & Equalities Lead) for their services to the Charity was £505,673 *(2024: £527,212)* , of which salaries were £417,708, employer pension contributions £35,837 and Employer's NIC £52,128. Key management personnel includes employed SMT team members detailed above, as well as the board of trustees. However, the board of trustees does not receive any remuneration.

The average number of employees including part-time workers, analysed by function, was:

	12 months 2025	**12 months 2024**
Governance	1	1
Delivering national programmes and support to members	39	40
Policy and campaigning	4	4
Administration	6	6
Total employees	**50**	**51**

No remuneration has been paid to the Trustees. Total travel expenses of £1,972 (2024: £2,376) were paid to 15 (2024: 11) Trustees. During the year, the Charity incurred £5,769 (2024: £5,873) professional indemnity insurance costs for employees, and £329 (2024: £329) for Trustee and individual liability insurance.

6 Tangible fixed assets

	Freehold land and buildings	Freehold improve-ments	Fixtures and fittings	Computer equipment	Total
Cost & valuation	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
At 1st July 2024	618	222	50	51	941
Additions	-	-	-	12	12
Reclassification to Investment	(618)	(222)	-	-	(840)
At 30th June 2025	**-**	**-**	**50**	**63**	**113**
Accumulated depreciation					
At 1st July 2024	180	74	25	37	316
Charge for the year	6	9	5	10	30
Reclassification to Investment	(186)	(83)	-	-	(269)
At 30th June 2025	**-**	**-**	**30**	**47**	**77**
Net book values					
At 30th June 2025	**-**	**-**	**20**	**16**	**36**
At 30th June 2024	**439**	**148**	**25**	**14**	**625**

The building in 2024 was deemed as mixed use asset. The ground floor was used for charitable activities whereas the 1st and 2nd floor are rented out to third parties. In April 2025 Locality rented out the whole building and therefore the property is now classified in entirety as an investment asset. (Note 7)

Intangible fixed assets

	Computer software
Cost	**£000s**
At 1st July 2024	189
At 30th June 2025	**189**
Accumulated amortisation	
At 1st July 2024	137
Charge for the year	20
At 30th June 2025	**157**
Net book values	
At 30th June 2025	**32**
At 30th June 2024	**52**

All fixed assets held are for use by the organisation in furthering its charitable objectives.

7 Investments

Social investments	12 months 2025 £000s	12 months 2024 £000s
	Just Power	Just Power
At 1st July 2024 and 30th June 2025	10	10

In August 2012, Locality made an investment in a new social enterprise venture whose aim is to support community organisations to improve energy efficiency including through the installation of solar panels and other renewable energy equipment. The company is a community interest company (Just Power for Communities CIC) and Locality's shareholding represents 43% of the share capital. This is a programme related investment. The board reviewed Locality's involvement in the investment. Just Power for Communities CIC decided to strike off the company and distribute existing company cash to its shareholders. This will take place in the next financial year.

Locality's share of net assets at 30th June 2025 was £10k (2024: £10k). This is a CIC that was initially impacted by the changes to the Government's Feed In Tariff scheme (announced in November 2012).

Locality's share of JP CIC	**12 months 2025 £000s**	**12 months 2024 £000s**
Share of income	1	1
Share of expenditure	(1)	(1)
	-	-
Investment brought forward	10	10
Investment carried forward	10	10

Fixed Asset Investment	**12 months 2025 £000s**	**12 months 2024 £000s**
Fair value b/f	2,071	2,221
Reclassification	573	-
Revaluation/(impairment)	(360)	(150)
Fair value c/f	2,284	2,071
Total Investments	**2,294**	**2,081**

The building in 2024 was deemed as mixed use asset. The ground floor was used for charitable activities whereas the 1st and 2nd floor are rented out to third parties. In April 2025 Locality rented out the whole building and therefore the property is now classified in entirety as an investment asset. Part of the investment property value is attributed to revaluation reserve of £368k.

The trustees reviewed the fair value of the investment property in line with SORP requirements. The year-end valuation review carried out by the trustees included consideration of commercial property rental yields, market movements and a desktop valuation performed by an independent property consultancy, and concluded that there was an impairment to be recognised of £(360k).

8 Debtors

	2025 £000s	2024 £000s
Trade debtors	935	1,347
Bad debt provision	(19)	(9)
Prepayments	107	59
Accrued income	330	285
	1,353	1,682
Financial assets that are debt instruments measured at amortised cost	1,248	1,625

9 Creditors: amounts falling due within one year

	2025 £000s	2024 £000s
Trade creditors	362	605
Social security and other taxes	62	55
VAT	30	168
Other creditors	38	60
Accruals	456	464
Deferred income (note 10)	324	146
Unity Trust Loan	109	115
	1,381	1,613
Financial liabilities measured at amortised cost	856	1,129
9a Rent deposits held by Locality	102	21
Tenants Deposits	101	21
Total Creditors	**1,483**	**1,634**

Unity Trust Loan

Due to Locality registering an unrestricted deficit position in 2024/25 financial year, the loan covenants were breached. Whilst the Charity have been provided with assurance that the bank will not exercise its rights to recall the loan in full, they legally retain their right to do so. The entire value of the loan as at the year-end has been recognised as a current liability; this is consistent with prior year. Whilst the loan is presented as a current liability, in the financial statements in practice the repayments will be made in line with the agreed loan schedule. The loan will be repayable on a capital and interest basis by regular quarterly payments calculated over a repayment profile of 240 months. Interest will be charged at 2.15% per annum over Unity's Base Rate from time to time (which is currently 4.25%) subject to a minimum charge of 2.15% per annum.

10 Deferred income analysis

	2025 £000s	2024 £000s
Brought forward	146	31
Released in year	(659)	(246)
New deferrals	837	361
Carried forward	324	146

The majority of the deferred income is for membership income, Convention 2025 sponsorship and Community Ownership Fund income.

11 Movement in funds 2025

Restricted funds	Balance at 1st July 2024 £000s	Movement in resources Revenue £000s	Outgoing £000s	Transfers £000s	Balance at 30th June 2025 £000s
Services					
VCSE Energy Efficiency Scheme programme	14	71	(71)	-	14
Bridge Project	67	100	(125)	-	42
Waltham Forest VOICE	13	-	-	-	13
SocioDigital Futures - University of Bristol	17	-	-	-	17
UK Fund	84	750	(597)	-	237
Sported - WMCA	-	5	(5)		-
Policy and campaigning					
Creating Places for Everyone	-	80	(59)	-	21
Middlesex University toolkit	-	5	(5)	-	-
We Are Right Here	30	181	(197)	-	14
VCSE Health & Wellbeing Alliance	(27)	90	(72)	-	(9)
					-
Total restricted funds	**198**	**1,282**	**(1,131)**	**-**	**349**

Unrestricted funds	Balance 1st July 2024 £000s	Movement in resources Revenue £000s	Outgoing £000s	Transfers £000s	Balance 30th June 2025 £000s
General funds	1,281	7,858	(7,921)	(487)	731
Revaluation Reserve	368	-		(368)	-
Fixed Asset fund	703	-	-	(635)	68
<u>Designated funds:</u>					
Fixed Asset Investment fund	1,088	-	(360)	1,556	2,284
Development Fund	70	-	-	-	70
Restructuring fund	83	-	-	(51)	32
Member support fund	80	-	-	(15)	65
Total designated funds	**1,321**	-	**(360)**	**1,490**	**2,451**
Total unrestricted funds	**3,673**	**7,858**	**(8,281)**	**-**	**3,250**
Total funds	**3,871**	**9,140**	**(9,412)**	**-**	**3,599**

The Fixed Asset Investment Fund of £2,284k includes revaluation reserve of £368k. In practice, the investment asset is a free reserve, however, the trustees choose to present it under designated funds as it is not immediately available in liquidity terms.

Restricted funds (continued)

Services

The National Lottery Community Fund: The UK Fund – Connectors UK	Locality will receive almost £1.9 million over three years from The National Lottery Community Fund, the largest community funder in the UK. The funding will support the Connectors UK programme, delivered in partnership with DTA Scotland, DTA Wales and DT Northern Ireland. Through the programme we will bring local community organisations together, to build resilience, share innovative practice and shape their community's future.
VCSE Energy Efficiency Scheme programme	VCSE Energy Efficiency Scheme is a £20m capital grant fund that launched at the end of 2023 for energy efficiency measures to community buildings, funded by DCMS. Locality is part of a Groundwork UK led consortium providing support to community organisations applying to the fund.
Sported - WMCA	The purpose of this Pilot is to realise the value of triaged support in providing efficient and effective support to voluntary organisations in sport and physical activity with multiple agencies delivering in unison across the West Midlands Combined Authority (WMCA) area.
Waltham Forest Community Voice	Locality has been delivering a community facilitation programme for VCS organisations and community groups in Waltham Forest. The aim to co-design a coordinating body that will represent the sector in the borough. The work has included mapping the sector and other approaches to VCS infrastructure and running a series of listening events with different parts of the sector.
SocioDigital Futures - University of Bristol	The SocioDigital Futures project aims to shape the space for communities in a digital future, through research and collaboration.

Policy and campaigning

Middlesex University toolkit	A collaboration with Middlesex University to produce "Pathways to Good Work", a toolkit for community organisations. The scope is to support additional work to promote and get feedback on the toolkit. The overarching aim is to understand the impact the toolkit has had so far, and update it to ensure continuing relevance.
We're Right Here Campaign	The We're Right Here's campaign calls for a Community Power Act, so that local people can shape the places where they live. The campaign seeks to draw on the energy and ambition of those committed to their communities and places.
Creating Places for Everyone	Grant funding towards costs for an action research project with Locality members to understand the role of place-based community organisations within racial justice and develop anti-racist practice in the community sector
VCSE Health & Wellbeing Alliance	The HW Alliance exists to connect the VCSE sector with the health and care system to provide a voice and improve health and wellbeing for all communities. The funding will continue in 2025/26 financial year and the extra expenditure incurred in 2024-25 is fully funded.
Restricted Fund Transfers	Restricted Fund Transfers are done on the satisfaction completion of the project.

Designated Funds

Development fund	Existing designated fund to be used for income generating development activity such as business development priorities and digital work. We expect to draw down more of this fund in the coming 2 years.
Restructuring fund	Being prudent and prepared for long term restructuring costs as some of our larger contracts come to an end. This fund will be utilised over the next 2 years.
Member support fund	Funds set aside to invest in resources to support and grow our members' network. This fund will be utilised over the next 2 years.
Fixed asset investment fund	The building in 2024 was deemed as mixed use assets. The ground floor was used for charitable activities whereas the 1st and 2nd floor are rented out to third parties. In April 2025 Locality rented out the whole building and therefore the property is now classified in entirety as an investment asset. Part of the investment property value is attributed to revaluation reserve of £368k.
Designated Transfers	Funds were used to further Locality's vision. Transfers out of Designated funds were made with Trustee approval and to fund expenditure towards membership events and termination benefit payments due to a restructuring.

11 Movement in funds 2024

Restricted funds	Balance at 1st July 2023 £000s	Movement in resources Revenue £000s	Outgoing £000s	Transfers £000s	Balance at 30th June 2024 £000s
Services					
VCSE Energy Efficiency Scheme programme	-	33	(19)	-	14
Bridge Project	103	43	(79)	-	67
Lifeboat	-	-	(7)	7	-
Lighthouse	1	-	-	(1)	-
CSARF / GLA Grants	1	-	(2)	1	-
Sport England - Together Fund	(15)	25	(11)	1	-
Waltham Forest VOICE	-	20	(7)	-	13
SocioDigital Futures - University of Bristol	17	12	(12)	-	17
Guardian Appeal - Cost of Living Grant Programme	181	(16)	(163)	(2)	-
UK Fund	-	108	(24)	-	84
Policy and campaigning					
Policy Consultancy - IFS	(4)	6	(11)	9	-
We Are Right Here	47	123	(140)	-	30
VCSE Health & Wellbeing Alliance	(16)	68	(79)	-	(27)
Total restricted funds	**315**	**422**	**(554)**	**15**	**198**

Unrestricted funds	Balance 1st July 2023 £000s	Movement in resources Revenue £000s	Outgoing £000s	Transfers £000s	Balance 30th June 2024 £000s
General funds	1,298	9,883	(10,005)	105	1,281
Revaluation Reserve	518	-	(150)	-	368
Designated funds:					
Fixed Asset fund	731	-	-	(28)	703
Fixed Asset Investment fund	1,098	-	-	(10)	1,088
Development Fund	80	-	-	(10)	70
Expenditure activity fund	45	-	-	(45)	-
Restructuring fund	100	-	-	(17)	83
Member support fund	90	-	-	(10)	80
Total designated funds	**2,144**	**-**	**-**	**(120)**	**2,024**
Total unrestricted funds	**3,960**	**9,883**	**(10,155)**	**(15)**	**3,673**
Total funds	**4,275**	**10,305**	**(10,709)**	**-**	**3,871**

12 Analysis of net assets between funds 2025

	Tangible fixed assets 2025 £000s	Intangible fixed assets 2025 £000s	Investments fixed and social 2025 £000s	Net current assets 2025 £000s	Total 2025 £000s
Restricted funds	-	-	-	349	**349**
Revaluation reserve	-	-	-	-	**-**
Designated funds	-	-	2,284	167	**2,451**
Unrestricted funds	36	32	10	721	**799**
	36	**32**	**2,294**	**1,237**	**3,599**

Analysis of net assets between funds 2024

	Tangible fixed assets 2024 £000s	Intangible fixed assets 2024 £000s	Investments fixed and social 2024 £000s	Net current assets 2024 £000s	Total 2024 £000s
Restricted funds	-	-	-	198	**198**
Revaluation reserve	-	-	368	-	**368**
Designated funds	586	-	1,205	233	**2,024**
Unrestricted funds	39	52	10	1,180	**1,281**
	625	**52**	**1,583**	**1,611**	**3,871**

13 Liability of Members

The Charity is a company limited by guarantee and consequently does not have a share capital. In the event of the company being wound up or not being able to pay its debts from its assets, each Member 2025: 2,227 *(2024: 2,227)* is required to contribute an amount not exceeding £1.

14 Future financial commitments

Operating leases as lessee

Minimum lease payments under non cancellable operating leases fall due as follows:
During the year Locality has incurred £40k *(2024: £25k)* expenditure for operating leases.

	Other 2025 £000s	Other 2024 £000s
Within one year	19	21
In two to five years	7	3
	26	24

Operating lease as lessor
Future minimum lease payments under non-cancellable operating leases fall due as follows:

Not later than one year	144	21
Later than one year not later than five years	541	-
	685	21

There is no rental income recognised on a contingent basis.

15 Capital commitments

There were no outstanding capital commitments at 30th June 2025 or 30th June 2024.

16 Related parties

All Locality Trustees were employed by, or were Trustees of Locality full Members or Associate Members, with the following exceptions: Anna Bonallack, Colin Crooks, Alexis Keir, Amy Kinnear, Tess Lanning and Sarah Mitson.

The total payments for services or goods made to Locality Trustees or organisations connected to Locality Trustees during the year was £10,582 (2024: £16498) ; Canopy Housing Project £75 (2024: £0); Cardigan Centre £255 (2024:£0); Murray Hall Community Trust £5152 (2024: £112); Rotunda Ltd £5,000 (2024: £0);Windmill Hill City Farm £100 (2024 £0); Waltham Forest Community Hub £0 (2024: £60).

The total bursaries or grants awarded during the year to Locality member organisations of which a Locality Trustee is an employee or Trustee was £10,125 (2024: £27,564). These were for Canopy Housing Project £75 (2024: £0) ; Murray Hall Community Trust £5,000 (2024: £4,500); Rotunda Ltd £5,000 (2024: £8,974); Windmill Hill City Farm £50 (2024 £0); Fromehall Mill Community Benefit Society Limited £0 (2024: £9,820); Selby Trust £0 (2024: £3,000); Hackney Co-operative Developments £0 (2024: £1000); Creative Sustainability CIC £0 (2024: £270).

The total income for services or goods from organisations connected to Locality Trustees during the year was £19,032 (2024: £28,790). This income was received from Social Investment Buisness Limited £12,932 (2024: £0); Libraries Unlimited £250 (2024: £250); Manchester Settlement £1,450 (2024: £250); Murray Hall Community Trust £1,450 (2024: £1,450); Windmill Hill City Farm £250 (2024: £250); Creative Sustainability CIC £250 (2024:£0); Cardigan Community Centre £250 (2024:£0); Finsbury Park Trust £250 (2024: 250); Canopy Housing £250 (2024:£0); Leeds Community Homes £250 (2024:£0) and East Durham Trust £1,450 (2024:£0)

All activities with connected organisations were carried out on an arm's length basis in the normal course of activities and on terms no more favourable than for any other member organisation.

17 Pension scheme

The organisation contributes to a defined contribution scheme, the assets of which are held separately from those of the Charity. The organisation contributed in 2025 £350,139 *(2024: £328,971)* during the year of which 2025: £28,817 *(2024: £28,153)* was still outstanding at the year end and is included in creditors.

18 Reconciliation of Net Debt

Unity Trust Loan	**At 1st July 2024 £000s**	**Cashflows £000s**	**Other non-cash £000s**	**At 30th June 2025 £000s**	**At 30th June 2024 £000s**
Opening Balance	115	-	-	115	469
Capital Repayment		(14)	-	(14)	(364)
Interest Charged		-	-	-	10
Closing Balance	**115**	**(14)**	**-**	**101**	**115**
Borrowings					
Debt due within one year				101	115
Total				**101**	**115**

Locality (UK)
Statement of Financial Activities
for the year ended 30th June 2025

Income and expenditure	Note	Unrestricted funds 2024 £000s	Restricted funds 2024 £000s	12 months Total funds 2024 £000s	12 months Total funds 2023 £000s
Income					
Income from Investments		99	-	**99**	**108**
Other Income		71	-	**71**	**65**
Income from charitable activities					
Member services		211	(16)	**195**	**969**
Services and delivery and learning		9,427	241	**9,668**	**6,586**
Policy and campaigning		75	197	**272**	**282**
Total income		**9,883**	**422**	**10,305**	**8,010**
Expenditure					
Expenditure on charitable activities					
Membership services		447	163	**610**	**1,096**
Services and delivery and learning		9,296	160	**9,456**	**6,676**
Policy and campaigning		262	231	**493**	**485**
Total expenditure	2	**10,005**	**554**	**10,559**	**8,257**
Net (deficit)		**(122)**	**(132)**	**(254)**	**(247)**
Fund transfers	11	(15)	15	-	-
Gains/(losses) on investment property	7	(150)	-	(150)	-
Net movement in funds for the year		**(287)**	**(117)**	**(404)**	**(247)**
Fund balances brought forward at 1st July 2023	11	**3,960**	**315**	**4,275**	**4,522**
Fund balances carried forward 30th June 2024	11	**3,673**	**198**	**3,871**	**4,275**

All activities are continuing.

The comparative figures for each fund are shown in the notes to the accounts (note 19).

The notes on pages 23 to 38 form part of these financial statements.

Accounts

LOCALITY (UK)

(A Company Limited by Guarantee)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30th JUNE 2024

Registered Charity No. 1036460

Company No. 02787912

Locality (UK)
Trustees' Annual Report
for the year ended 30th June 2024

Contents | Page

Legal and Administrative Details

Locality (UK) is a Company limited by guarantee (Company number 02787912) and a registered charity (Charity number 1036460). The Company was incorporated in England and Wales on 8th February 1993. Its governing document is the Memorandum and Articles of Association. The Board's investment powers are subject to such conditions and consents as may for the time be imposed by law.

The Directors of the Company act as Trustees for the Company's charitable activities.

Registered office:	33 Corsham Street London N1 6DR
Bankers:	Unity Trust Bank plc Four Brindleyplace Birmingham B1 2JB
Auditors:	MHA 6th floor 2 London Wall Place London EC2Y 5AU
Solicitors:	Bates Wells and Braithwaite 10 Queen Street Place London EC4R 1BE
	Anthony Collins Solicitors 134 Edmund Street Birmingham B3 2ES

Trustees

The Trustees in office during the year and to date were as follows:

Alison Haskins	(Chair)
Steve Sayers	(Vice Chair)
Andrea Mennell	(Treasurer - resigned 06/12/23)
Adrian Ball	(Vice Chair - appointed 18/04/24)
Anna Bonallack	
Paul Butler	
Colin Crooks	
Maxine Ennis	(resigned 06/12/23)
Alexis Keir	
Amy Kinnear	
Alex Kittow	(Treasurer - appointed 18/04/24)
Tess Lanning	
Sarah Mitson	
Manjula Patel	
Bernadette O'Brien	(appointed on 06/12/2023)
Antonia Onigbode	(appointed on 06/12/2023)

Senior Management Team

Tony Armstrong	Chief Executive and Company Secretary
Csaba Prodan	Director of Finance
Carole Reilly	Director of Services
Graham Finegold	Strategic HR and Equalities Lead - (resigned 21/09/23)
Ed Wallis	Director of Policy & Engagement
Chris Wood	Director of Marketing and Partnerships

Day-to-Day Management

The Trustees have delegated day-to-day management of the organisation to the Locality Chief Executive, Tony Armstrong.

Trustees' Annual Report

The Trustees present the Trustees' Annual Report and Financial Statements for the year ended 30th June 2024. The Trustees confirm that the Annual Report and Financial Statements comply with the current statutory requirements, the requirements of the Company's governing documents and the provisions of the Statement of Recommended Practice (SORP) applicable to charities.

1. Structure, Governance and Management

1.1. Structure

Locality was established on 1st April 2011 and is a membership organisation. Our membership consists of community members: local community enterprises, development trusts, settlements, and other community organisations working locally. We also have associate members (network and partner members) who consist of other voluntary organisations, local authorities, academic institutions, private sector bodies and individuals, and supporters. To become members, organisations need to sign up to our charter and work (or support others) to support their local community.

Locality's work is primarily in England, with working relationships with independent organisations in the other UK nations (Development Trusts Association Scotland, Development Trusts Association Wales, and Development Trusts Northern Ireland), and with links to international activities, for example through our membership of the International Federation of Settlements.

1.2. Governance

Corporate governance

Locality is a registered charity and a Company limited by guarantee. Our Board members are Trustees of the charity and Company Directors. We currently have 14 Trustees, 10 of which are elected Trustees, who can serve up to two consecutive three-year terms (with provision for a third term in special circumstances). Elections to the Board are undertaken at the Annual General Meeting (AGM) and are open to all Locality members. Independent Trustees can be co-opted onto the Board, to enhance the range of skills and experience of the Board. All new Trustees receive an induction and complete a register of interests. They are also provided with opportunities for governance and sector-specific training and development. The training is carried out ad hoc on request and once a year there is a Trustees' away day to exchange knowledge and skills.

The Board has one sub-committee, the Executive Group, consisting of Board officers and key senior staff. The group meets on a quarterly basis in advance of the Board meetings and is responsible for carrying out scrutiny of risk and finance and making relevant recommendations to the Board. It does not have a general authority to make decisions but makes recommendations for decision by the full board unless specifically delegated to take decisions.

We have maintained a highly committed Trustee team. Our chair Alison Haskins is coming to the end of her second term and will retire in December 2024. We have a succession plan in place and Steve Sayers has been appointed by the Board as Chair designate to take over on Alison's retirement.

Conflicts of Interest and Related Party Transactions

In line with our Conflicts of Interest policy, Trustees declare all personal and professional connections on a register of interests. At the start of each meeting, declarations are made for any potential conflicts of interest, and the relevant Trustee recuses themselves from any decisions that the charity must make regarding a conflict of interest. Related party transactions in the year have been disclosed within note 16 of the accounts.

1.3. Management & Remuneration Policy

Within the staff team, the Senior Management Team meets weekly and consists of the Chief Executive and Directors. There are regular team and all-staff events, bringing staff together from across England.

Locality has a structured salary framework linked to job roles, responsibilities, and seniority. The pay and remuneration for all key management personnel within Locality are covered by a remuneration policy, to ensure consistency and good governance. Remuneration is determined each year by the Board, via the Executive Group sub-committee, which acts as the remuneration committee, considering the organisation's financial position, any appropriate benchmarking, and the views of the union (Unite).

The key management personnel of the charity are the Trustees and the senior management team. Trustees receive no remuneration. The Trustees are based across the country and are reimbursed for the cost of their travel and subsistence expenses. During the year, Trustees were reimbursed expenses of £2,376 (2023: £2,337). Locality has liability insurance that covers trustees Management liability - Trustees and individual liability up to £500,000.

2. Objectives and Activities

2.1. Aims

The Charitable objects of Locality (adopted in November 2014) are:

(a) To advance citizenship and civil society including but not limited to:

I. improving the efficiency and effectiveness of community-led or based voluntary and charitable organisations including but not limited to development trusts, settlements, social action centres, community enterprises, and similar organisations;

II. providing a network of communication, training services, support and assistance to facilitate the work of such organisations for the public benefit and promote and enable community-led or based approaches to improve neighbourhoods;

III. supporting and promoting of public participation in and involving individuals in activities to support such organisations;

IV. promoting co-operation and liaison between such organisations, individuals, statutory bodies and local and central government agencies connected with community development, urban and rural regeneration and conservation; and

V. acting as a representative of such organisations in relation to government policies and legislation.

For the avoidance of doubt, for the purposes of these objects the term "civil society" shall not include political parties and other bodies whose purpose is primarily political as this term is understood in English charity law.

(b) To advance education of the public in the work of development trusts, settlements, social action centres, community enterprises, and similar organisations.

Our organisational strategy was set out in 2019 and provides a framework for all our work. We develop an annual business plan which sets out our priorities for the coming year which is based on our financial year which starts on 1st July.

Our vision: A fair society where every community thrives.

Our mission: To support local community organisations to be strong and successful.

Our strategic framework sets out our priorities and our approach over the next few years. It is designed to be flexible in response to the changing and volatile climate we live in. Locality has five strategic goals:

1. Resources and tools to support people, groups and community organisations.

2. Direct support to community organisations and their partners.

3. Membership network to connect people and support learning and skills.

4. Influence to create a better operating environment for community organisations.

5. Locality is a strong and successful organisation.

These strategic goals are supporting the following charitable activities presented on the SOFA: Member Services, Services and Programmes, Policy and Campaigning.

2.2. Public Benefit

The Trustees confirm that they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission, including the guidance 'Public Benefit: Running a Charity (PB2)'. Locality establishes and supports community organisations that operate in communities which make up over a quarter of the UK population, with a particular focus on areas facing disadvantage, and which provide multiple economic, social, and environmental benefits to individuals in those areas.

Part of the support is making grants to community organisations through funded programmes. Locality works with funders and other stakeholders to design grant programmes that help community organisations in their local area and contribute to the aims of Locality.

3. Key Achievements

Reported against the strategic objectives.

Strategic Objective 1: Resources and tools to support people, groups, and community organisations.

My Community website

This year we further developed the My Community website (mycommunity.org.uk), the one-stop shop for charities and community groups looking to run projects, organisations and activities to support their community. We updated various resources and created a new hub on accessing social investment. The license to run the My Community website came to an end in 2024 and all IP was transferred to Locality from the Department for Levelling Up, Housing, Communities and Local Government. This was a welcome development and was planned on the completion of the 5 year license as the agreement was to take on the website and develop it from within the sector. The website now has over 300 resources available across business planning, finances and funding, taking on buildings and land, HR, governance, DEI, housing, energy efficiency and climate action. We work with our partners to share information and useful events and publications, to promote the website to new users, to improve existing resources and develop new ones.

Neighbourhood Planning

We continue to deliver a successful programme, contracted by the Department for Levelling Up, Housing and Communities, offering support and grant to neighbourhood planning groups across the country. Over the course of this year, we have met all KPIs and delivered the programme to ensure all allocated funding was distributed to groups in the form of grant and/or technical support.

The programme was granted another extension to enable us to deliver services until the end of March 24. Subsequently we negotiated a further extension to keep the programme open until March 2025. This will bring the total value of the programme to £54.9M. In 2024/2025 we will be able to award up to £3M of grants with a budget for technical support sign off of £4.1M

Demand remains high and over the period we supported 586 groups with grant and/or technical support packages worth over £7.8 million. We received 1,280 expressions of interest and 971 applications for support. These translated into:

- 318 packages of technical support with a total value of £4,167,763.44 (inc. VAT) and
- 640 grants worth £3,657,827.00

Quality remains high and we performed well against KPIs:

- 100% of grant applications were processed within required timescales
- 100% of advice service queries were answered within required timescales

On a 5-point scale ranging from extremely dissatisfied (1), to extremely satisfied (5), we ask customers to respond to the following statement 'How we dealt with your enquiry overall'. The mean score was 4.58 (closest to extremely satisfied).

Community-Led Housing (CLH)

Community-Led Housing remains a priority for many of our members, and we have continued to deliver support through our specialist network and consultancy work. In the absence of an externally funded grant programme, support to groups undertaking Community-Led Housing was in the main delivered by direct contracts with groups, or through local authorities.

Over the course of the year, we have continued to work with our partners in the sector Community Land Trust Network (CLTN), the Confederation of Cooperative Housing (CCH), and UK Cohousing Network (UKCN) through our consortium Community-Led Homes (CLH).

Strategic Objective 2: Direct support to community organisations and their partners

Demand for support across the board continues to be high, and over the year we have worked with hundreds of communities through directly awarded contracts and national and regional programmes. Over the course of the year, we have seen increased interest from local authorities, housing associations and some NHS bodies.

Our national team have been incredibly busy supporting community organisations over the year. The cost-of-living crisis has meant community organisations continue to face existential issues and need support now more than ever.

We were delighted to support over 60 Big Local groups across the country over the course of the year as they move to the next stage of development. Support largely ranged around governance, asset-based development/acquisition and long-term sustainability.

Individual consultancy contract work continues to be extremely varied, delivering, for example:
Support to the Community Improvement Districts programme funded through Power to Change.
Support to Selby Trust under the Shared Prosperity Fund.
Supporting new communities as they establish in Marleigh, South Cambridgeshire.

Research into initiatives addressing food insecurity in Gainsborough, funded through the Local Access Programme.
Training and development to help social enterprises across the West Midlands Combined authority increase their income.

Our work with Sport England on the Together Fund brought us a new audience of small and start up groups, mainly from racialised communities enabling them to build their sustainability and delivery in their local areas.

We have supported Groundwork in the delivery of the DCMS Energy Efficiency Fund, with staff delivering energy assessments to enable groups to make successful energy saving improvements in their community buildings.

We continue to work with national funding bodies to support the groups they fund, for example Heritage Fund, Local Trust, Lloyds Bank Foundation.

We have also continued to work closely with the Community Shares Unit (CSU), supporting the CSU Development Manager in the pursuit of further market development.

We continue to see community organisations present with significant challenges based on: HR issues, increased costs, loss of contracts, unsuitable buildings, and recruitment problems. They report concerns about the decline in available funding coupled with increased demand and increased costs.

Programmes

Programme work has predominantly focussed on the establishment and delivery of the Community Ownership Fund (COF) support programme. Funded by the Department of Levelling Up, Housing and Communities, the £150m Community Ownership Fund (COF) exists to help communities across the UK to take ownership of assets at risk of closure.

Under the contract we are leading a UK wide consortium to deliver support to community organisations and parish councils wanting to save desperately needed community assets in their neighbourhoods.

Our consortium is made up of core partners Plunkett Foundation, alongside our sister organisations in the UK – Development Trusts Association Scotland (DTAS), Development Trusts Association Wales and Development Trusts Northern Ireland (DTNI). We are delighted to be also working with wider consortium partners: Shared Assets, Sporting Assets, Community Shares Unit, Architectural Heritage Fund, Cwmpas and Power to Change.

We have supported 1,800 groups with advice, and are working with over 350 community organisations to support them through the process. 96% of groups scored us either 'good' or 'excellent' on feedback.

Net Zero

We have continued to play our role in tackling the climate crisis. While measuring and reducing our own carbon footprint, we have also been supporting our members to improve their energy efficiency and reduce their use of carbon by referring them to relevant funding, delivering workshops with partners, and providing tools and advice on our My Community website (mycommunity.org.uk).

We have also engaged an external consultant to help us develop more specific plans to support members to develop their own net zero activities and create business opportunities. This has included focus groups and interviews with members and partners, and it builds on research we have conducted into the potential impact and viability of climate focused community business models.

Strategic Objective 3: Membership network to connect people and support learning and skills

Locality members play a critical role in their communities. They provide the foundations of thriving neighbourhoods, through their work leading local economic development, providing preventative local services, and creating places and spaces for everyone.

However, the external environment continues to present huge challenges for community organisations to play this role to the full. So, we see the support we provide through our membership network as more important than ever, to help our members remain strong and successful and able to keep driving their neighbourhoods forward.

Our network continues to grow, having hit a record high of over 2000 organisations. We offer a flexible range of membership packages to cater for differing needs, from a free network membership for information and updates, to bespoke assistance from a personal advisor.

We continue to run a huge range of events, which form a core part of our support offer, provide members with opportunities to connect, learn from each other, and access expert advice. We run a monthly 'All you need to know' webinar, which provides monthly updates on funding, government guidance and analysis of key trends. We bring people together around key topics in our specialist groups. We provide opportunities to connect face to face as well as online through regular 'Power of Community'.

Our member engagement levels are consistently high, with around 60% of members in our highest categories of engagement. In our member satisfaction survey, 86% said they were likely to renew their membership. As one member put it: "I really value the peer-to-peer connections, information flows, support & understanding from Locality staff all included in Locality membership"

We were delighted to be awarded a major £1.9m grant from the National Lottery Community Fund in Spring 2024 to maintain and develop our support to members. This is a UK wider project which Locality will lead in partnership with DTA Scotland, DTA Wales and DTNI. The funding will allow us to provide additional services to members such as peer learning grants and additional events and network opportunities, as well as launching a programme to support community organisations across the UK in working to further community connections locally.

Convention

In November we hosted our annual Locality Convention 2023, the biggest community sector event of the year, in Bristol. We had 376 delegates, more than last year, and we had very high satisfaction levels. Delegates heard from many community organisations, visited local members, gained expert advice and created new connections. We launched our Locality manifesto with a new sub brand, badges and call to action for members, and celebrated our 6 award winners for 2023. We provided bursaries to groups that would otherwise not be able to attend, including organisations supporting minoritised communities.

Strategic Objective 4: Influence to create a better operating environment for community organisations

Locality's policy and public affairs work enables us to use our influence to create a better operating environment for local community organisations.

This has been a particularly important year, with a general election. We produced our manifesto "Building Thriving Neighbourhoods" at our annual Convention. This aimed to set out a positive, hopeful vision for the future based around three "building blocks of thriving neighbourhoods". This vision was rooted in the practical work of Locality members, showcasing how a better future is happening right now but making the case that it needs bold policy support to reach its full potential. The manifesto proposes 5 "big reforms" to do that and kickstart a "community power revolution".

The policy proposals formed the basis of our pre-election political engagement, reaching out to all political parties to encourage them to increase their support for community organisations. We worked closely with our members, helping them to engage with their local politicians and candidates and make the case for community power in their constituencies.

Central to our election year public affairs work has been the We're Right Here campaign, of which we are a founder member and current host organisation. We have worked to build the case for a Community Power Act and engage all political parties in the campaign's key asks.

We have also continued to pursue a range of policy influencing projects. Locality has continued to be part of the Voluntary, Community or Social Enterprise (VCSE) Health and Wellbeing Alliance. This is an initiative of the Department of Health and Social Care (DHSC), the UK Health Security Agency and NHS England.

The HW Alliance exists to connect the VCSE sector with the health and care system to provide a voice and improve health and wellbeing for all communities. Our work this year has focused on exploring how our "Keep it Local" principles – designed to encourage long-term partnership working between local authorities and community organisations – can also be applicable to local health systems. We published a report – "Keep it Local for Better Health" – which explored this and were delighted that West Yorkshire Integrated Care System became the first in the country to adopt our Keep it Local principles.

Strategic Objective 5: Locality is a strong and successful organisation

Human Resources

Our staff team consistently receive high praise from our members and partners; they truly are our most valuable resource. We continue to support our team with remote and agile working, blended with face-to-face working. We have committed to ensuring the well-being of staff through a new well-being strategy which formalises and prioritises much of what we were already doing. These measures have been very successful in keeping staff motivated and supported.

We have consolidated our new HR system across the organisation which has streamlined many of our processes. We have renewed our commitment to Investors in People and trialled the new wellbeing modules; we were very pleased to have met both standards.

Our member HR consultancy support continues to provide valuable advice to members with a range of focused webinars, workshops, email and bespoke advice and support.

Diversity, Equity, and Inclusion (DEI)

We have maintained our focus on DEI with clearly identified and accountable actions embedded in our business plan and a DEI strategy- refreshed regularly- which sets out our priorities. Our strategic focus in the year has been race equity and continuing our work to be an anti-racist organisation. Our approach is focused on three areas: internal and organisational activity such as recruitment, policies and wellbeing; work with members to support the in their approach to DEI work; and eternally focused and partnership work.

We have made progress in our action plan, and we were pleased to be awarded funding by the Esmee Fairbairn Foundation to support our work with members around race equity, with a project due to start in summer 2024.

Financial Procedures

We produce monthly management accounts with regular reporting to the SMT, the Executive Group and the Board. The procedures are firmly embedded in our management and governance cycle. This was in response to working in an increasingly difficult and complex environment with the need to have up to date and accurate information in place to aid effective governance and decision making.

Health and Safety and Corporate Risk

Trustees received regular reports on health and safety and corporate risk. These were examined in detail at each Executive Group meeting and then presented to Trustees. All statutory obligations have been met and there were no major or reportable health and safety issues over the year.

4. Financial Review

4.1. Finances

These accounts cover the year ended 30th June 2024 and present our financial performance for the past 12 months. The cost-of-living crisis continued to affect business performance throughout the year, but we managed to pick up pace in the second part of the year as demand led programmes and the pipeline of smaller contract work performed well.

During the year, the charity recognised total income of £10,305k (2023: £8,010k) (£422k restricted), an increase of £2,295k. The contributing factor to a higher turnover is mainly related to the Community Ownership Fund programme (grants distribution), increased activity from the Neighbourhood Planning contract, as well as a successful range of consultancy delivery.

Expenditure amounted to £10,559k (2023: £8,257k), an increase of £2,302k. Costs have increased in line with the higher volume of activity generated by our main programmes. Staff costs remained at a relatively similar level in term of headcount to the previous financial year, although we saw an increase as a result of inflationary pressures.

Locality ended the financial year with an unrestricted deficit of (£122k) (2023: deficit of (£356k) and a restricted deficit of (£132k) (2023: surplus of £108k).

The current financial year's unrestricted deficit is mainly due to an increased cost base due to inflation. Trustees have agreed a financial plan to use reserves accumulated in the previous years to subsidise expenditure in the current year and coming year, including using some designated funds.

The restricted deficit was mainly due to the Guardian Appeal – Cost of Living Grant programme: we have distributed grants that have been recognised as income in the previous financial year and were expensed in the current financial year.

The total funds of the charity amount to £4,021k (2023: £4,275k), of which £198k are restricted (2023: £315k). Unrestricted funds of the charity decreased to £3,823k (2023: £3,960k).

Most of Locality's income streams are from contracts and programme/project grants, and our business model is based on investing any surpluses from programme and contract activity into support for members (including our influencing work). In setting the 2024-25 budget the Trustees paid attention to risks arising from the cost-of-living crisis and volatile economic climate, as well as some of the programmes potentially coming to end in the new year.

Considering all these, the Board has signed off a smaller deficit budget for the coming year as part of a two-year financial plan to reduce deficits. The designated funds provide us with the opportunity to ensure future support to specific business activities as well as efficiently stewarding our reserves.

The main fixed asset held by Locality is represented by the office building from where the charity heads up its operation. The ground floor is being used for charitable activities, whereas the 1st and 2nd floor are let to other organisations, generating rental income that is being used for charitable purposes. The Trustees reviewed the fair value of the investment property element, in line with SORP requirements. The year-end valuation review carried out by the Trustees concluded that the investment value has decreased and an impairment of £(150k) has been recognised in the accounts.

Locality makes contributions to a defined contribution pension scheme, the assets of which are held separately from the assets of the organisation. Funds are invested in the default scheme and individual staff can vary this for their own investment portfolio.

While cost-of-living pressures continue to be felt, the Board has signed off an improved budget for the new financial year which provides staff with above inflation pay increases and recognises the need to continue to invest in business development activities as well as business as usual and the key focus on supporting members.

The Trustees and SMT have considered a clear chain of command throughout the organisation to mitigate for potential crisis and ensure continuity in business operation; we reviewed our business continuity protocols accordingly. Locality does not rely on volunteers in delivering its business.

The next year's budget 2024-25 has been signed off by the Board and this includes a high level of confirmed programmes and contracts that are expected to continue. Over the past years Locality has shown a strong track record of securing new business. Locality is well placed within the sector with a great reputation and a strong skillset.

The closing free reserves at end of June 2024 were £1,180k, a reasonable level that is slightly lower than our current free reserves target of £1,321k. The free reserves represent the unrestricted funds of £1,281k (less tangible and intangible fixed assets and investments). The Trustees agreed that future business losses can be offset from these reserves in the short-term future.

Based on a high proportion of secured contractual income and unrestricted free reserves of £1,180k, the Trustees are confident that Locality can continue as a going concern. Furthermore, Locality owns the freehold building located at Corsham Street where the organisation's offices are based.

4.2 Reserves Policy

The Board are fully aware of their legal duty to maintain and regularly review the reserves policy ensuring that the reserves target is resilient and set at a level which shows due consideration of medium-term funding requirements.

The charity holds £4,021k in total funds at 30th June 2024, which includes £198k in restricted funds, £1,281k in general unrestricted funds, £2,024k in designated funds and £518k in a revaluation reserve.

The Board's policy on free reserves is to have six months' essential core running costs plus sufficient funds to cover any restructure and a loss of unconfirmed income. Considering the volatile environment that we operate in; it is very prudent to have this level of reserves.

The free reserves target calculated last year was £1,321k. As at 30th June 2024, free reserves stood at £1,180k, a deficit on the set target by (£141k). Trustees have determined that the variance is acceptable, no further action is required.

Designated Funds

With a total of £2,024k that includes:

£703k - Fixed asset fund and £1,088k - Investment fixed asset fund which have been ringfenced by Trustees to identify the value of funds that can only be realised by disposing of tangible and intangible assets. Following the refurbishment of its building in 2017/18, Locality has been using the ground floor for charitable activities, whereas the 1st and 2nd floors are rented out at commercial rates to generate rental income.

£70k - Development fund: Existing designated fund to be used for income generating development activity such as business development priorities and digital work. We expect to draw down these funds in the coming two years.

£0k - expenditure activity fund: The balance brought forward was used for planned expenditure in the 2024 financial year.

£83k - Restructuring fund: Being prudent and prepared for long term restructuring costs as some of our larger contracts come to an end. This fund will likely be utilised over the next 2 years.

£80k - Member support fund: Funds set aside to invest in resources to support and grow our members' network. This fund will be utilised over the next 2 years.

The Revaluation reserve stands at £518k as at 30th June 2024.

5. Future Plans

5.1 Services and Programmes

Coming to the end of the current contracts for both the Neighbourhood Planning Programme and the Community Ownership Fund will no doubt present challenges for communities working in these two important areas.

We will work closely with officials to provide continued support on the Neighbourhood Planning programme and will work to continue this important work if funding allows up to and beyond March 2025. Equally, we will make the case to funders for future funding for Community Led Housing to ensure that projects are not brought to a standstill due to the lack of development funding. In May 24 we embarked on a review of where next for our community led housing work, to ensure that we are able to continue to support members pursuing this important work.

Our work in delivering the support programme for the Community Ownership Fund has meant that many more marginalised groups have been successful with funding. We will continue to build the consortium and make the case for the need for ongoing support for community ownership from funders.

Over the course of the coming year, we will target resources at ensuring that new business development ideas are sourced and resourced to help develop exciting new areas of work such as supporting members to deliver net zero through community enterprise. We will continue to build on our well established and successful consultancy support and aim to continue to deliver a high-quality service. In 2023-24 we achieved an impressive score of 77 through our Net Promoter Score feedback (an increase on the previous year), and we will continue to focus on maintaining this high standard.

During the coming year we will focus on continuing to support community organisations through the delivery of direct demand led work and national contracts and programmes. We will continue to build links with local authorities to ensure that they are supported to help community organisations have the best possible operating environment to support their communities.

5.2 Marketing and Partnerships

Over the coming year we will be promoting what organisations can achieve when they take on and run buildings and spaces for the benefit of the community, as well as how we can help organisations seeking to take on assets.

We will continue to deliver effective newsletters and events for Locality members, and we will promote what Locality members are doing through our social media and website, including through our popular member takeovers. As part of this we will particularly showcase examples of Locality members tackling inequity and discrimination.

We will be running our popular annual Convention in Manchester in November 2024, the biggest community sector event of the year. We will seek to increase the number of delegates and provide even more bursaries so that more organisations supporting racialised and minoritised groups can attend. Building on our effective programme of marketing training, on top of our programme of free member events we will be developing more paid-for training in our areas of expertise.

We will seek to find more partners to support our members with expert advice this year, including to help develop our My Community website (www.mycommunity.org.uk) with even more resources and tools in areas we know organisations need support.

5.3 Membership

Our members continue to experience a highly challenging operating environment. Over recent years they have been negotiating ongoing crises, from COVID-19 to the cost of living to the challenges of council finances. We will therefore continue to provide our members with a full range of support, based around the "ABC" of Locality membership: advice, belonging and connection.

The central focus will be our Connectors-UK programme. Locality has received almost £1.9 million over three years from The National Lottery Community Fund, the largest community funder in the UK. The funding will support the Connectors UK programme, delivered in partnership with DTA Scotland, DTA Wales and DT Northern Ireland. Through the programme we will bring local community organisations together, to build resilience, share innovative practice and shape their community's future.

In particular, the programme will enable us to offer a range of peer-learning opportunities, alongside direct advice and support. We will also be supporting several pilot projects to develop practical learning on how to build community connection, to share with our wider network.

5.4 Policy and Public Affairs

We have a full programme of Policy and Public Affairs work for 2024-25. We will be developing a revised influencing strategy considering the recent UK general election and change of government. We will build on our pre-election manifesto – Building Thriving Neighbourhoods – to develop our policy proposals in a new political context and seek to build wide support for community power.

A key part of this will be our continuing support for the We're Right Here Campaign, developing opportunities to embed its proposals for a Community Power Act.

We will also continue to develop our work as part of the VCSE Health and Wellbeing Alliance, as well as conducting policy research project which support our influencing strategy.

As with other years we also anticipate being able to respond to emerging issues as they arise.

5.5 Organisational Development

We will continue to invest in business development activities to further our impact and build new partnerships. We will improve the use of technologies across the organisation through our digital strategy, including attracting more members and improving how we support existing members.

We will continue to prioritise our diversity, equity and inclusion workstream and have built in actions into our annual business plan with regular review by Trustees.

We regularly review our priorities and our financial plans throughout the year to ensure that we remain in a strong organisational position.

6. Principal Risks and Uncertainties

The Board reviews risk on a quarterly basis, analysing levels of impact and probability, and the risk management approach. Each risk identified is assessed for impact and likelihood, with impact weighted to give an overall level of risk a numerical value.

High profile risk areas include:

Risk	Mitigation
Failure to win new contracts.	Clear income targets by region and departments and internally process to focus on current opportunities and business development priorities.
Failure to extend/renew Neighbourhood Planning Contract	Set a tight 2024-25 budget to hedge for a potential downturn. Review performance and available information at forecast stage and plan changes accordingly.
Cost of living crisis continues and affects business performance.	Consolidated existing free reserves and cash flow to hedge for potential adverse performance.
Failure to create appropriate interest in programmes, resulting in multiple problems for us as the lead organisation responsible.	Devise clear and engaging Comms. Partners support awareness raising to build pipeline. Review uptake regularly and amend strategy.
Income pipeline and income actuals plus expenditure actuals do not deliver on budget.	Monthly management accounts, and forecast performance is monitored closely.
Failure of members / failure of services resulting in reputational damages.	Swift involvement of Comms in incidents.
Failure to attract, train, retain staff team.	Maintain reputation/benchmark T&Cs, build strong teams. Strong induction and training and development policies.

The Trustees regularly assess risks and are satisfied that the risk management process is robust and that risks are being managed appropriately. All risk assessments are discussed extensively at staff and Trustee meetings. We recognise that we are working in a volatile environment and risk management is a critical activity.

Statement of Trustees' Responsibilities

The Trustees (who are also Directors of Locality for the purposes of Company Law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company Law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company Law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Charitable Company and of the net income for that period.

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities Statement of Recommended Practice (FRS102);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions, disclose with reasonable accuracy at any time the financial position of the Charitable Company, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Information to Auditors

The Trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Trustees has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

MHA have been appointed as auditors since 2017.

The Trustees' Annual Report is approved by the Locality's Board of Trustees and authorised for issue on 24th October 2024, and signed on its behalf by

Alison Haskins
…………………………………………

Alison Haskins
Chair of Locality's Board of Trustees

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Independent Auditor's Report to the members of Locality (UK)
For the year ended 30 June 2024

Opinion

We have audited the financial statements of Locality (UK) (the 'Charitable Company') for the year ended 30 June 2024 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 30 June 2024, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report.

We are independent of the Charitable Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Trustees' assessment of the entity's ability to continue to adopt the going concern basis of accounting included critical reviews of budgets, forecasts and future plans for the Charity.

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report (incorporating the Directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' report (incorporating the Directors' report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

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

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the regulatory and legal frameworks that the entity operates in, focusing on those having a direct effect on the financial statements;
- Enquiry of management to identify any instances of known or suspected instances of fraud;
- Enquiry of management about instances of non-compliance with laws and regulations;
- Reviewing the design and implementation of control systems in place and testing the operational effectiveness of those controls;
- Performing audit work over the risk of management override, including testing of journal entries for appropriateness and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures alongside supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx. This description forms part of our auditor's report.

Use of this report

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

Sudhir Singh

Sudhir Singh FCA (Senior Statutory Auditor)
For and behalf of MHA, Statutory Auditor
London, United Kingdom

Date: 13 November 2024

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

Locality (UK)
Statement of Financial Activities
for the year ended 30th June 2024

Income and expenditure	Note	Unrestricted funds 2024 £000s	Restricted funds 2024 £000s	12 months Total funds 2024 £000s	12 months Total funds 2023 £000s
Income					
Income from Investments		99	-	**99**	**108**
Other Income		71	-	**71**	**65**
Income from charitable activities					
Member services		211	(16)	**195**	**969**
Services and delivery and learning		9,427	241	**9,668**	**6,586**
Policy and campaigning		75	197	**272**	**282**
Total income		**9,883**	**422**	**10,305**	**8,010**
Expenditure					
Expenditure on charitable activities					
Membership services		447	163	**610**	**1,096**
Services and delivery and learning		9,296	160	**9,456**	**6,676**
Policy and campaigning		262	231	**493**	**485**
Total expenditure	2	**10,005**	**554**	**10,559**	**8,257**
Net (deficit)		**(122)**	**(132)**	**(254)**	**(247)**
Fund transfers	11	(15)	15	-	-
Gains/(losses) on investment property	7	(150)	-	(150)	-
Net movement in funds for the year		**(287)**	**(117)**	**(404)**	**(247)**
Fund balances brought forward at 1st July 2023	11	**3,960**	**315**	**4,275**	**4,522**
Fund balances carried forward 30th June 2024	11	**3,673**	**198**	**3,871**	**4,275**

All activities are continuing.

The comparative figures for each fund are shown in the notes to the accounts (note 19).

The notes on pages 23 to 38 form part of these financial statements.

Locality (UK)
Balance Sheet as at 30th June 2024

	Note	2024 £000s	2023 £000s
Fixed assets			
Tangible fixed assets	6	626	654
Intangible fixed assets	6	53	66
Investments	7	2,081	2,231
		2,760	**2,951**
Current assets			
Debtors	8	1,682	1,339
Cash at bank and in hand		1,063	1,713
		2,745	**3,052**
Creditors: amounts falling due within one year	9, 9a	(1,634)	(1,728)
Net current assets		**1,111**	**1,324**
Total Assets less current liabilities		3,871	4,275
Creditors: amounts falling due after more than one year	9b	-	-
Net Assets		**3,871**	**4,275**
Funds:			
Unrestricted funds - general	12	1,281	1,298
Unrestricted funds - revaluation	12	368	518
Designated funds	12	2,024	2,144
Restricted funds	12	198	315
		3,871	**4,275**

These financial statements were approved and authorised for issue by the Board on 24th October 2024 and signed on its behalf by:

Alison Haskins

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Alison Haskins - Chair of Locality's Board of Trustees

The notes on pages 23 to 38 form part of these financial statements.

Company number: 2787912

Locality (UK)
Statement of Cashflows
for the year ended 30th June 2024

	Notes	2024 £000s	2023 £000s
Net cash (used) in operating activities		(611)	(548)
Cash flows from investing activities			
Dividends and interest		(21)	(11)
Additions to fixed assets		(15)	(28)
	6	(36)	(39)
Cash flows from Financing activities			
Capital repayments	18	(14)	(42)
Interest accrued	18	10	25
		(4)	(17)
Change in cash and cash equivalents		**(651)**	**(604)**
Cash and cash equivalents at the beginning of the reporting year		**1,714**	**2,318**
Cash and cash equivalents at the end of the reporting year		**1,063**	**1,714**

Reconciliation of net outgoing resources to net cash outflow from operating activities

	Notes	2024 £000s	2023 £000s
Net (outgoing) resources		(254)	(247)
Bank interest received		21	11
Depreciation charges	6	37	38
Amortisation charges	6	20	28
Other non-cash adjustments		2	13
(Increase) in debtors		(343)	(735)
Increase/(decrease) in creditors		(94)	344
Net cash (used) in operating activities		**(611)**	**(548)**

Analysis of cash and cash equivalents

	2024 £000s	2023 £000s
Cash at bank and in hand	1,063	1,713
Total cash and cash equivalents	**1,063**	**1,713**

The notes on pages 23 to 38 form part of these financial statements.

1 Accounting policies

Basis of preparation
The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The Charity is a public benefit entity for the purposes of FRS 102 and therefore the Charity also prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (The FRS 102 Charities SORP) and the Charities Act 2011. Accounts are presented in GBP and rounded to the nearest thousand.

Going concern
The Trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the Charity to continue as a going concern. The Trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular, the Trustees have considered the Charity's forecasts and projections and have taken account of pressures on membership, consultancy and grant funding and investment income. After making enquiries, the Trustees consider that no material uncertainties exist which may cast doubt on the charity's ability to continue in operational existence for the foreseeable future. The financial statements have therefore been prepared on a going concern basis. The charity has sufficient financial resources and appropriate structures in place to manage business risks.

The Trustees considered the ongoing risks related to the cost of living crisis. Having a high level of secured contractual income for the new financial year 2024-25 and closing free reserves at June 2024 of £1,180k, the trustees are confident that Locality can continue as a going concern. We have carried out scenario forecasting to June 2026 and the future operation is being supporting by a robust cash and reserves position.

Length of reporting period
The reporting period for 2023-23 and 2023-24 is 12 months and therefore the comparative figures in the financial statements and related notes are comparable.

1.1 <u>Income</u>
Membership income
Membership fees are recognised in the financial periods that the membership covers.

Investment Income
Represented by rental income, this is recognised in financial periods that it covers.

Grants
Grants are recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably. Income received in advance of performance or provision of other specified service is deferred until the criteria for income recognition have been met. Advance payments in respect of grants for bursaries for future periods are carried forward in the financial statements as deferred income.

Government Grants
Grants received from Government bodies during the financial year 2023-24 are £128k (2023: £211k). All conditions and contingencies relating to the grants have been met. Income derived from business activities with DLUHC is contract based.

1.2 <u>Expenditure</u>
Expenditure is included within the statement of financial activities under one or more of the following headings. This is recognised in the accounts on an accrual basis and reflected in the accounts in the period that it relates to:

Charitable activities

(i) **Membership services**
The cost of supporting our extensive network of community organisations across the UK as they become more effective entities.

(ii) **Services and delivery and learning**
The costs associated with helping communities and community organisations with asset ownership, community enterprise, community co-design and organising.

(iii) **Policy and campaigning**
The costs of national work to influence policy and to promote community enterprise.

Support costs
Support costs are allocated on the basis of staff time, apart from where restricted funders specify a different formula.

Grant making policy
Grants payable are payments made to third party institutions in furtherance of the Charity's objectives. Unconditional grant offers are accrued in full once the recipient has been advised of the grant award and the payment is probable, or paid in advance. Where grant awards are subject to performance conditions that are outside of the control of the Charity, these are accrued when the recipient has been notified of the grant award. There were no grants made to individuals.

1 Accounting policies continued

Tangible fixed assets and depreciation
Tangible fixed assets costing more than £1,000 are capitalised and included at cost including any incidental expenses of acquisition.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected useful economic lives as follows:

Computer equipment	over 3 years
Office equipment	over 4 years
Fixtures and fittings	over 10 years
Freehold improvements	over 20 years
Freehold buildings	over 50 years remaining life of the building
Freehold land	not depreciated

Intangible fixed assets and amortisation
Amortisation is provided on all intangible fixed assets costing more than £1,000 at rates calculated to write off the cost of each asset over their estimated useful economic lives (based on expected useful life of asset) as follows:

Computer Software	over 3 years
Website development	over 5 years

Investments

Social investments
Investments in other organisations made by Locality by way of capital or lending, which are made primarily to further the charitable purposes of Locality rather than for financial return, are treated as programme related investments. Programme related investments are measured initially at transaction price and subsequently at each reporting date at fair value, except where the fair value cannot be readily determined, in which case the programme related investment is subsequently measured at cost less impairment.

Fixed assets investments
Investment properties are defined as those ‘held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business’. FRS 102 requires valuation at year end fair value.

Financial instruments
The Charity only holds basic Financial Instruments. Financial Instruments are classified and accounted for according to the substance of the contractual arrangement as finacial assets or financial liabilities. The trustees carried out a fair value review of the investment property and concluded that there was no impairment.

Debtors
Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Trade and other debtors (including accrued income) are financial instruments and are debt instruments measured at amortised costs as detailed in note 8. Prepayments are not financial instruments.

Cash and cash equivalents
Cash and cash equivalents are classified as basic financial instrument and is measured at face value.

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Liabilities

Trade creditors, accruals and other creditors are classified as financial instruments, and are measured at amortised cost as detailed in note 9. Amounts due for taxation and social security are not included in the financial instruments disclosure. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is simply an obligation to deliver charitable services rather than cash or another financial instrument.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1 Accounting policies continued

Employee Benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service. The charity operates a defined contribution plan for the benefit of its employees. Contributions are unrestricted and expensed as they become payable. Termination payments are recognised immediately upon becoming a constructive obligation.

Funds

Funds held by the charity comprise:

Unrestricted general - these are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.

Revaluation reserve - this reflects the uplift in value of the investment property asset to market value under FRS 102.

Designated - these are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.

Restricted - these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Pension scheme arrangements

Locality makes contributions to a defined contribution pension scheme, the assets of which are held separately from the assets of the organisation. The amount charged to the SOFA in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Leasing commitments

Rentals applicable to operating leases are charged to the SOFA against income over the period in which the cost is incurred on a straight-line basis.

Critical estimates and judgements

In preparing the financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The annual depreciation charge for tangible fixed assets, including freehold land and buildings, fixtures and fittings and office equipment, as well as the amortisation charge for intangible assets (computer software), are sensitive to changes in useful economic lives and residual values of assets. These are reassessed annually and any impairment accounted for.

In the view of the Trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

2 Expenditure 2024

Analysis of total expenditure	**Staff costs £000s**	**Grants to institutions £000s**	**Support costs £000s**	**Other direct costs £000s**	**12 months Total 2024 £000s**
Membership services	295	-	39	276	**610**
Services and delivery and learning	2284	1050	291	5831	**9456**
Policy and campaigning	261	-	26	206	**493**
Total expenditure	**2,840**	**1,050**	**356**	**6,313**	**10,559**
	(note 5)		(note 3)		

Expenditure 2023

Analysis of total expenditure	**Staff costs £000s**	**Grants to institutions £000s**	**Support costs £000s**	**Other direct costs £000s**	**12 months Total 2023 £000s**
Membership services	343	-	46	707	**1096**
Services and delivery and learning	2151	776	287	3462	**6676**
Policy and campaigning	257	-	28	200	**485**
Total expenditure	**2,751**	**776**	**361**	**4,369**	**8,257**
	(note 5)		(note 3)		

Grants to Institutions

	2024 £000s	**2023 £000s**
Social Economy Growth Business Support grants	18	-
COF grants	1,009	-
VCSE Health and Wellbeing Alliance	20	-
Bridge Renewal Trust (LHC grant)	-	10
GLA (Community Spaces at Risk grants)	-	5
Guardian Appeal grants	-	521
Sport England Together Fund grants	-	109
Hodwell Associates (City Bridge Trust)	3	12
Various individually under £10,000 to: 0 organisations (2023: 71 organisations)	-	119
Total	**1050**	**776**

The key business areas where Locality distributed grants to institutions were Community Ownership Fund (COF), Social Economy Growth Business Supprt, City Bridge Trust, and Health & Wellbeing Alliance. No support costs were directly allocated to the grant-making activities. Any support costs were allocated against the revenue received as management fees for the running of the programmes.

Social Economy Growth Business Support: Business support and grant administartion in respect of Social economy growth. Grants and business support aimed at Social Entrepreneurs to increase business skills, employement and working more confidently in areas of multiple deprivation.

Community Ownership Fund: COF helps communities across the UK to take ownership of assets at risk of closure. Locality has partnered with 9 national charities to deliver the programme by providing in depth development support for organisations applying for funding. Locality also administered small revenue grants (up to 10k) for specialist support such as legal advice/building surveys.

City Bridge Trust: A Triage and Connect programme to support the delivery of City Bridge Trust’s Bridge Project offer.

VCSE Health & Wellbeing Alliance: The HW Alliance exists to connect the VCSE sector with the health and care system to provide a voice and improve health and wellbeing for all communities.

3 Analysis of support costs 2024

	Member services £000s	Services and delivery and learning £000s	Policy and campaigning £000s	12 months Total 2024 £000s
Premises costs	9	70	6	**85**
Office costs	5	42	4	**51**
IT	10	63	5	**78**
Professional fees	5	40	4	**49**
Management	8	59	5	**72**
Governance	2	17	2	**21**
Total	**39**	**291**	**26**	**356**

Analysis of support costs 2023

	Member services £000s	Services and delivery and learning £000s	Policy and campaigning £000s	12 months Total 2023 £000s
Premises costs	9	55	5	**69**
Office costs	4	25	2	**31**
IT	15	94	9	**118**
Professional fees	7	43	4	**54**
Management	9	29	6	**44**
Governance	2	41	2	**45**
Total	**46**	**287**	**28**	**361**

Governance & audit costs	12 months Total 2024 £000s	12 months Total 2023 £000s
Audit fees	26	20
Trustees' costs	8	10
Other governance costs	8	15
Total	**42**	**45**

4 Net income / expenditure

These are stated after charging:

	12 months 2024 £000s	12 months 2023 £000s
Auditor's remuneration - current year	26	20
Amortisation	20	28
Depreciation	37	38

		12 months 2024 £000s	12 months 2023 £000s
5	**Staff costs**		
	Wages and salaries	2,086	2,022
	Social security costs	228	219
	Pension costs	329	298
	Total direct staff costs	**2,643**	**2,539**
	Welfare, travel and agency staff	99	127
	Recruitment	14	13
	Holiday pay accrual	84	72
	Total staff costs	**2,840**	**2,751**

Included in Wages and salaries above is a non-contractual termination payment of £16,576 (2023: £nil). The payment represents an ex-gratia payment which the Trustees believed the Charity had a morale obligation to make.

Number of employees within salary range:	12 months 2024	12 months 2023
Above £100,000	-	-
£90,000 - £100,000	1	1
£70,000 - £80,000	-	-
£60,000 - £70,000	3	2

The total amount paid to 7 key management personnel *(2023: 6)* (CEO, Director of Finance, Director of Services, Director of Marketing and Partnerships, Director of Policy and Engagement, Strategic HR & Equalities Lead) for their services to the Charity was £527,212 *(2023: £473,901)* , of which salaries were £403,567, pension contributions £75,429 and Employer's NIC £48,216.

The average number of employees including part-time workers, analysed by function, was:

	12 months 2024	12 months 2023
Governance	1	1
Delivering national programmes and support to members	40	39
Policy and campaigning	4	4
Administration	6	6
Total employees	**51**	**50**

No remuneration has been paid to the Trustees. Total travel expenses of £2,376 (2023: £2,425) were paid to 11 (2023: 8) Trustees. During the year, the Charity incurred £5,873 (2023: £4,649) professional indemnity insurance costs for employees, and £5,873 (2023: £2369) for Trustee and individual liability insurance.

6 Tangible fixed assets

Cost & valuation	Freehold land and buildings £000s	Freehold improve-ments £000s	Fixtures and fittings £000s	Computer equipment £000s	Total £000s
At 1st July 2023	618	222	50	42	932
Additions	-	-	-	9	9
At 30th June 2024	**618**	**222**	**50**	**51**	**941**
Accumulated depreciation					
At 1st July 2023	171	63	20	25	279
Charge for the year	9	11	5	12	37
At 30th June 2024	**180**	**74**	**25**	**37**	**316**
Net book values					
At 30th June 2024	**439**	**148**	**25**	**14**	**625**
At 30th June 2023	**447**	**159**	**31**	**17**	**654**

Intangible fixed assets

Cost	Computer software £000s
At 1st July 2023	183
Additions	6
At 30th June 2024	**189**
Accumulated amortisation	
At 1st July 2023	117
Charge for the year	20
At 30th June 2024	**137**
Net book values	
At 30th June 2024	**52**
At 30th June 2023	**66**

All fixed assets held are for use by the organisation in furthering its charitable objectives.

7 Investments

Social investments	12 months 2024 £000s	12 months 2023 £000s
	Just Power	Just Power
At 1st July 2023 and 30th June 2024	10	10

In August 2012, Locality made an investment in a new social enterprise venture whose aim is to support community organisations to improve energy efficiency including through the installation of solar panels and other renewable energy equipment. The company is a community interest company (Just Power for Communities CIC) and Locality's shareholding represents 43% of the share capital. This is a programme related investment.The board is currently reviewing Locality's involvement in the investment.

Locality's share of net assets at 30th June 2024 was £10k (2023: £10k). This is a CIC that was initially impacted by the changes to the Government's Feed In Tariff scheme (announced in November 2012).

Locality's share of JP CIC	**12 months 2024 £000s**	**12 months 2023 £000s**
Share of income	1	1
Share of expenditure	(1)	(1)
	-	-
Investment brought forward	10	10
Investment carried forward	10	10

Fixed Asset Investment	**12 months 2024 £000s**	**12 months 2023 £000s**
Fair value b/f	2,221	2,221
Improvements	-	-
Revaluation/(impairment)	(150)	-
Fair value c/f	2,071	2,221
Total Investments	**2,081**	**2,231**

During 2017/18, Locality undertook a major refurbishment of its building across the 3 floors. The building and the improvements are deemed as mixed use assets. The ground floor is used for charitable activities whereas the 1st and 2nd floor are rented out to third parties. The building and the improvements to fixed assets are being apportioned 1/3 as used for charitable purposes and 2/3 have been reclassified as fixed asset investment.

The trustees reviewed the fair value of the investment property element, in line with SORP requirements. The year-end valuation review carried out by the trustees included consideration of commercial property rental yields, market movements and a desktop valuation performed by an independent property consultancy, and concluded that indicators of impairment existed. As such, an impairment charge of £150k has been recognised, reducing the value of the investment property to what the trustees consider to be its fair value as at the year-end.

The last formal valuation took place in 2018 by Lambeth Smith Hampton. The trustees will consider if a new formal valuation will be comissioned in the next financial year.

8 Debtors

	2024 £000s	2023 £000s
Trade debtors	1,347	788
Bad debt provision	(9)	(25)
Prepayments	59	60
Accrued income	285	516
	1,682	1,339
Financial assets that are debt instruments measured at amortised cost	1,625	1,278

9 Creditors: amounts falling due within one year

	2024 £000s	2023 £000s
Trade creditors	605	480
Social security and other taxes	55	57
VAT	168	127
Other creditors	60	47
Accruals	464	496
Deferred income (note 10)	146	31
Unity Trust Loan	115	469
	1,613	1,707
Financial liabilities measured at amortised cost	1,129	1,023
9a Rent deposits held by Locality	21	21

At 30th June 2024 Locality held deposits for the tenants on the 1st floor, £20,910.

Total Creditors	**1,634**	**1,728**

Unity Trust Loan
Due to Locality registering a deficit position in 2023/24 financial year, the loan covenants were breached. Whilst the Charity have been provided with assurance that the bank will not exercise its rights to recall the loan in full, they legally retain their right to do so. The entire value of the loan as at the year-end has been recognised as a current liability. July 2023 Locality was able to make a large repayment of £350k. Whilst the loan is presented as a current liability in the financial statements in practice the repayments will be made in line with the agreed loan schedule. The loan will be repayable on a capital and interest basis by regular quarterly payments calculated over a repayment profile of 240 months. Interest will be charged at 2.15% per annum over Unity's Base Rate from time to time (which is currently 5.25%) subject to a minimum charge of 2.15% per annum.

10 Deferred income analysis

	2024 £000s	2023 £000s
Brought forward	31	213
Released in year	(246)	(302)
New deferrals	361	120
Carried forward	146	31

The majority of the deferred income is for membership income and Convention 2024 sponsorship.

11 Movement in funds 2024

Restricted funds	Balance at 1st July 2023 £000s	Movement in resources Revenue £000s	Outgoing £000s	Transfers £000s	Balance at 30th June 2024 £000s
Services					
VCSE Energy Efficiency Scheme programme	-	33	(19)	-	14
Bridge Project	103	43	(79)	-	67
Lifeboat	-	-	(7)	7	-
Lighthouse	1	-	-	(1)	-
CSARF / GLA Grants	1	-	(2)	1	-
Sport England - Together Fund	(15)	25	(11)	1	-
Waltham Forest VOICE	-	20	(7)	-	13
SocioDigital Futures - University of Bristol	17	12	(12)	-	17
Guardian Appeal - Cost of Living Grant Programme	181	(16)	(163)	(2)	-
UK Fund	-	108	(24)	-	84
Policy and campaigning					
Policy Consultancy - IFS	(4)	6	(11)	9	-
We Are Right Here	47	123	(140)	-	30
VCSE Health & Wellbeing Alliance	(16)	68	(79)	-	(27)
Total restricted funds	**315**	**422**	**(554)**	**15**	**198**

Unrestricted funds	Balance 1st July 2023 £000s	Movement in resources Revenue £000s	Outgoing £000s	Transfers £000s	Balance 30th June 2024 £000s
General funds	1,298	9,883	(10,005)	105	1,281
Revaluation Reserve	518	-	(150)	-	368
Designated funds:					
Fixed Asset fund	731	-	-	(28)	703
Fixed Asset Investment fund	1,098	-	-	(10)	1,088
Development Fund	80	-	-	(10)	70
Expenditure activity fund	45	-	-	(45)	-
Restructuring fund	100	-	-	(17)	83
Member support fund	90	-	-	(10)	80
Total designated funds	**2,144**	**-**	**-**	**(120)**	**2,024**
Total unrestricted funds	**3,960**	**9,883**	**(10,155)**	**(15)**	**3,673**
Total funds	**4,275**	**10,305**	**(10,709)**	**-**	**3,871**

Restricted funds (continued)

Services

The National Lottery Community Fund: The UK Fund – Connectors UK	Locality will receive almost £1.9 million over three years from The National Lottery Community Fund, the largest community funder in the UK. The funding will support the Connectors UK programme, delivered in partnership with DTA Scotland, DTA Wales and DT Northern Ireland. Through the programme we will bring local community organisations together, to build resilience, share innovative practice and shape their community's future.
VCSE Energy Efficiency Scheme programme	VCSE Energy Efficiency Scheme is a £20m capital grant fund that launched at the end of 2023 for energy efficiency measures to community buildings, funded by DCMS. Locality is part of a Groundwork UK led consortium providing support to community organisations applying to the fund.
Lighthouse	Lighthouse is an online diagnostic tool for assessing the current health of community organisations across six key areas, alerting users to areas that need their attention to ensure the long-term health and sustainability of their organisation.
CSARF / GLA Grants	A Greater London Authority grant to enable Locality as a delivery partner to provide grant administration, distribution and specialist advisory support to the Authority for the Community Spaces at Risk Fund.
Sport England Together Fund	Enables community groups to continue to exist and engage with their communities, supporting people to be engaged and active.
Waltham Forest Community Voice	Locality has been delivering a community facilitation programme for VCS organisations and community groups in Waltham Forest. The aim to co-design a coordinating body that will represent the sector in the borough. The work has included mapping the sector and other approaches to VCS infrastructure and running a series of listening events with different parts of the sector.
SocioDigital Futures - University of Bristol	The SocioDigital Futures project aims to shape the space for communities in a digital future, through research and collaboration.
Guardian Appeal - Cost of Living Grant Programme	Locality cost of living grant programme supported by the Guardian and Observer charity appeal 2022. Grants to help community organisations across the UK tackle the cost of living crisis.
Lifeboat	Lifeboat programme supports community organisations that are in financial and organisational difficulty.

Policy and campaigning

Policy Consultancy - IFS	IFS-Fostering Social Justice aims to encourage European cooperation and strengthen the capacity of the IFS network to provide and advocate for effective adult learning opportunities, targeted to people with fewer opportunities, migrants and refugees by means of mutual learning, peer counselling and capacity building.
We're Right Here Campaign	The We're Right Here's campaign calls for a Community Power Act, so that local people can shape the places where they live. The campaign seeks to draw on the energy and ambition of those committed to their communities and places.
VCSE Health & Wellbeing Alliance	The HW Alliance exists to connect the VCSE sector with the health and care system to provide a voice and improve health and wellbeing for all communities. The funding will continue in 2024/25 financial year.

Restricted Fund Transfers	Restricted Fund Transfers are done on the satisfaction completion of the project.

Revaluation Reserve	The year-end valuation review carried out by the trustees concluded that the fair value of the investment property has decreased. Therefore an impairment charge of £(150k) has been recognised in the
Designated Funds	
Development fund	Existing designated fund to be used for income generating development activity such as business development priorities and digital work. We expect to draw down more of this fund in the coming 2 years.
Expenditure activity fund	Was used to support our planned expenditure in the current year. The trustees have set aside the designated fund to support the cost base during the volatile economic situation and the cost of living crisis.
Restructuring fund	Being prudent and prepared for long term restructuring costs as some of our larger contracts come to an end. This fund will be utilised over the next 2 years.
Member support fund	Funds set aside to invest in resources to support and grow our members' network. This fund will be utilised over the next 2 years.
Fixed asset fund	The fixed asset fund denotes the sum equal to the net book value of the tangible fixed assets and intangible assets (less the value of any capital grants), which are not freely expendable.
Fixed asset investment fund	The building and the improvements are deemed as mixed use assets. The ground floor is used for charitable activities whereas the 1st and 2nd floor are rented out to third parties to generate revenue. Therefore the building and the improvements to fixed assets were apportioned 1/3 as charitable activities and 2/3 were reclassified as investment fixed asset in June 2018. A valuation was carried out on the expected market value of the building after refurbishment works at a valuation of £3.26m. The proportion relating to fixed investment fund was £2.221m (2023 and 2024).
Designated Transfers	Funds were used to further Locality's vision. Transfers out of Designated funds were made with Trustee approval and to fund expenditure towards membership events, the development of election campaigning, green agenda, and DEI. As well, some of the funds were used for increased expenditure due to cost of living, ex-gratia payment for one staff member.

11 Movement in funds 2023

Restricted funds	Balance at 1st July 2022 £000s	Movement in resources Revenue £000s	Outgoing £000s	Transfers £000s	Balance at 30th June 2023 £000s
Services					
City Bridge Trust - Spotlight	7	29	(36)	-	-
Esmee Fairbairn Foundation Lifeboat	76	6	(82)	-	-
Bridge Project	106	74	(77)	-	103
Lighthouse	1	-		-	1
CSARF / GLA Grants	6	4	(9)	-	1
Sport England - Together Fund	-	128	(143)	-	(15)
Mutual Aid - GLA	17	-	(17)	-	-
SocioDigital Futures - University of Bristol	-	17	-	-	17
Guardian Appeal - Cost of Living Grant Programme	-	755	(574)	-	181
Policy and campaigning					
Policy Consultancy - IFS	-	6	(10)	-	(4)
We Are Right Here	-	127	(80)	-	47
InnoSI European project - MMU	1	-	-	(1)	-
VCSE Health & Wellbeing Alliance	-	90	(106)	-	(16)
PtC Infrastructure Collaboration	-	-	7	(7)	-
Nationwide Foundation	-	4	(4)	-	-
Total restricted funds	**214**	**1,240**	**(1,131)**	**(8)**	**315**

Unrestricted funds	Balance 1st July 2022 £000s	Movement in resources Revenue £000s	Outgoing £000s	Transfers £000s	Balance 30th June 2023 £000s
General funds	1,217	6,770	(7,126)	437	1,298
Revaluation Reserve	518	-	-	-	518
Designated funds:					
Fixed Asset fund	758	-	-	(27)	731
Fixed Asset Investment fund	1,115	-	-	(17)	1,098
Development Fund	100	-	-	(20)	80
2022-23 Expenditure activity fund	400	-	-	(355)	45
Restructuring fund	100	-	-	-	100
Member support fund	100	-	-	(10)	90
Total designated funds	**2,573**	-	**-**	**(429)**	**2,144**
Total unrestricted funds	**4,308**	**6,770**	**(7,126)**	**8**	**3,960**
Total funds	**4,522**	**8,010**	**(8,256)**	**-**	**4,275**

12 Analysis of net assets between funds 2024

	Tangible fixed assets 2024 £000s	Intangible fixed assets 2024 £000s	Investments fixed and social 2024 £000s	Net current assets 2024 £000s	Total 2024 £000s
Restricted funds	-	-	-	198	**198**
Revaluation reserve	-	-	368	-	**368**
Designated funds	586	-	1,205	233	**2,024**
Unrestricted funds	39	52	10	1,180	**1,281**
	625	**52**	**1,583**	**1,611**	**3,871**

Analysis of net assets between funds 2023

	Tangible fixed assets 2023 £000s	Intangible fixed assets 2023 £000s	Investments fixed and social 2023 £000s	Net current assets 2023 £000s	Total 2023 £000s
Restricted funds	-	-	-	315	**315**
Revaluation reserve	-	-	518	-	**518**
Designated funds	606	-	1,223	315	**2,144**
Unrestricted funds	48	66	10	1,174	**1,298**
	654	**66**	**1,751**	**1,804**	**4,275**

13 Liability of Members

The Charity is a company limited by guarantee and consequently does not have a share capital. In the event of the company being wound up or not being able to pay its debts from its assets, each Member 2024: 2,227 *(2023: 1,958)* is required to contribute an amount not exceeding £1.

14 Future financial commitments

Operating leases as lessee

Minimum lease payments under non cancellable operating leases fall due as follows:
During the year Locality has incurred £25k *(2023: £12k)* expenditure for operating leases.

	Other 2024 £000s	Other 2023 £000s
Within one year	21	11
In two to five years	3	9
	24	20

Operating lease as lessor
Future minimum lease payments under non-cancellable operating leases fall due as follows:

	2024	2023
Not later than one year	21	83
Later than one year not later than five years	-	27
	21	110

There is no rental income recognised on a contingent basis.

15 Capital commitments

There were no outstanding capital commitments at 30th June 2024 or 30th June 2023.

16 Related parties

All Locality Trustees were employed by, or were Trustees of Locality full Members or Associate Members, with the following exceptions: Anna Bonallack, Colin Crooks, Alexis Keir, Amy Kinnear, Tess Lanning and Sarah Mitson.

The total payments for services or goods made to Locality Trustees or organisations connected to Locality Trustees during the year was £172 (2023: £380) ; Halifax Opportunities Trust £0 (2023: £380), Waltham Forest Community Hub £60 (2023: £0) and Murray Hall Community Trust £112 (2023: £0)

The total bursaries or grants awarded during the year to Locality member organisations of which a Locality Trustee is an employee or Trustee was £27,564 *(2023: £0).* These were for Fromehall Mill Community Benefit Society Limited £9,820 (2023: £0); Selby Trust £3,000 (2023: £0); Rotunda Ltd £8,974 (2023: £0); Murray Hall Community Trust £4,500 (2023: £0); Hackney Co-operative Developments £1,000 (2023: £0); Creative Sustainability CIC £270 (2023: £0).

The total income for services or goods from organisations connected to Locality Trustees during the year was £28,790 (2023: £20,658). This income was received from Chats Place Arts Centre £0 (2023: £250); Goodwin Develolpment Trust £1,450 (2023: £3,550); Halifax Opportunities Trust £1,450 (2023: £2,860); Libraries Unlimited £250 (2023: £250); Manchester Settlement £250 (2023: £1,266); Murray Hall Community Trust £1,450 (2023: £1,450); Rotunda Ltd £1,450 (2023: £1,450); Selby Trust £2,615 (2023: £9,322); and Windmill Hill City Farm £250 (2023: £250); Hackney Co-Operative Development Trust £250 (2023: 0); Finsbury Park Trust £250 (2023: 0); NHS England £8,325 (2023: 0); and Waltham Forest Council £10,800 (2023: 0).

All activities with connected organisations were carried out on an arm's length basis in the normal course of activities and on terms no more favourable than for any other member organisation.

17 Pension scheme

The organisation contributes to a defined contribution scheme, the assets of which are held separately from those of the Charity. The organisation contributed in 2024 £328,971 *(2023: £298,300)* during the year of which 2024: £28,153 *(2023: £26,050)* was still outstanding at the year end and is included in creditors.

18 Reconciliation of Net Debt

Unity Trust Loan	**At 1st July 2023 £000s**	**Cashflows £000s**	**At 30th June 2024 £000s**	**At 30th June 2023 £000s**
Opening Balance	469	-	469	486
Capital Repayment		(364)	(364)	(42)
Interest Charged		10	10	25
Closing Balance	**469**	**(354)**	**115**	**469**
Borrowings				
Debt due within one year			115	469
Total			**115**	**469**

19 ***SOFA comparatives (previous year ended 30th June 2023)***

	Note	Unrestricted funds 2023 £000s	Restricted funds 2023 £000s	12 months Total funds 2023 £000s	12 months Total funds 2022 £000s
Income and expenditure					
Income					
Income from Investments		108	-	**108**	**124**
Other Income		61	4	**65**	**98**
Income from charitable activities					
Member services		214	755	**969**	**190**
Services and delivery and learning		6,328	258	**6,586**	**6,501**
Policy and campaigning		59	223	**282**	**186**
Total income		**6,770**	**1,240**	**8,010**	**7,099**
Expenditure					
Membership services		520	576	**1,096**	**443**
Services and delivery and learning		6,317	359	**6,676**	**6,653**
Policy and campaigning		289	196	**485**	**408**
Total expenditure	2	**7,126**	**1,131**	**8,257**	**7,504**
Net surplus/(deficit)		**(356)**	**109**	**(247)**	**(405)**
Fund transfers	11	8	(8)	**-**	**-**
Net movement in funds for the year		**(348)**	101	(247)	(405)
Fund balances brought forward at 1st July 2022	11	**4,308**	**214**	**4,522**	**4,927**
Fund balances carried forward 30th June 2023	11	**3,960**	**315**	**4,275**	**4,522**

LOCALITY (UK)

England & Wales - Charity number 1036460

Accounts

LOCALITY (UK)

(A Company Limited by Guarantee)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30th JUNE 2023

Registered Charity No. 1036460 Company No. 02787912

Locality (UK)
Trustees' Annual Report
for the year ended 30th June 2023

Contents | Page

Legal and Administrative Details

Locality (UK) is a Company limited by guarantee (Company number 02787912) and a registered charity (Charity number 1036460). The Company was incorporated in England and Wales on 8th February 1993. Its governing document is the Memorandum and Articles of Association. The Board's investment powers are subject to such conditions and consents as may for the time be imposed by law.

The Directors of the Company act as Trustees for the Company's charitable activities.

Registered office:	33 Corsham Street London N1 6DR
Bankers:	Unity Trust Bank plc Four Brindleyplace Birmingham B1 2JB
Auditors:	MHA 6th floor 2 London Wall Place London EC2Y 5AU
Solicitors:	Bates Wells and Braithwaite 10 Queen Street Place London EC4R 1BE
	Anthony Collins Solicitors 134 Edmund Street Birmingham B3 2ES

Trustees

The Trustees in office during the year and to date were as follows:

Alison Haskins	(Chair)
Steve Sayers	(Vice Chair)
Andrea Mennell	(Treasurer)
Adrian Ball	
Anna Bonallack	(Elected 7th November 2022)
Paul Butler	
Colin Crooks	
Maxine Ennis	
Alexis Keir	
Amy Kinnear	(Elected 7th November 2022)
Alex Kittow	
Tess Lanning	
Sarah Mitson	
Manjula Patel	

Senior Management Team

Tony Armstrong	Chief Executive and Company Secretary
Csaba Prodan	Director of Finance
Carole Reilly	Director of Services
Graham Finegold	Strategic HR and Equalities Lead
Ed Wallis	Director of Policy & Engagement
Chris Wood	Director of Marketing and Partnerships

Day-to-Day Management

The Trustees have delegated day-to-day management of the organisation to the Locality Chief Executive, Tony Armstrong.

Trustees' Annual Report

The Trustees present the Trustees' Annual Report and Financial Statements for the year ended 30th June 2023. The Trustees confirm that the Annual Report and Financial Statements comply with the current statutory requirements, the requirements of the Company's governing documents and the provisions of the Statement of Recommended Practice (SORP) applicable to charities.

1. Structure, Governance and Management

1.1. Structure

Locality was established on 1st April 2011 and is a membership organisation. Our membership consists of community members: local community enterprises, development trusts, settlements, and other community organisations working locally. We also have associate members (network and partner members) who consist of other voluntary organisations, local authorities, academic institutions, private sector bodies and individuals, and supporters. To become members, organisations need to sign up to our charter and work (or support others) to support their local community.

Locality's work is primarily in England, with working relationships with independent organisations in the other UK nations (Development Trusts Association Scotland, Development Trusts Association Wales, and Development Trusts Northern Ireland), and with links to international activities, for example through our membership of the International Federation of Settlements.

1.2. Governance

Corporate governance

Locality is a registered charity and a Company limited by guarantee. Our Board members are Trustees of the charity and Company Directors. We currently have 14 Trustees, 10 which are elected Trustees, who can serve up to two consecutive three-year terms. Elections to the Board are undertaken at the Annual General Meeting (AGM) and are open to all Locality members. Independent Trustees can be co-opted onto the Board, to enhance the range of skills and experience of the Board. All new Trustees receive an induction and complete a register of interests. They are also provided with opportunities for governance and sector-specific training and development. The training is carried out ad hoc on request and once a year there is a Trustees' away day to exchange knowledge and skills. Any related costs are charged to the SMT budget.

The Board has one sub-committee, the Executive Group, consisting of Board officers and key senior staff. The group meets on a quarterly basis in advance of the Board meetings and is responsible for carrying out scrutiny of risk and finance and making relevant recommendations to the Board.

We have maintained a highly committed Trustee team. Our chair Alison Haskins steered Locality on its strategic direction during the year and chairs both the Executive Group and the Board. We have a good mixture of long standing and new Board members and are looking at further succession planning as Board members prepare to come to the end of their terms.

Conflicts of Interest and Related Party Transactions

In line with our Conflicts of Interest policy, Trustees declare all personal and professional connections on a register of interests. At the start of each meeting, declarations are made for any potential conflicts of interest, and the relevant Trustee recuses themselves from any decisions that the charity must make regarding a conflict of interest. Related party transactions in the year have been disclosed within note 16 of the accounts.

1.3. Management & Remuneration Policy

Within the staff team, the Senior Management Team meets weekly and consists of the Chief Executive and Directors. There are regular team and all-staff events, bringing staff together from across England.

Locality has a structured salary framework linked to job roles, responsibilities, and seniority. The pay and remuneration for all key management personnel within Locality are covered by a remuneration policy, to ensure consistency and good governance. Remuneration is determined each year by the Board, via the Executive Group sub-committee, which acts as the remuneration committee, considering the organisation's financial position, any appropriate benchmarking, and the views of the union (Unite).

The key management personnel of the charity are the Trustees and the senior management team. Trustees receive no remuneration. The Trustees are based across the country and are reimbursed for the cost of their travel and subsistence expenses. During the year, Trustees were reimbursed expenses of £2,337 (2022: £1,554). Locality has liability insurance that covers trustees Management liability - Trustees and individual liability up to £500,000.

2. Objectives and Activities

2.1. Aims

The Charitable objects of Locality (adopted in November 2014) are:

(a) To advance citizenship and civil society including but not limited to:

- I. improving the efficiency and effectiveness of community-led or based voluntary and charitable organisations including but not limited to development trusts, settlements, social action centres, community enterprises, and similar organisations;
- II. providing a network of communication, training services, support and assistance to facilitate the work of such organisations for the public benefit and promote and enable community-led or based approaches to improve neighbourhoods;
- III. supporting and promoting of public participation in and involving individuals in activities to support such organisations;
- IV. promoting co-operation and liaison between such organisations, individuals, statutory bodies and local and central government agencies connected with community development, urban and rural regeneration and conservation; and
- V. acting as a representative of such organisations in relation to government policies and legislation.

For the avoidance of doubt, for the purposes of these objects the term "civil society" shall not include political parties and other bodies whose purpose is primarily political as this term is understood in English charity law.

(b) To advance education of the public in the work of development trusts, settlements, social action centres, community enterprises, and similar organisations.

We adopted our current strategy in June 2019, which provides a framework for all our work. We develop an annual business plan which sets out our priorities for the coming year which is based on our financial year which starts on 1st July.

Our vision: A fair society where every community thrives.

Our mission: To support local community organisations to be strong and successful.

Our strategic framework sets out our priorities and our approach over the next few years. It is designed to be flexible in response to the changing and volatile climate we live in. Locality has five strategic goals:

1. Resources and tools to support people, groups and community organisations.

2. Direct support to community organisations and their partners.

3. Membership network to connect people and support learning and skills.

4. Influence to create a better operating environment for community organisations.

5. Locality is a strong and successful organisation.

These strategic goals are supporting the following charitable activities presented on the SOFA: Member Services, Services and Programmes, Policy and Campaigning.

2.2. Public Benefit

The Trustees confirm that they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission, including the guidance 'Public Benefit: Running a Charity (PB2)'. Locality establishes and supports community organisations that operate in communities which make up over a quarter of the UK population, with a particular focus on areas facing disadvantage, and which provide multiple economic, social, and environmental benefits to individuals in those areas.

Part of the support is making grants to community organisations through funded programmes. Locality works with funders and other stakeholders to design grant programmes that help community organisations in their local area and contribute to the aims of Locality.

3. Key Achievements

Reported against the strategic objectives.

Strategic Objective 1: Resources and tools to support people, groups, and community organisations.

My Community Programme

This year we gained more users and resources on our popular My Community website, which has over 300 resources available across business planning, finances and funding, taking on buildings and land, HR, governance, DEI, housing and energy efficiency. My Community now hosts the Community Ownership Fund support programme, and we created a new cost of living hub where organisations can find essential help with rising costs in this difficult financial climate. We work with our partners to share information and useful events and publications, to develop new resources and promote the website to new users.

Neighbourhood Planning

Originally due to end in March 2022, the Department of Levelling Up Housing and Community (DLUHC) funded programme was extended to March 2023. At time of writing we are at the final stages of negotiations to continue to deliver the programme until March 2024 and beyond.

This year has been the busiest since we started this important area of work. Over the period we supported 583 groups with grant and/or technical support packages worth over £8.2M representing the most support we have been able to deliver to groups during the course of this programme. Demand was incredibly high, and we received 1052 expressions of interest and 849 applications for support.

These translated into:

- 406 packages of Technical Support with a total value of £5,193,575 and
- 538 grants worth £3,060,566

Quality remains high and we performed well against KPIs:

- 100% of grant applications were processed within required timescales
- 100% of advice service queries were answered within required timescales

On a 5-point scale ranging from extremely dissatisfied (1) to extremely satisfied (5), we ask customers to respond to the following statement 'How we dealt with your enquiry overall'. The mean score was 4.74 (closest to extremely satisfied).

Community-Led Housing

Whilst community led housing remains a priority for many of our members, we were disappointed that DLUHC did not make the decision to allocate new Community Housing Fund (CHF) monies in 2023/2024.

There is recognition that continued revenue support is needed by the sector and we continue to work with partners to lobby for funding for 2023/2024 to include revenue grants and infrastructure support services.

Despite the late stage of receiving confirmation for funding in the period April 22 to March 23, we had an extremely successful year. We were able to support 52 groups with £3.6m of grant to continue their community led housing projects. All were late-stage groups approaching the planning or build stage. The number of homes anticipated to be built as a result is 1,322.

By the time of their end of grant reports earlier this year, 40 had made a detailed planning application, with 17 receiving full planning permission; 5 had secured funding from Affordable Homes Programme; 10 had secured registered provider or investment partner status and 5 had started on site as a result of the funding.

The end of programme report is completed and with Community Land Trust Network (CLTN) for submission to DLUHC.

Over the course of delivery we have built a strong partnership with the sector leaders the CLT Network (CLTN), the Confederation of Cooperative Housing (CCH), and UK Cohousing Network (UKCN) through our consortium Community Led Homes (CLH). We hope to continue to work with these key infrastructure bodies and build on our relationship in the coming year to press for national support for local housing solutions whilst delivering targeted support to groups.

Green Agenda

We have continued to develop our commitment to playing our role in tackling the climate crisis.

We have a comprehensive net-zero plan, with a committed organisational working group driving how we embed tackling the climate crisis in our operations and how we work with our members, partners, and suppliers. Our net zero plan sets out how we measure our carbon footprint, sets a reduction target, specific actions to reduce our carbon emissions, as well where we will offset unavoidable GHG emissions.

While continuing to bear down on our own organisational carbon emissions, we have recently developed a new strategy to focus on the greater prize of influencing the behaviour of our 1600 member organisations. This strategy was discussed at a Board away day and builds on research we have conducted into the potential impact and viability of climate focused community business models.

Strategic Objective 2: Direct support to community organisations and their partners

Over the year we saw a significant change as community organisations and the bodies that support them moved out of lock down measures and began to return to face to face delivery. We saw an increase in demand for support in the face of real concern about the future viability of many local services.

At the same time the beginning of the year demonstrated a very competitive market, and we had considerable challenges in securing funding to deliver services. However, as we began to return to a more stable, but challenging environment we found increased demand, particularly from local authorities and public bodies. Across England the team have delivered a significant number of support packages directly to community organisations, often funded by or in partnership with local authorities, universities, housing associations and other public sector organisations. Support is always aimed at building resilience in communities, strengthening community organisations and the wider local eco-system.

Demand for support continues to be high, and over the year we have delivered support to hundreds of communities through directly awarded contracts and national and regional programmes.

Many organisations have had to adapt operating models, deal with staff shortages, reduced funding, and increased demand for services. The cost of living crisis is having a significant impact on community organisations, and they report real concerns about future viability.

During the year we supported new developments in the Community Shares Unit (CSU), enabling new funding to be secured and we continue to support the CSU Development Manager in the pursuit of further market development.

We continue to deliver Lifeboat, our support programme for community organisations facing crisis through both direct one to one support as well as through specialist networks offering advice and guidance. Record numbers of groups received light touch support, through one-to-one telephone advice, guidance on government grants and financial support, and bespoke webinars. We continue to see increasing numbers of organisations concerned about their ability to continue to operate. This work was funded by the Esmée Fairburn Foundation until March 2023, despite efforts we have not been successful in securing future funding and have made an organisational commitment to delegate funding to continue this vital service.

Over the course of the year, we continue to see community organisations present with significant challenges based on: HR issues, increased costs, loss of contracts, unsuitable buildings, and recruitment problems. They report concerns about the decline in available funding coupled with increased demand. On top of this, dramatic increases in the cost-of-living crisis has presented an existential crisis for many and we remain concerned about the risk of closure of many community organisations.

Programmes

Our most significant achievement in the year was to win the tender for the Delivery Support Partner role on the Community Ownership Fund.

Funded by the Department of Levelling Up, Housing and Communities, the £150m Community Ownership Fund (COF) exists to help communities across the UK to take ownership of assets at risk of closure. It will run until March 2025.

Under the contract we are leading a consortium to deliver support to community organisations and parish councils wanting to save desperately needed community assets in their neighbourhoods.

Our consortium is made up of core partners Plunkett Foundation, alongside our sister organisations in the UK – Development Trusts Association Scotland (DTAS), Development Trusts Association Wales and Development Trusts Northern Ireland (DTNI). We are delighted to be also working with wider consortium partners: Shared Assets, Sporting Assets, Community Shares Unit, Architectural Heritage Fund, Cwmpas and Power to Change. We will be supporting groups across the UK through the process of securing capital and revenue funding through the Community Ownership Fund to secure community assets at risk.

Strategic Objective 3: Membership network to connect people and support learning and skills

Locality members have been under huge pressure from the cost of living crisis. They have been on the frontline, providing emergency support for local people and experiencing huge demand for services. At the same time, their own costs have skyrocketed, from increased energy bills, staffing and building related costs.

We have responded across the organisation, running a programme of deep engagement with members in September to understand how the cost of living crisis was affecting their organisations and communities, and how Locality can best provide support. Our response included a series of thematic workshops, resources and 1-2-1 surgery support to help members in the areas of need identified.

Our network continues to grow, at year end standing at over 1,800 members, a record high. Within this we offer a flexible range of membership packages to cater for differing needs, from a free network membership for information and updates, to bespoke assistance from a personal advisor.

We've run a huge range of events to provide members with advice, belonging and connection. These include national 'All you need to know' webinars to provide monthly updates on funding, government guidance and analysis of key trends; specialist groups to bring people together around particular topics, like community food, the climate crisis and HR; and regional 'Power of Community' meetings to help community organisations connect with others near-by.

We continue to have very high engagement levels, with around 60% of members in our highest categories of engagement. In our member satisfaction survey, 80% said they were likely to renew their membership. As one member put it: "Locality membership is great. There's a great convention, a strong network, powerful campaigning and lobbying on behalf of members, good advice on funding opportunities. Plus the staff team are committed and supportive. Well worth the membership fee!"

Convention

In November we hosted 350 delegates at our annual Locality Convention 2022, the biggest community sector event of the year. Delegates heard from many community organisations and from Shadow Secretary of State for Levelling Up and Communities Lisa Nandy, whose speech gained media coverage for the event. Delegates shared information, expert advice and created new connections, as well as visiting local Locality members, and celebrating our 5 award winners for 2022. We provided 10 bursaries to groups that would otherwise not be able to attend, including organisations supporting minoritised communities.

Strategic Objective 4: Influence to create a better operating environment for community organisations

Locality's policy and public affairs work enables us to use our influence to create a better operating environment for local community organisations.

In line with our influencing strategy, over the last 12 months we have made significant progress in support of our policy priorities. Key projects include:

Cost of Living Crisis: we worked closely with Locality members to present evidence of the cost of living "double whammy" facing community organisations: increased demand for services and increased energy costs as a consequence. We produced briefings based on regular survey evidence to make the case for why community organisations needed to be included in the government's Energy Bill Relief Scheme but also required additional grant support. We were successful in this, with £100m support for community organisations announced in the March 2023 Budget. This emergency funding was launched by the charities minister with Locality's chief executive at a Locality member in London.

Health and Wellbeing: Locality is part of the Voluntary, Community or Social Enterprise (VCSE) Health and Wellbeing Alliance. This is an initiative of the Department of Health and Social Care (DHSC), the UK Health Security Agency and NHS England. The HW Alliance exists to connect the VCSE sector with the health and care system to provide a voice and improve health and wellbeing for all communities. We have published a number of research outputs, working closely with Locality members. These have included: "Creating Health and Wealth by Stealth", which explores the role of community anchor organisations in promoting good health and preventing disease in their neighbourhoods, and makes recommendations for how the health system can better harness the power of community; "Space to Thrive" which shares findings from our research into the role of community spaces in supporting the mental health and wellbeing of children and young people; and "Going Further Together", which outlines how to successfully integrate local VCSE organisations into new Integrated Care Partnerships

Keep it Local: We have continued to engage our network of 17 Keep it Local councils, working to support them to build long-term partnerships with local community organisations. Building on this work we conducted research for the Local Government Association into the state of strategic relationships and produced a toolkit for how to put the research findings into practice.

We're Right Here: Locality is a founder member of We're Right Here, the campaign for community power. We helped shape the campaign's policy proposals for a Community Power Act and are providing ongoing policy and public affairs support to engage all political parties in the campaign's key tasks in the run up to the next general election.

Strategic Objective 5: Locality is a strong and successful organisation

Human Resources

Our staff team consistently receive high praise from our members and partners; they truly are our most valuable resource. We continue to support our team with remote and agile working, blended with face-to-face working. Staff have found a good balance since the pandemic. We have committed to ensuring the well-being of staff through a new well-being strategy which formalises and prioritises much of what we were already doing.

These measures have been very successful in keeping staff motivated and supported. Our staff survey in the year showed 85% of staff rated Locality as a good or excellent employer.

We have introduced a new HR system across the organisation which has streamlined many of our processes. We have renewed our commitment to Investors in People and also trialled the new wellbeing modules; we were very pleased to have met both standards.

Our member HR consultancy support continues to provide valuable advice to members with a range of focused webinars, workshops, email and bespoke advice and support.

Diversity, Equalities, and Inclusion

We have maintained our focus on DEI with clearly identified and accountable actions embedded in our business plan. We have also embedded our new staff recruitment strategy which is starting to diversify our workforce further. We have developed a new support group for Leaders of Colour from our membership and launched a new bursary scheme for organisations who meet our diversity priorities but for whom the cost of membership is a barrier. We have also committed to meeting the Menopause Accreditation standard and have introduced staff networks focused on our DEI goals.

Towards the end of the year, we reviewed our DEI strategy with a view to making it more externally focused and with clearer priorities for action.

Financial Procedures

We are producing monthly management accounts with regular reporting to the SMT, the Executive Group and the Board. The procedures are firmly embedded in our management and governance cycle. This was in response to working in an increasingly difficult and complex environment with the need to have up to date and accurate information in place to aid effective governance and decision making. Locality's Finance Procedures manual was updated during 2019 and approved by the Board.

Health and Safety and Corporate Risk

Trustees received regular reports on health and safety and corporate risk. These were examined in detail at each Executive Group meeting and then presented to Trustees. All statutory obligations have been met and there were no major or reportable health and safety issues over the year.

4. Financial Review

4.1. Finances

These accounts cover the year ended 30th June 2023 and present our financial performance for the past 12 months. The cost-of-living crisis continued to affect business performance throughout the year, but we managed to pick up pace in the second part of the year as demand led programmes and consultancy work rebounded and we secured the Community Ownership Fund programme. Locality continued to support members, which made a huge difference at this critical time.

The current financial year's unrestricted funds deficit is due to some past programmes coming to an end and an increased cost base due to inflation. Trustees have agreed a financial plan to use the surplus generated in the previous year and some reserves to subsidise expenditure in the current year and coming year.

During the year, the charity recognised total income of £8,010k (2022: £7,099k) (£1,240k restricted), an increase of £911k. The contributing factor to a higher turnover is mainly related to the addition of the Community Ownership Fund programme and the Guardian Appeal Cost of Living Grant Programme.

Expenditure amounted to £8,257k (2022: £7,504k), an increase of £753k. Costs have increased in line with the higher volume of activity generated by the Community Ownership Fund and the Guardian Appeal. Staff costs remained at a relatively similar level to the previous financial year, apart from an increase for the cost of living.

Locality ended the financial year with an unrestricted deficit of (£355k) (2022: surplus of £185k) and a restricted surplus of £108k (2022: deficit of £590k).

The unrestricted deficit mainly relates to inflation increasing non-staff and staff costs across the board, as well as a slight change in our contracts portfolio.

The restricted surplus was mainly due to distribution of restricted grants. These funds were recognised in the current year and are due to be distributed in the following financial year.

The total funds of the charity amount to £4,276k (2022: £4,522k), of which £315k are restricted (2022: £214k). Unrestricted funds of the charity decreased to £3,960k (2022: £4,308k).

Most of Locality's income streams are from contracts and grants, and our business model is based on investing any surpluses from programme and contract activity into support for members (including our influencing work). In setting the 2023-24 budget the Trustees paid attention to risks arising from the cost-of-living crisis and volatile economic climate, as well as some of the programmes coming to end in the new year.

Considering all these, the Board has signed off a deficit budget for the coming year as part of a two-year financial plan. The surplus recorded in previous years was ringfenced to support the cost base of the current year, the new financial year 2023-24 and beyond. Designating funds provides us with the opportunity to ensure future support to specific business activities as well as efficiently stewarding our reserves.

The main fixed asset held by Locality is represented by the office building from where the charity heads up its operation. The ground floor is being used for charitable activities, whereas the 1st and 2nd floor are let to other organisations, generating rental income that is being used for charitable purposes. The Trustees reviewed the fair value of the investment property element, in line with SORP requirements. The year-end valuation review carried out by the Trustees concluded that the investment asset has not changed (no gain or loss has been recorded in the accounts).

Locality makes contributions to a defined contribution pension scheme, the assets of which are held separately from the assets of the organisation. Funds are invested in the default scheme and individual staff can vary this for their own investment portfolio.

The cost of living crisis continues to be a challenge for the next financial year and the Board and SMT signed off a tight budget for the new financial year and remains focussed on securing new contract opportunities within the sector.

The Trustees and SMT have considered a clear chain of command throughout the organisation to mitigate for potential crisis and ensure continuity in business operation; we reviewed our business continuity protocols accordingly. Locality does not rely on volunteers in delivering its business.

The next year's budget 2023-24 has been signed off by the Board and this includes a high level of large, confirmed programmes and contracts that are expected to continue. Over the past years Locality has shown a strong track record of securing new business within the sector. Locality is well placed within the sector with a great reputation, a strong skillset.

The closing free reserves at end of June 2023 were £1,174k, a reasonable level that is slightly higher than our free reserves target of £1,030k. The free reserves represent the unrestricted funds of £1,299k (less tangible and intangible fixed assets and investments). The Trustees agreed that future business losses can be offset from these reserves in the short and mid-term future.

Based on a high level of secured contractual income and unrestricted free reserves of £1,174k, the Trustees are confident that Locality can continue as a going concern. Furthermore, Locality owns the freehold building located at Corsham Street where the organisation's offices are based.

4.2 Reserves Policy

The Board are fully aware of their legal duty to maintain and regularly review the reserves policy ensuring that the reserves target is resilient and set at a level which shows due consideration of medium-term funding requirements.

The charity holds £4,267k in total funds at 30th June 2023, which includes £315k in restricted funds, £1,298k in general unrestricted funds, £2,144k in designated funds and £518k in a revaluation reserve.

The Board's policy on free reserves is to have at least six months' essential core running costs plus sufficient funds to cover any restructure and a loss of unconfirmed income. Considering the volatile environment that we operate in, it is very prudent to have this level of reserves.

The free reserves target calculated last year was £1,030k. As at 30th June 2023, free reserves stood at £1,174k, a surplus on the set target by £145k. Trustees have determined that as the variance is favourable, no further action is required.

Designated Funds

With a total of £2,144k that includes:

£731k - Fixed asset fund and £1,098k - Investment fixed asset fund which have been ringfenced by Trustees to identify the value of funds that can only be realised by disposing of tangible and intangible assets. Following the refurbishment, Locality is using the ground floor for charitable activities as usual, whereas the 1st and 2nd floors are rented out at commercial rates to generate rental income.

£80k - Development fund: Existing designated fund to be used for income generating development activity such as business development priorities and digital work. We expect to draw down these funds in the coming two years.

£45k - 2022-23 expenditure activity fund: To support our planned expenditure for the coming year as new funding is being pursued.

£100k - Restructuring fund: Being prudent and prepared for long term restructuring costs as some of our larger contracts come to an end. This fund will be utilised over the next 2 years.

£90k - Member support fund: Funds set aside to invest in resources to support and grow our members' network. This fund will be utilised over the next 2 years.

The Revaluation reserve stands at £518k as at 30th June 2023.

5. Future Plans

5.1 Services and Programmes

Over the course of the coming year, we will target resources at ensuring that new business development ideas are sourced and resourced to help develop exciting new areas of work. We will build on our well established and successful consultancy support and aim to continue to deliver a high-quality service. In 2022-23 we achieved an impressive score of 74 through our Net Promoter Score feedback, and we will continue to focus on maintaining this high standard.

We will work closely with the Department for Levelling Up, Housing and Communities to provide support on the Neighbourhood Planning programme and will focus resources on securing new funding to deliver this important work up to and beyond March 2024. Equally, we will work with partners to press for future funding for Community Led Housing to ensure that projects are not brought to a standstill due to the lack of development funding.

Delivering a successful Community Ownership Fund support programme will be a major area of work for the team, ensuring that as much of the £150m of capital funding as possible is channelled to valuable save valuable community assets. We will continue to build our successful consortium to ensure that funding meets the aims of the programme.

During the coming year we will focus on continuing to support community organisations through the delivery of direct demand led work and national contracts and programmes. We will continue to build links with local authorities to ensure that they are supported to help community organisations have the best possible operating environment to support their communities.

We aim to build on the successes achieved by the Community Shares Unit, and alongside our partners Co-ops UK, Plunkett, and Power to Change we will support the continued development of this increasingly important area of work.

5.2 Marketing and Communications

We launched our new Locality website this year, which is more accessible, easier to use, and better showcases the work we do and the impact we and our members have. We had over 59,000 visitors over the year (though this is an underestimate due to users opting out of cookies).

We promoted the need for more support for community organisations who were facing rising costs themselves while helping their communities through the cost-of-living crisis with extensive media coverage including BBC News at 6 and 10, by talking to government and asking members to contact their MPs, and through social media. We were able to respond very positively to the Government's budget announcement of £100m specifically to help community organisations and charities working on the frontline of the crisis.

We were fortunate to be chosen as one of the Guardian and Observer's 2022 charity appeal partners alongside Citizens Advice, leading to 9 of our members and members of our sister organisations across the UK being featured in newspapers and online. As a result of the generous donations, we were able to provide cost of living grants to community organisations across the UK.

In January we celebrated 10 years of Neighbourhood Planning, with tips, advice, and examples of plans that have made a huge impact on their area seen by over 18,000 people. We also worked with a corporate research firm to develop data about local government spending to gain coverage for our Keep it Local campaign.

We continued our popular member takeovers of our social media channels, with the following members contributing films, blogs and interviews: Amble Development Trust, who have transformed their small harbour town in Northumberland; Big River Bakery, in Shieldfield, Newcastle, who use their bakery for positive social change; Health for All, who run services from six community hubs and family centres across South Leeds.

5.3 Membership

The operating environment facing community organisations remain incredibly challenging. We will therefore continue to provide our members with a full range of support, based around the "ABC" of Locality membership: advice, belonging and connection.

We provide advice through our events and webinars, and by providing our 'ask us anything' service.

We will help members working locally feel a sense of belonging to something bigger through our policy and influencing work, seeking to create a more supportive external environment at a local and national level.

We will support our members to build connection with each other and feel supported, through our wide programme of online and face to face events and by providing grants for peer learning.

5.4 Policy and Public Affairs

We have a full programme of policy and public affairs work for 2023-24 in line with our influencing strategy. This will have a particular focus on the forthcoming general election, seeking to make the case that local community organisations provide many important solutions to the big challenges we face and should be proactively supported by whoever forms the next government.

A key part of our general election influencing plans will centre around the We're Right Here Campaign, a collaboration between 9 national organisations and led by 9 community leaders, which is calling for a new Community Power Act.

We will also continue to develop our work as part of the VCSE Health and Wellbeing Alliance, and work with our network of Keep it Local Councils.

5.5 Organisational Development

We will continue to invest in business development activities to further our impact and build new partnerships. We will improve the use of technologies across the organisation through our digital strategy, including attracting more members and improving how we support existing members.

We will continue to prioritise our diversity, equity and inclusion workstream and have built in actions into our annual business plan with regular review by Trustees.

Given the ongoing volatility of the external environment, we are committed to regularly reviewing our priorities and our financial plan during the coming year to ensure that we remain in a strong organisational position.

6. Principal Risks and Uncertainties

The Board reviews risk on a quarterly basis, analysing levels of impact and probability, and the risk management approach. Each risk identified is assessed for impact and likelihood, with impact weighted to give an overall level of risk a numerical value.

High profile risk areas include:

Risk	Mitigation
Failure to win new contracts.	Clear income targets by region and departments and internally appointed Business Development lead.
Cost of living crisis continues and affects business performance.	Set a tight 2023-24 budget to hedge for a potential downturn and further inflationary costs. Consolidated existing free reserves and cash flow to hedge for potential adverse performance.
Failure to create appropriate interest in programmes, resulting in multiple problems for us as the lead organisation responsible.	Devise clear and engaging Comms. Partners support awareness raising to build pipeline. Review uptake regularly and amend strategy.
Income pipeline and income actuals plus expenditure actuals do not deliver on budget.	Monthly management accounts, and forecast performance is monitored closely.
Failure of members / failure of services resulting in reputational damages.	Swift involvement of Comms in incidents.
Failure to attract, train, retain staff team.	Maintain reputation/benchmark T&Cs, build strong teams. Strong induction and training and development policies.

The Trustees regularly assess risks and are satisfied that the risk management process is robust and that risks are being managed appropriately. All risk assessments are discussed extensively at staff and Trustee meetings. We recognise that we are working in a volatile environment and risk management is a critical activity.

Statement of Trustees' Responsibilities

The Trustees (who are also Directors of Locality for the purposes of Company Law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company Law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company Law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Charitable Company and of the net income for that period.

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities Statement of Recommended Practice (FRS102);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions, disclose with reasonable accuracy at any time the financial position of the Charitable Company, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Information to Auditors

The Trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Trustees has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

MHA have been appointed as auditors since 2017.

In preparing this report, the Trustees have taken advantage of the small companies' exemption to prepare a strategic report provided by section 415A of the Companies Act 2016.

The Trustees' Annual Report is approved by the Locality's Board of Trustees and authorised for issue on 19th October 2023, and signed on its behalf by

Alison Haskins

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Alison Haskins
Chair of Locality's Board of Trustees

Independent Auditor's Report to the members of Locality (UK) For the year ended 30 June 2023

Opinion

We have audited the financial statements of Locality (UK) (the 'Charitable Company') for the year ended 30 June 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 30 June 2023, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report.

We are independent of the Charitable Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Trustees' assessment of the entity's ability to continue to adopt the going concern basis of accounting included critical reviews of budgets, forecasts and future plans for the Charity.

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report (incorporating the Directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' report (incorporating the Directors' report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- adequate accounting records have not been kept by the Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Charitable Company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the regulatory and legal frameworks that the entity operates in, focusing on those having a direct effect on the financial statements;
- Enquiry of management to identify any instances of known or suspected instances of fraud;
- Enquiry of management about instances of non-compliance with laws and regulations;
- Reviewing the design and implementation of control systems in place and testing the operational effectiveness of those controls;
- Performing audit work over the risk of management override, including testing of journal entries for appropriateness and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures alongside supporting documentation to assess compliance with applicable laws and regulations.
-

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx. This description forms part of our auditor's report.

Use of this report

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

Sudhir Singh

Sudhir Singh FCA (Senior Statutory Auditor)

For and behalf of MHA, Statutory Auditor

London, United Kingdom

Date: 15 November 2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

Locality (UK)
Statement of Financial Activities
for the year ended 30th June 2023

Income and expenditure	Note	Unrestricted funds 2023 £000s	Restricted funds 2023 £000s	12 months Total funds 2023 £000s	12 months Total funds 2022 £000s
Income					
Income from Investments		108	-	**108**	**124**
Other Income		61	4	**65**	**98**
Income from charitable activities					
Member services		214	755	**969**	**190**
Services and delivery and learning		6,328	258	**6,586**	**6,501**
Policy and campaigning		59	223	**282**	**186**
Total income		**6,770**	**1,240**	**8,010**	**7,099**
Expenditure					
Expenditure on charitable activities					
Membership services		520	576	**1,096**	**443**
Services and delivery and learning		6,317	359	**6,676**	**6,653**
Policy and campaigning		289	196	**485**	**408**
Total expenditure	2	**7,126**	**1,131**	**8,257**	**7,504**
Net surplus/(deficit)		**(356)**	**109**	**(247)**	**(405)**
Fund transfers	11	**8**	**(8)**	**-**	**-**
Net movement in funds for the year		**(348)**	**101**	**(247)**	**(405)**
Fund balances brought forward at 1st July 2022	11	**4,308**	**214**	**4,522**	**4,927**
Fund balances carried forward 30th June 2023	11	**3,960**	**315**	**4,275**	**4,522**

All activities are continuing.

The comparative figures for each fund are shown in the notes to the accounts (note 19).

The notes on pages 23 to 38 form part of these financial statements.

Locality (UK)
Balance Sheet as at 30th June 2023

	Note	2023 £000s	2022 £000s
Fixed assets			
Tangible fixed assets	6	654	681
Intangible fixed assets	6	66	77
Investments	7	2,231	2,231
		2,951	**2,989**
Current assets			
Debtors	8	1,339	603
Cash at bank and in hand		1,713	2,318
		3,052	**2,921**
Creditors: amounts falling due within one year	9, 9a	(1,728)	(927)
Net current assets		**1,324**	**1,994**
Total Assets less current liabilities		4,275	4,983
Creditors: amounts falling due after more than one year	9b	-	(461)
Net Assets		**4,275**	**4,522**
Funds:			
Unrestricted funds - general	12	1,298	1,217
Unrestricted funds - revaluation	12	518	518
Designated funds	12	2,144	2,573
Restricted funds	12	315	214
		4,275	**4,522**

These financial statements were approved and authorised for issue by the Board on 19th October 2023 and signed on its behalf by:

Alison Haskins

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Alison Haskins - Chair of Locality's Board of Trustees

The notes on pages 23 to 38 form part of these financial statements.

Company number: 2787912

Locality (UK)
Statement of Cashflows
for the year ended 30th June 2023

	Notes	2023 £000s	2022 £000s
Net cash generated (used)/from in operating activities		(548)	(341)
Cash flows from investing activities			
Dividends and interest		(11)	(1)
Additions to fixed assets		(28)	(91)
	6	(39)	(92)
Cash flows from Financing activities			
Capital repayments	18	(42)	(38)
Interest accrued	18	25	13
		(17)	(25)
Change in cash and cash equivalents		**(604)**	**(458)**
Cash and cash equivalents at the beginning of the reporting year		**2,318**	**2,776**
Cash and cash equivalents at the end of the reporting year		**1,714**	**2,318**

Reconciliation of net outgoing resources to net cash outflow from operating activities

	Notes	2023 £000s	2022 £000s
Net incoming/(outgoing) resources		(247)	(405)
Bank interest received		11	1
Depreciation charges	6	38	39
Amortisation charges	6	28	20
Other non-cash adjustments		13	1
(Increase)/decrease in debtors		(735)	683
Increase/(decrease) in creditors		344	(680)
Net cash generated (used)/from in operating activities		**(548)**	**(341)**

Analysis of cash and cash equivalents

		2023 £000s	2022 £000s
Cash at bank and in hand		1,713	2,318
Total cash and cash equivalents		**1,713**	**2,318**

The notes on pages 23 to 38 form part of these financial statements.

1 Accounting policies

Basis of preparation
The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The Charity is a public benefit entity for the purposes of FRS 102 and therefore the Charity also prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (The FRS 102 Charities SORP) and the Charities Act 2011. Accounts are presented in GBP and rounded to the nearest thousand.

Going concern
The Trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the Charity to continue as a going concern. The Trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular, the Trustees have considered the Charity's forecasts and projections and have taken account of pressures on membership, consultancy and grant funding and investment income. After making enquiries, the Trustees consider that no material uncertainties exist which may cast doubt on the charity's ability to continue in operational existence for the foreseeable future. The financial statements have therefore been prepared on a going concern basis. The charity has sufficient financial resources and appropriate structures in place to manage business risks.

The Trustees considered the ongoing risks related to the cost of living crisis. Having a high level of secured contractual income for the new financial year 2023-24 and closing free reserves at June 2023 of £1,174k, the trustees are confident that Locality can continue as a going concern. We have carried out scenario forecasting to June 2025 and the future operation is being supporting by a robust cash and reserves position.

Length of reporting period
The reporting period for 2021-22 and 2022-23 is 12 months and therefore the comparative figures in the financial statements and related notes are comparable.

1.1 Income

Membership income
Membership fees are recognised in the financial periods that the membership covers.

Investment Income
Represented by rental income, this is recognised in financial periods that it covers.

Grants
Grants are recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably. Income received in advance of performance or provision of other specified service is deferred until the criteria for income recognition have been met. Advance payments in respect of grants for bursaries for future periods are carried forward in the financial statements as deferred income.

Government Grants
Grants received from Government bodies during the financial year 2022-23 are £211k (2022: £396k). All conditions and contingencies relating to the grants have been met. Income derived from business activities with DLUHC is contract based.

1.2 Expenditure

Expenditure is included within the statement of financial activities under one or more of the following headings. This is recognised in the accounts on an accrual basis and reflected in the accounts in the period that it relates to:

Charitable activities

(i) **Membership services**
The cost of supporting our extensive network of community organisations across the UK as they become more effective entities.

(ii) **Services and delivery and learning**
The costs associated with helping communities and community organisations with asset ownership, community enterprise, community co-design and organising.

(iii) **Policy and campaigning**
The costs of national work to influence policy and to promote community enterprise.

Support costs
Support costs are allocated on the basis of staff time, apart from where restricted funders specify a different formula.

Grant making policy
Grants payable are payments made to third party institutions in furtherance of the Charity's objectives. Unconditional grant offers are accrued in full once the recipient has been advised of the grant award and the payment is probable, or paid in advance. Where grant awards are subject to performance conditions that are outside of the control of the Charity, these are accrued when the recipient has been notified of the grant award. There were no grants made to individuals.

1 Accounting policies continued

Tangible fixed assets and depreciation
Tangible fixed assets costing more than £1,000 are capitalised and included at cost including any incidental expenses of acquisition.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected useful economic lives as follows:

Computer equipment	over 3 years
Office equipment	over 4 years
Fixtures and fittings	over 10 years
Freehold improvements	over 20 years
Freehold buildings	over 50 years remaining life of the building
Freehold land	not depreciated

Intangible fixed assets and amortisation
Amortisation is provided on all intangible fixed assets costing more than £1,000 at rates calculated to write off the cost of each asset over their estimated useful economic lives (based on expected useful life of asset) as follows:

Computer Software	over 3 years
Website development	over 5 years

Investments

Social investments
Investments in other organisations made by Locality by way of capital or lending, which are made primarily to further the charitable purposes of Locality rather than for financial return, are treated as programme related investments. Programme related investments are measured initially at transaction price and subsequently at each reporting date at fair value, except where the fair value cannot be readily determined, in which case the programme related investment is subsequently measured at cost less impairment.

Fixed assets investments
Investment properties are defined as those 'held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business'. FRS 102 requires valuation at year end fair value.

Financial instruments
The Charity only holds basic Financial Instruments. Financial Instruments are classified and accounted for according to the substance of the contractual arrangement as finacial assets or financial liabilities. The trustees carried out a fair value review of the investment property and concluded that there was no impairment.

Debtors
Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Trade and other debtors (including accrued income) are financial instruments and are debt instruments measured at amortised costs as detailed in note 8. Prepayments are not financial instruments.

Cash and cash equivalents
Cash and cash equivalents are classified as basic financial instrument and is measured at face value.

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Liabilities
Trade creditors, accruals and other creditors are classified as financial instruments, and are measured at amortised cost as detailed in note 9. Amounts due for taxation and social security are not included in the financial instruments disclosure. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is simply an obligation to deliver charitable services rather than cash or another financial instrument.

Creditors and provisions
Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1 Accounting policies continued

Employee Benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service. The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

Funds

Funds held by the charity comprise:

Unrestricted general - these are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.

Revaluation reserve - this reflects the uplift in value of the investment property asset to market value under FRS 102.

Designated - these are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.

Restricted - these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Pension scheme arrangements

Locality makes contributions to a defined contribution pension scheme, the assets of which are held separately from the assets of the organisation. The amount charged to the SOFA in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Leasing commitments

Rentals applicable to operating leases are charged to the SOFA against income over the period in which the cost is incurred on a straight-line basis.

Critical estimates and judgements

In preparing the financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The annual depreciation charge for tangible fixed assets, including freehold land and buildings, fixtures and fittings and office equipment, as well as the amortisation charge for intangible assets (computer software), are sensitive to changes in useful economic lives and residual values of assets. These are reassessed annually and any impairment accounted for.

In the view of the Trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

2 Expenditure 2023

Analysis of total expenditure	Staff costs £000s	Grants to institutions £000s	Support costs £000s	Other direct costs £000s	12 months Total 2023 £000s
Membership services	343	-	46	707	**1096**
Services and delivery and learning	2151	776	287	3462	**6676**
Policy and campaigning	257	-	28	200	**485**
Total expenditure	**2,751**	**776**	**361**	**4,369**	**8,257**
	(note 5)		(note 3)		

Expenditure 2022

Analysis of total expenditure	Staff costs £000s	Grants to institutions £000s	Support costs £000s	Other direct costs £000s	12 months Total 2022 £000s
Membership services	296	-	45	102	**443**
Services and delivery and learning	1989	595	301	3769	**6654**
Policy and campaigning	250	-	38	119	**407**
Total expenditure	**2,535**	**595**	**384**	**3,990**	**7,504**
	(note 5)		(note 3)		

Grants to Institutions

	2023 £000s	2022 £000s
Bridge Renewal Trust (LHC grant)	10	10
H4All Charitable Incorporated Organisation (LHC grant)	-	8
GLA (Community Spaces at Risk grants)	5	397
Guardian Appeal grants	521	-
Sport England Together Fund grants	109	-
Hodwell Associates (City Bridge Trust)	12	-
Various individually under £10,000 to: 71 organisations (2022: 60 organisations)	119	180
Total	**776**	**595**

The key business areas where Locality distributed grants to institutions were Guardian Appeal, Sport England Together Fund, LHC, City Bridge Trust, GLA and Health & Wellbeing Alliance. No support costs were directly allocated to the grant-making activities. Any support costs were allocated against the revenue received as management fees for the running of the programmes.

Guardian Appeal - Cost of Living Grant Programme: Grants to help community organisations across the UK tackle the cost of living crisis. Individual grants awarded were immaterial up to £10,000 each.

Sport England Together Fund: Enables community groups to continue to exist and engage with their communities, supporting people to be engaged and active.

LHC Community Benefit Fund: LHC is a joint committee of local authorities providing specialist technical and procurement services to its members throughout the UK. The LHC Community Benefit Fund provides investment in community projects in London and Buckinghamshire.

City Bridge Trust: A Triage and Connect programme to support the delivery of City Bridge Trust's Bridge Project offer.

GLA: A Greater London Authority grant to enable Locality as a delivery partner to provide grant administration, distribution and specialist advisory support to the Authority for the Community Spaces at Risk Fund.

VCSE Health & Wellbeing Alliance: The HW Alliance exists to connect the VCSE sector with the health and care system to provide a voice and improve health and wellbeing for all communities.

3 Analysis of support costs 2023

	Member services £000s	Services and delivery and learning £000s	Policy and campaigning £000s	12 months Total 2023 £000s
Premises costs	9	55	5	**69**
Office costs	4	25	2	**31**
IT	15	94	9	**118**
Professional fees	7	43	4	**54**
Management	9	29	6	**44**
Governance	2	41	2	**45**
Total	**46**	**287**	**28**	**361**

Analysis of support costs 2022

	Member services £000s	Services and delivery and learning £000s	Policy and campaigning £000s	12 months Total 2022 £000s
Premises costs	5	36	4	**45**
Office costs	3	19	2	**24**
IT	17	115	15	**147**
Professional fees	10	68	9	**87**
Management	8	37	6	**51**
Governance	2	26	2	**30**
Total	**45**	**301**	**38**	**384**

Governance & audit costs	12 months Total 2023 £000s	12 months Total 2022 £000s
Audit fees	20	19
Trustees' costs	10	2
Other governance costs	15	9
Total	**45**	**30**

4 Net income / expenditure

These are stated after charging:

	12 months 2023 £000s	12 months 2022 £000s
Auditor's remuneration - current year	20	19
Amortisation	28	20
Depreciation	38	39

5 **Staff costs**	**12 months 2023 £000s**	**12 months 2022 £000s**
Wages and salaries	2,022	1,861
Social security costs	219	198
Pension costs	298	260
Total direct staff costs	**2,539**	**2,319**
Welfare, travel and agency staff	127	119
Recruitment	13	24
Holiday pay accrual	72	73
Total staff costs	**2,751**	**2,535**

Number of employees within salary range:	**12 months 2023**	**12 months 2022**
£90,000 - £100,000	1	1
£60,000 - £70,000	2	2

The total amount paid to 6 key management personnel *(2022: 6)* (CEO, Director of Finance, Director of Services, Director of Marketing and Partnerships, Director of Policy and Engagement, Strategic HR & Equalities Lead) for their services to the Charity was £473,901 *(2022: £438,445)* , of which salaries were £365,493, pension contributions £64,406 and Employer's NIC £44,002.

The average number of employees including part-time workers, analysed by function, was:

	12 months 2023	**12 months 2022**
Governance	1	1
Delivering national programmes and support to members	39	36
Policy and campaigning	4	5
Administration	6	6
Total employees	**50**	**48**

No remuneration has been paid to the Trustees. Total travel expenses of £2,425 *(2022: £1,554)* were paid to 8 *(2022: 10)* Trustees. During the year, the Charity incurred £4,649 *(2022: £2,262)* professional indemnity insurance costs for employees, and £369 (2022: £282) for Trustee and individual liability insurance.

6 Tangible fixed assets

	Freehold land and buildings	Freehold improve-ments	Fixtures and fittings	Office equipment	Computer equipment	Total
Cost & valuation	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
At 1st July 2022	618	222	63	29	96	**1,028**
Additions	-	-	4	-	7	**11**
At 30th June 2023	**618**	**222**	**67**	**29**	**103**	**1,039**
Accumulated depreciation						
At 1st July 2022	162	52	31	29	73	**347**
Charge for the year	9	11	5	-	13	**38**
At 30th June 2023	**171**	**63**	**36**	**29**	**86**	**385**
Net book values						
At 30th June 2023	**447**	**159**	**31**	**-**	**17**	**654**
At 30th June 2022	**456**	**170**	**32**	**-**	**23**	**681**

Intangible fixed assets

	Computer software
Cost	**£000s**
At 1st July 2022	166
Additions	17
At 30th June 2023	**183**
Accumulated amortisation	
At 1st July 2022	89
Charge for the year	28
At 30th June 2023	**117**
Net book values	
At 30th June 2023	**66**
At 30th June 2022	**77**

All fixed assets held are for use by the organisation in furthering its charitable objectives.

7 Investments

Social investments	12 months 2023 £000s	12 months 2022 £000s
	Just Power	Just Power
At 1st July 2022 and 30th June 2023	10	10

In August 2012, Locality made an investment in a new social enterprise venture whose aim is to support community organisations to improve energy efficiency including through the installation of solar panels and other renewable energy equipment. The company is a community interest company (Just Power for Communities CIC) and Locality's shareholding represents 43% of the share capital. This is a programme related investment.

Locality's share of net assets at 30th June 2023 was £10k (2022: £10k). This is a CIC that was initially impacted by the changes to the Government's Feed In Tariff scheme (announced in November 2012).

Locality's share of JP CIC	**12 months 2023 £000s**	**12 months 2022 £000s**
Share of income	1	1
Share of expenditure	(1)	(1)
	-	-
Investment brought forward	10	10
Investment carried forward	10	10

Fixed Asset Investment	**12 months 2023 £000s**	**12 months 2022 £000s**
Fair value b/f	2,221	2,221
Improvements	-	-
Revaluation	-	-
Fair value c/f	2,221	2,221
Total Investments	**2,231**	**2,231**

During 2017/18, Locality undertook a major refurbishment of its building across the 3 floors. The building and the improvements are deemed as mixed use assets. The ground floor is used for charitable activities whereas the 1st and 2nd floor are rented out to third parties. The building and the improvements to fixed assets are being apportioned 1/3 as used for charitable purposes and 2/3 have been reclassified as fixed asset investment.

The trustees reviewed the fair value of the investment property element, in line with SORP requirements. The year-end valuation review carried out by the trustees concluded that the investment valuation has not changed materially (no gain or loss has been recorded in the accounts). The trustees considered commercial property rental yields and market movements.

The last formal valuation took place in 2018 by Lambeth Smith Hampton. The trustees will consider if a new formal valuation will be comissioned in the next financial year.

8 Debtors

	2023 £000s	2022 £000s
Trade debtors	788	214
Bad debt provision	(25)	(18)
Prepayments	60	67
Accrued income	516	339
	1,339	602
Financial assets that are debt instruments measured at amortised cost	1,278	536

9 Creditors: amounts falling due within one year

	2023 £000s	2022 £000s
Trade creditors	480	93
Social security and other taxes	57	65
VAT	127	98
Other creditors	47	37
Accruals	496	347
Deferred income (note 10)	31	213
Unity Trust Loan (note 9b)	469	25
	1,707	878
Financial liabilities measured at amortised cost	1,023	476

	2023	2022
9a Rent deposits held by Locality	21	49

At 30th June 2023 Locality held deposits for the tenants on the 1st floor, £20,910.

	2023	2022
Total Creditors	**1,728**	**927**

9b Creditors: long-term loan

		2023 £000s	2022 £000s
Unity Trust Loan	due after more than one year	-	461

Due to Locality registering a deficit position in 2022/23 financial year, the loan covenants were breached. Whilst the Charity have been provided with assurance that the bank will not exercise its rights to recall the loan in full, they legally retain their right to do so. The entire value of the loan as at the year-end has been recognised as a current liability. July 2023 Locality was able to make a large repayment of £350k. Whilst the loan is presented as a current liability in the financial statements in practice the repayments will be made in line with the agreed loan schedule. The loan will be repayable on a capital and interest basis by regular quarterly payments calculated over a repayment profile of 240 months. Interest will be charged at 2.15% per annum over Unity's Base Rate from time to time (which is currently 4.5%) subject to a minimum charge of 2.15% per annum.

10 Deferred income analysis

	2023 £000s	2022 £000s
Brought forward	213	269
Released in year	(302)	(371)
New deferrals	120	315
Carried forward	31	213

The majority of the deferred income is for membership income and Convention 2023 sponsorship.

11 Movement in funds 2023

Restricted funds	Balance at 1st July 2022 £000s	Movement in resources Revenue £000s	Outgoing £000s	Transfers £000s	Balance at 30th June 2023 £000s
Services					
City Bridge Trust - Spotlight	7	29	(36)	-	-
Esmee Fairbairn Foundation Lifeboat	76	6	(82)	-	-
Bridge Project	106	74	(77)	-	103
Lighthouse	1	-	-	-	1
CSARF / GLA Grants	6	4	(9)	-	1
Sport England - Together Fund	-	128	(143)	-	(15)
Mutual Aid - GLA	17	-	(17)	-	-
SocioDigital Futures - University of Bristol	-	17	-	-	17
Guardian Appeal - Cost of Living Grant Programme	-	755	(574)	-	181
Policy and campaigning					
Policy Consultancy - IFS	-	6	(10)	-	(4)
We Are Right Here	-	127	(80)	-	47
InnoSI European project - MMU	1	-	-	(1)	-
VCSE Health & Wellbeing Alliance	-	90	(106)	-	(16)
PtC Infrastructure Collaboration	-	-	7	(7)	-
Nationwide Foundation	-	4	(4)	-	-
Total restricted funds	**214**	**1,240**	**(1,131)**	**(8)**	**315**

Unrestricted funds	Balance 1st July 2022 £000s	Movement in resources Revenue £000s	Outgoing £000s	Transfers £000s	Balance 30th June 2023 £000s
General funds	1,217	6,770	(7,126)	437	1,298
Revaluation Reserve	518	-	-	-	518
<u>**Designated funds:**</u>					
Fixed Asset fund	758	-	-	(27)	731
Fixed Asset Investment fund	1,115	-	-	(17)	1,098
Development Fund	100	-	-	(20)	80
2022-23 Expenditure activity fund	400	-	-	(355)	45
Restructuring fund	100	-	-	-	100
Member support fund	100	-	-	(10)	90
Total designated funds	**2,573**	-	**-**	**(429)**	**2,144**
Total unrestricted funds	**4,308**	**6,770**	**(7,126)**	**8**	**3,960**
Total funds	**4,522**	**8,010**	**(8,256)**	**-**	**4,275**

Restricted funds (continued)

Services

City Bridge Trust - Spotlight	To build capacity and voice within civil society organisations by strengthening the evidence base of what works and supporting community organisations to adapt, become resilient and thrive.
Esmee Fairbairn Foundation	Lifeboat programme supports community organisations that are in financial and organisational difficulty.
City Bridge Trust - Bridge Project	A Triage and Connect programme to support the delivery of City Bridge Trust's Funder Plus offer.
Lighthouse	Lighthouse is an online diagnostic tool for assessing the current health of community organisations across six key areas, alerting users to areas that need their attention to ensure the long-term health and sustainability of their organisation.
CSARF / GLA Grants	A Greater London Authority grant to enable Locality as a delivery partner to provide grant administration, distribution and specialist advisory support to the Authority for the Community Spaces at Risk Fund.
Sport England Together Fund	Enables community groups to continue to exist and engage with their communities, supporting people to be engaged and active. The funding will continue in 2023/24 financial year.
Mutual Aid - GLA	Research existing resources, liaise with Mutual Aid groups and funders and build an online repository of information and case studies to enable Londoners to continue to sustain and form local groups.
SocioDigital Futures - University of Bristol	The SocioDigital Futures project aims to shape the space for communities in a digital future, through research and collaboration.
Guardian Appeal - Cost of Living Grant Programme	Locality cost of living grant programme supported by the Guardian and Observer charity appeal 2022. Grants to help community organisations across the UK tackle the cost of living crisis.

Policy and campaigning

Policy Consultancy - IFS	IFS-Fostering Social Justice aims to encourage European cooperation and strengthen the capacity of the IFS network to provide and advocate for effective adult learning opportunities, targeted to people with fewer opportunities, migrants and refugees by means of mutual learning, peer counselling and capacity building. The funding will continue in 2023/24 financial year.
We're Right Here Campaign	The We're Right Here's campaign calls for a Community Power Act, so that local people can shape the places where they live. The campaign seeks to draw on the energy and ambition of those committed to their communities and places.
InnoSI European Project	A research programme to identify innovative approaches to social policy at national and regional levels across the 28 Member States with in-depth case study evaluations taking place in 10 Member States.
VCSE Health & Wellbeing Alliance	The HW Alliance exists to connect the VCSE sector with the health and care system to provide a voice and improve health and wellbeing for all communities. The funding will continue in 2023/24 financial year.
PtC Infrastructure Collaboration	Core funding to support digital improvement, frontline team, engagement and marketing investment, and shared data systems to aid service delivery.
Nationwide Foundation	Grant awarded from the Nationwide Foundation Decent Affordable Homes funding programme to pay for a session on community led housing at the Local Government Association Conference, and associated expenses.

Revaluation Reserve	The revaluation reserve of £518k reflects the uplift in value of the investment property to fair value in 2018.
Designated Funds	
Development fund	Existing designated fund to be used for income generating development activity such as business development priorities and digital work. We expect to draw down some of this fund in the coming 2 years.
Expenditure activity fund	To support our planned expenditure for the coming year as new funding is being pursued. The trustees have set aside the designated fund to support the cost base during the volatile economic situation and the cost of living crisis. The financial year 2022/23 registered a deficit position, hence this deficit was supported from the designated funds strategically set aside beforehand.
Restructuring fund	Being prudent and prepared for long term restructuring costs as some of our larger contracts come to an end. This fund will be utilised over the next 2 years.
Member support fund	Funds set aside to invest in resources to support and grow our members' network. This fund will be utilised over the next 2 years.
Fixed asset fund	The fixed asset fund denotes the sum equal to the net book value of the tangible fixed assets and intangible assets (less the value of any capital grants), which are not freely expendable.
Fixed asset investment fund	The building and the improvements are deemed as mixed use assets. The ground floor is used for charitable activities whereas the 1st and 2nd floor are rented out to third parties to generate revenue. Therefore the building and the improvements to fixed assets were apportioned 1/3 as charitable activities and 2/3 were reclassified as investment fixed asset in June 2018. A valuation was carried out on the expected market value of the building after refurbishment works at a valuation of £3.26m. The proportion relating to fixed investment fund was £2.221m (2022 and 2023).

11b ***Movement in funds 2022***

Restricted funds	**Balance at 1st July 2021 £000s**	**Movement in resources Revenue £000s**	**Outgoing £000s**	**Transfers £000s**	**Balance at 30th June 2022 £000s**
Services					
Bright Ideas Fund	172	155	(327)	-	-
City Bridge Trust - Spotlight	6	53	(52)	-	7
Esmee Fairbairn Foundation Lifeboat	99	-	(23)	-	76
Bridge Project	63	150	(107)	-	106
Lighthouse	1	-	-	-	1
CSARF / GLA Grants	456	38	(488)	-	6
Bristol City Council VCSE Strategic	-	10	(10)	-	-
Mutual Aid - GLA	-	20	(3)	-	17
Policy and campaigning					
Health Foundation/Community Spirit	3	-	(3)	-	-
Good Work & Community Business	3	-	(3)	-	-
InnoSI European project - MMU	1	-	-	-	1
Lloyds Bank Foundation	-	41	(41)	-	-
VCSE Health & Wellbeing Alliance	-	116	(116)	-	-
Connect Fund - Future of Assets and Enterprise	-	30	(30)	-	-
Total restricted funds	**804**	**613**	**(1,203)**	**-**	**214**

	Balance 1st July 2021 £000s	**Movement in resources Revenue £000s**	**Outgoing £000s**	**Transfers £000s**	**Balance 30th June 2022 £000s**
General funds	1,056	6,486	(6,301)	(24)	1,217
Revaluation Reserve	518	-	-	-	518
Designated funds:					
Fixed Asset fund	726	-	-	32	758
Fixed Asset Investment fund	1,123	-	-	(8)	1,115
Development Fund	150	-	-	(50)	100
2022-23 Expenditure activity fund	200	-	-	200	400
Restructuring fund	175	-	-	(75)	100
Member support fund	175	-	-	(75)	100
Total designated funds	**2,549**	**-**	**-**	**24**	**2,573**
Total unrestricted funds	**4,123**	**6,486**	**(6,301)**	**-**	**4,308**
Total funds	**4,927**	**7,099**	**(7,504)**	**-**	**4,522**

12 Analysis of net assets between funds 2023

	Tangible fixed assets 2023 £000s	Intangible fixed assets 2023 £000s	Investments fixed and social 2023 £000s	Net current assets 2023 £000s	Total 2023 £000s
Restricted funds	-	-	-	315	**315**
Revaluation reserve	-	-	518	-	**518**
Designated funds	606	-	1,223	315	**2,144**
Unrestricted funds	48	66	10	1,174	**1,298**
	654	**66**	**1,751**	**1,804**	**4,275**

Analysis of net assets between funds 2022

	Tangible fixed assets 2022 £000s	Intangible fixed assets 2022 £000s	Investments fixed and social 2022 £000s	Net current assets 2022 £000s	Total 2022 £000s
Restricted funds	-	-	-	214	**214**
Revaluation reserve	-	-	518	-	**518**
Designated funds	625	-	1,248	700	**2,573**
Unrestricted funds	56	77	10	1,074	**1,217**
	681	**77**	**1,776**	**1,988**	**4,522**

13 Liability of Members

The Charity is a company limited by guarantee and consequently does not have a share capital. In the event of the company being wound up or not being able to pay its debts from its assets, each Member 2023: 1,958 *(2022: 1,623)* is required to contribute an amount not exceeding £1.

14 Future financial commitments

Operating leases

Minimum lease payments under non cancellable operating leases fall due as follows:
During the year Locality has incurred £12k *(2022: £11k)* expenditure for operating leases.

	Other 2023 £000s	Other 2022 £000s
Within one year	11	15
In two to five years	9	13
	20	28

Operating lease as lessor
Future minimum lease payments under non-cancellable operating leases fall due as follows:

Not later than one year	83	88
Later than one year not later than five years	27	110
	110	198

There is no rental income recognised on a contingent basis.

15 Capital commitments

There were no outstanding capital commitments at 30th June 2023 or 30th June 2022.

16 Related parties

All Locality Trustees were employed by, or were Trustees of Locality full Members or Associate Members, with the following exceptions: Anna Bonallack, Colin Crooks, Alexis Keir, Amy Kinnear, Tess Lanning and Sarah Mitson.

The total payments for services or goods made to Locality Trustees or organisations connected to Locality Trustees during the year was £380 *(2022: £1,250)*. The payments were to: Elsie Whiteley Innovation Centre £0 *(2022: £100)*; Goodwin Development Trust £0 *(2022: £750)*; Halifax Opportunities Trust £380 *(2022: £400)* and Rotunda Ltd £0 *(2022: £250)*.

The total bursaries or grants awarded during the year to Locality member organisations of which a Locality Trustee is an employee or Trustee was £0 *(2022: £600)*. Locality Members receiving bursaries and grants from Locality were Murray Hall Community Trust £0 *(2022: £350)* and Windmill Hill City Farm £0 *(2022: £250)*.

The total income for services or goods from organisations connected to Locality Trustees during the year was £20,658.50 *(2022: £16,905)*. This income was received from Chats Place Arts Centre £250 *(2022: £250)*; Goodwin Develolpment Trust £3,550 *(2022: £6,487)*; Halifax Opportunities Trust £2,860 *(2022: £1,450)*; Libraries Unlimited £250 *(2022: £250)*; Manchester Settlement £1,266 *(2022: £250)*; Murray Hall Community Trust £1,450 *(2022: £1,678)*; Rotunda Ltd £1,450 *(2022: £1,450)*; Selby Trust £9,332.50 *(2022: £4,840)*; and Windmill Hill City Farm £250 *(2022: £250)*.

All activities with connected organisations were carried out on an arm's length basis in the normal course of activities and on terms no more favourable than for any other member organisation.

17 Pension scheme

The organisation contributes to a defined contribution scheme, the assets of which are held separately from those of the Charity. The organisation contributed in 2023 £298,300 *(2022: £264,412)* during the year of which 2023: £26,050 *(2022: £22,844)* was still outstanding at the year end and is included in creditors.

18 Reconciliation of Net Debt

Unity Trust Loan	**At 1st July 2022 £000s**	**Cashflows £000s**	**At 30th June 2023 £000s**	**At 30th June 2022 £000s**
Opening Balance	486	-	486	511
Capital Repayment		(42)	(42)	(38)
Interest Charged		25	25	13
Closing Balance	**486**	**(17)**	**469**	**486**
Borrowings				
Debt due within one year			469	23
Debt due after one year				463
Total			**469**	**486**

19 ***SOFA comparatives (previous year ended 30th June 2022)***

	Note	Unrestricted funds 2022 £000s	Restricted funds 2022 £000s	12 months Total funds 2022 £000s	12 months Total funds 2021 £000s
Income and expenditure					
Income					
Donations and Legacies		-	-	**0**	**1**
Income from Investments		124	-	**124**	**118**
Other Income		98	-	**98**	**55**
Income from charitable activities					
Member services		190	-	**190**	**126**
Services and delivery and learning		6,053	448	**6,501**	**7,139**
Policy and campaigning		21	165	**186**	**76**
Total income		**6,486**	**613**	**7,099**	**7,515**
Expenditure					
Expenditure on Raised Funds					
Membership services		443	-	**443**	**266**
Services and delivery and learning		5,643	1,010	**6,653**	**6,667**
Policy and campaigning		215	193	**408**	**236**
Total expenditure	2	**6,301**	**1,203**	**7,504**	**7,169**
Net surplus/(deficit)		**185**	**(590)**	**(405)**	**346**
Net movement in funds for the year		185	(590)	**(405)**	**346**
Fund balances brought forward at 1st July 2021	11	**4,123**	**804**	**4,927**	**4,581**
Fund balances carried forward 30th June 2022	11	**4,308**	**214**	**4,522**	**4,927**

All activities are continuing.

LOCALITY (UK)

England & Wales - Charity number 1036460

Accounts

LOCALITY (UK)

(A Company Limited by Guarantee)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30th JUNE 2022

Registered Charity No. 1036460 Company No. 02787912

Locality (UK)
Trustees' Annual Report
for the year ended 30th June 2022

Contents

Legal and Administrative Details

Locality (UK) is a Company limited by guarantee (Company number 02787912) and a registered charity (Charity number 1036460). The Company was incorporated in England and Wales on 8th February 1993. Its governing document is the Memorandum and Articles of Association. The Board's investment powers are subject to such conditions and consents as may for the time be imposed by law.

The Directors of the Company act as Trustees for the Company's charitable activities.

Registered office:	33 Corsham Street London N1 6DR
Bankers:	Unity Trust Bank plc Four Brindleyplace Birmingham B1 2JB
Auditors:	MHA MacIntyre Hudson 6th floor 2 London Wall Place London EC2Y 5AU
Solicitors:	Bates Wells and Braithwaite 10 Queen Street Place London EC4R 1BE Anthony Collins Solicitors 134 Edmund Street Birmingham B3 2ES

Trustees

The Trustees in office during the year and to date were as follows:

Senior Management Team

Tony Armstrong	Chief Executive and Company Secretary
Csaba Prodan	Director of Finance
Carole Reilly	Director of Services
Graham Finegold	Strategic HR and Equalities Lead
Ed Wallis	Director of Policy & Engagement
Maya Bhose	Director of Marketing and Partnerships (until 20th September 2021)
Chris Wood	Director of Marketing and Partnerships (from 14th February 2022)

Day-to-Day Management

The Trustees have delegated day-to-day management of the organisation to the Locality Chief Executive, Tony Armstrong.

Trustees' Annual Report

The Trustees present the Trustees' Annual Report and Financial Statements for the year ended 30th June 2022. The Trustees confirm that the Annual Report and Financial Statements comply with the current statutory requirements, the requirements of the Company's governing documents and the provisions of the Statement of Recommended Practice (SORP) applicable to charities.

1. Structure, Governance, and Management

1.1. Structure

Locality was established on 1st April 2011 and is a membership organisation. Our membership consists of community members: local community enterprises, development trusts, settlements, and other community organisations working locally. We also have associate members (network and partner members) who consist of other voluntary organisations, local authorities, academic institutions, private sector bodies and individuals, and supporters. To become members, organisations need to sign up to our charter and work (or support others) to support their local community.

Locality's work is primarily in England, with working relationships with independent organisations in the other UK nations (Development Trusts Association Scotland, Development Trusts Association Wales, and Development Trusts Northern Ireland), and with links to international activities, for example through our membership of the International Federation of Settlements.

1.2. Governance

Corporate governance

Locality is a registered charity and a Company limited by guarantee. Our Board members are Trustees of the charity and Company Directors. We currently have 12 Trustees, 8 which are elected Trustees, who can serve up to two consecutive three-year terms. Elections to the Board are undertaken at the Annual General Meeting (AGM) and are open to all Locality members. Independent Trustees can be co-opted onto the Board, to enhance the range of skills and experience of the Board. All new Trustees receive an induction and complete a register of interests. They are also provided with opportunities for governance and sector-specific training and development. The training is carried out ad hoc on request and once a year there is a Trustees' away day to exchange knowledge and skills. Any related costs are charged to the SMT budget.

The Board has one sub-committee, the Executive Group, consisting of Board officers and key senior staff. The group meets on a quarterly basis in advance of the Board meetings and is responsible for carrying out scrutiny of risk and finance and making relevant recommendations to the Board.

We have maintained a highly committed Trustee team. Our chair Alison Haskins steered Locality with wise counsel and strategic direction during the year and chairs both the Executive Group and the Board. We have a good mixture of long standing and new Board members and are looking at further succession planning as Board members prepare to come to the end of their terms.

Conflicts of Interest and Related Party Transactions

In line with our Conflicts of Interest policy, Trustees declare all personal and professional connections on a register of interests. At the start of each meeting, declarations are made for any potential conflicts of interest, and the relevant Trustee recuses themselves from any decisions that the charity must make regarding a conflict of interest. Related party transactions in the year have been disclosed within note 16 of the accounts.

1.3. Management & Remuneration Policy

Within the staff team, the Senior Management Team meets weekly and consists of the Chief Executive and Directors. There are regular team and all-staff events, bringing staff together from across England.

Locality has a structured salary framework linked to job roles, responsibilities, and seniority. The pay and remuneration for all key management personnel within Locality are covered by a remuneration policy, to ensure consistency and good governance. Remuneration is determined each year by the Board, via the Executive Group sub-committee, which acts as the remuneration committee, considering the organisation's financial position, any appropriate benchmarking, and the views of the union (Unite).

The key management personnel of the charity are the Trustees and the senior management team. Trustees receive no remuneration. The Trustees are based across the country and are reimbursed for the cost of their travel and subsistence expenses. During the year, Trustees were reimbursed expenses of £1,554 *(2021: £0)*.

2. <u>Objectives and Activities</u>

2.1. Aims

The Charitable objects of Locality (adopted in November 2014) are:

(a) To advance citizenship and civil society including but not limited to:

- I. improving the efficiency and effectiveness of community-led or based voluntary and charitable organisations including but not limited to development trusts, settlements, social action centres, community enterprises, and similar organisations;
- II. providing a network of communication, training services, support and assistance to facilitate the work of such organisations for the public benefit and promote and enable community-led or based approaches to improve neighbourhoods;
- III. supporting and promoting of public participation in and involving individuals in activities to support such organisations;
- IV. promoting co-operation and liaison between such organisations, individuals, statutory bodies and local and central government agencies connected with community development, urban and rural regeneration and conservation; and
- V. acting as a representative of such organisations in relation to government policies and legislation.

For the avoidance of doubt, for the purposes of these objects the term "civil society" shall not include political parties and other bodies whose purpose is primarily political as this term is understood in English charity law.

(b) To advance education of the public in the work of development trusts, settlements, social action centres, community enterprises, and similar organisations.

We adopted our current strategy in June 2019, which provides a framework for all our work. We develop an annual business plan which sets out our priorities for the coming year which is based on our financial year which starts on 1st July.

Our vision: A fair society where every community thrives.

Our mission: To support local community organisations to be strong and successful.

Our strategic framework sets out our priorities and our approach over the next few years. It is designed to be flexible in response to the changing and volatile climate we live in. Locality has five strategic goals:

1. Resources and tools to support people, groups and community organisations.
2. Direct support to community organisations and their partners.
3. Membership network to connect people and support learning and skills.
4. Influence to create a better operating environment for community organisations.
5. Locality is a strong and successful organisation.

These strategic goals are supporting the following charitable activities presented on the SOFA: Member Services, Services and Programmes, Policy and Campaigning.

2.2. Public Benefit

The Trustees confirm that they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission, including the guidance 'Public Benefit: Running a Charity (PB2)'. Locality establishes and supports community organisations that operate in communities which make up over a quarter of the UK population, with a particular focus on areas facing disadvantage, and which provide multiple economic, social, and environmental benefits to individuals in those areas.

Part of the support is making grants to community organisations through funded programmes. Our grant making policy is to work with funders and other stakeholders to design grant programmes that help community organisations in their local area and contribute to the aims of Locality.

3. Key Achievements

Reported against the strategic objectives.

Strategic Objective 1: Resources and tools to support people, groups, and community organisations.

My Community Programme

Throughout 2021-22, an estimated 82,000 people used our free My Community website to help them support their communities. The website now has over 300 resources available at no cost, and 4,000 people have now subscribed to receive updates on content. We will be working with partners to develop new resources to better support organisations in the current difficult context, to gain funding to cover the costs of running the website, and to promote the website to new users.

Neighbourhood Planning

During 2021-22 we continued to deliver Neighbourhood Planning support on behalf of the Department for Levelling Up Housing and Communities (formerly the Ministry of Housing, Communities and Local Government) to groups across England. Demand has been extremely strong, and groups are developing more complex and ambitious neighbourhood plans.

Over the period 2021-22 we supported 620 groups with £4,247,320.40 in grant and 379 technical support packages to the value of £4,983,563.13. We received 1,157 expressions of interest and 933 applications for support.

During the year we have developed several new packages of support expanding our offer to groups to include support to assess the viability of a site for development, a programme of work supporting High Street Regeneration, alongside a programme supporting discounted market homes for sale. These packages reflect neighbourhood planning groups' increasingly evident wider ambitions to relate NDPs to broader place-based work.

Delivery against KPIs:

- 94.44% of grant applicants informed of the outcome within 15 working days
- 99.62% of enquiries were responded to within 2 working days

Community-Led Housing

During 2021-22 we continued to support community organisations to pursue their community-led housing ambitions through the delivery of two grant funds, and the continued development of a support and learning network.

Department for Levelling Up, Housing and Communities awarded a grant programme to distribute to late-stage groups pursuing community led housing. We distributed over £3.6m to 52 groups. Demand was strong, with applications for over £7m.

We have continued to work with the key infrastructure bodies in the field of community led housing and have built a strong partnership with the sector leaders the CLT Network (CLTN), the Confederation of Cooperative Housing (CCH), and UK Cohousing Network (UKCN) through our consortium Community Led Homes (CLH). Through the consortium we continue to press for national support for local housing solutions whilst delivering targeted support to groups. During 2021-22 we delivered grant programmes funded through the Community Housing Fund (DLUHC) and the end of the Homes in Community Hands (Power to Change).

Green agenda

During 2021-22 Locality has been pursuing the development of the green agenda; We carried out an organisation carbon footprint audit and signed up to the carbon reduction plan to net zero by 2050.

Twelve staff across various teams undertook a Carbon Literacy course that was successfully completed. Locality will be disclosing the progress annual on the website in line with government requirements.

Strategic Objective 2: Direct support to community organisations and their partners

Our team operates across England working directly with community organisations, local authorities, universities, housing associations and other public sector organisations. Support is always aimed at building resilience in communities, strengthening community organisations and the wider local eco-system.

Demand for support continues to be high, and over the year we have delivered support to hundreds of communities through directly awarded contracts and national and regional programmes.

Many organisations have had to adapt operating models, deal with staff shortages, reduced funding, and increased demand for services. The cost-of-living crisis is having a significant impact on community organisations, and they report significant existential concerns about future delivery.

Rapid and continuous review of delivery has meant that the team were able to maintain delivery for consultancy and programme work alongside ongoing support for the Locality membership through one to one and group sessions.

During the year we supported new developments in the Community Shares Unit, enabling new funding to be secured and the recruitment of a new post to help shape market development and secure additional funding for communities wishing to pursue a community share offer.

We continue to deliver Lifeboat, our support programme for community organisations facing crisis. During the peak of the COVID crisis, community organisations were supported through our networks, advice, and guidance. Record numbers of groups received light touch support, through one-to-one telephone advice, guidance on government grants and financial support, and bespoke webinars. We continue to see increasing numbers of organisations concerned about their ability to continue to operate. This work is funded by the Esmée Fairburn Foundation.

We have seen groups present with significant challenges based on: HR issues, increased costs, loss of contracts, unsuitable buildings, and recruitment problems. Community organisations report significant concerns about the decline in available funding coupled with increased demand. On top of this, the cost-of-living crisis is presenting significant increased operating costs, and we are more and more concerned about the risk of closure many community organisations are facing.

Programmes

The Bright Ideas programme funded by Power to Change ended during the operating year. Under the programme we supported early-stage community businesses to develop new ideas for community businesses and make them a reality through the provision of advice, development support and small grants. Locality oversaw the programme, and we worked in partnership with Plunkett and Co-ops UK to provide specialist advice and support.

Despite operating under COVID restrictions, we were able to deliver the programme and we continued to support groups to achieve their plans and establish new community businesses.

The Place Based Social Action (PBSA) programme funded by the Department for Digital, Culture, Media and Sport is now in the final stage of delivery, our intervention on the programme has come to a formal end. We have been invited to extend our delivery for the coming year to support groups on a call off basis and continue to build their access to and use of the online network.

Strategic Objective 3: Membership network to connect people and support learning and skills

Locality members have continued to face huge challenges, with the ongoing impact of the pandemic and increasing concerns around the cost of living. In the face of this, we have continued to grow our membership network and deepen our engagement with community organisations across the country.

Our total network stands at over 1,623, a record high. Within this we offer a flexible range of membership packages to cater for differing needs, from a free network membership for information and updates, to bespoke assistance from a personal advisor.

We've run a huge range of events to provide members with advice, belonging and connection. These include national 'All you need to know' webinars to provide monthly updates on funding, government guidance and analysis of key trends; specialist groups to bring people together around particular topics, like community food, the climate crisis and community-led housing; workshop sessions which directly support the development and well-being of senior staff; and regional 'Power of Community' meetings to help community organisations connect with others near-by.

Membership engagement levels are very high, with 63% of members in our highest categories of engagement. In our member satisfaction survey, 88% would recommend Locality and 80% say their organisation has benefitted.

Convention

In November 2021, despite uncertainty around COVID, we successfully delivered our annual Convention in a 'hybrid' fashion to nearly 300 delegates. We received excellent feedback from delegates, with 95% overall event satisfaction and 91% saying they plan to attend Convention again in 2022. We received excellent engagement on social media, and we gained press coverage for Convention itself, local members and three of our Locality award winners.

Strategic Objective 4: Influence to create a better operating environment for community organisations

Locality's policy and public affairs work enables us to use our influence to create a better operating environment for local community organisations.

In line with our influencing strategy, over the last 12 months we have made significant progress in support of our policy priorities. Key projects include:

Navigating the Storm: research into how community organisations have adapted to the pandemic. The research highlighted the resilience of the community enterprise model in the face of huge pressures and made recommendations for how to provide the right support for the challenges ahead.

The Community Opportunity: learning from our Keep it Local Network of councils on how community power is transforming adult social care provision around the country.

Levelling Up: research reports and briefings to make the case for community power as integral to the government's flagship agenda. This included a focus on the design of the Community Ownership Fund, putting communities in charge of the UK Shared Prosperity Fund, new proposals for neighbourhood governance and a submission to the Comprehensive Spending Review.

Health and Wellbeing: Locality, in consortium with Power to Change, is part of the VCSE Health and Wellbeing Alliance. This is an initiative of the Department of Health and Social Care, NHS England, and NHS Improvement. The HW Alliance exists to connect the VCSE sector with the health and care system to provide a voice and improve health and wellbeing for all communities. We have formed a steering group of Locality members who are guiding our programme of work and have published briefing papers on the role of community anchor organisations in addressing the social determinants of health; and lessons on how NHS Primary Care Networks can collaborate with local VCSE organisations.

Keep it Local campaign: We have continued to expand our network of Keep it Local councils, with 17 councils now signed up to our Keep it Local principles, focused on building long-term partnerships between councils and community organisations.

Strategic Objective 5: Locality is a strong and successful organisation

Human Resources

Our HR team has maintained the focus on supporting staff through the second half of the pandemic. We refocused our agile working policy to ensure that staff could achieve a good balance of home working and meeting up (once restrictions allowed) to avoid isolation. As we came out of the worst effects of the pandemic, we looked at configuring our workplace to support this way of working.

These measures have been very successful in keeping staff motivated and supported, during what has been a very difficult time for many. Our staff survey at the end of the year showed nearly 85% of staff rated Locality as a good or excellent employer.

We have embedded our new recruitment system throughout the organisation and consistently get excellent feedback from candidates on this new approach.

Our member HR consultancy support goes from strength to strength with a range of focused webinars, workshops, email and bespoke advice and support.

Diversity, Equalities, and Inclusion

This year saw the first full year of working towards our DEI action plan with over 90 detailed actions across the work of all our teams. This has progressed very well. Highlights have included the development of a language guide for staff, extensive staff training and support, and the development of a Leaders of Colour network for our members.

Our DEI Group (drawn from each team and the trustee group) have become the DEI champions across Locality able to support colleagues in their own teams and beyond.

Towards the end of the year, we turned our attention to planning for the following year and took the decision to integrate our DEI actions into our business plan rather than have a separate plan. Such actions are clearly identified, and our DEI group will still be responsible for separately monitoring progress and reporting to the board.

Financial Procedures

We are producing monthly management accounts with regular reporting to the SMT, the Executive Group and the Board. The procedures are firmly embedded in our management and governance cycle. This was in response to working in an increasingly difficult and complex environment with the need to have up to date and accurate information in place to aid effective governance and decision making. Locality's Finance Procedures manual was updated during 2019 and approved by the Board.

Health and Safety and Corporate Risk

Trustees received regular reports on health and safety and corporate risk. These were examined in detail at each Executive Group meeting and then presented to Trustees. All statutory obligations have been met and there were no major or reportable health and safety issues over the year.

4. Financial Review

4.1. Finances

These accounts cover the year ended 30th June 2022 and present our financial performance for the past 12 months. The COVID crisis continued to affect business performance in the first part of the year, but we managed to pick up pace in the second part of the year as demand led programmes and consultancy work rebounded strongly. Locality continued to support members, which made a huge difference at this critical time.

The current financial year unrestricted funds surplus is due to a strong pipeline of demand led work and operational savings due to changes in working behaviour and more efficiencies. Trustees have agreed a financial plan to use the surplus generated in the current year and some reserves to subsidise expenditure in the coming year, in effect breaking even over a two-year period given the uneven nature of our income and expenditure over the two-year period.

During the year, the charity recognised total income of £7,099k *(2021: £7,515k)* (£613k restricted), a decrease of £416k. The contributing factors are a leaner profile for the Bright Ideas programme that has completed.

Expenditure amounted to £7,504k *(2021: £7,169k)*, an increase of £335k. Costs have remained at similar levels to the previous year as we kept the same level of staff cost, with contracts and programmes activity remaining at relatively similar levels and the increase mainly attributed to restricted grants being distributed.

Locality ended the financial year with an unrestricted surplus of £185k *(2021: surplus of £626k)* and a restricted deficit of £590k *(2021: deficit of £280k)*.

The unrestricted surplus was mainly due to improved performance in contracts and programmes in the second part of the year.

The restricted deficit was mainly due to distribution of restricted grants. These funds were recognised in the previous year and brought forward in the opening restricted funds balance.

The total funds of the charity amount to £4,522k *(2021: £4,927k)*, of which £214k are restricted *(2021: £804k)*. Unrestricted funds of the charity increased to £4,308k *(2021: £4,123k)*.

Most of Locality's income streams are from contracts and grants, and our business model is based on investing any surpluses from programme and contract activity into support for members (including our influencing work). In setting the 2022-23 budget the Trustees paid attention to risks arising from the COVID crisis and volatile economic climate, as well as some of the programmes coming to end in the new year.

Considering all these, the Board has signed off a deficit budget for the coming year as part of a two-year financial plan. The surplus recorded in 2021-22 and some reserves will be ringfenced to support the cost base of the new financial year 2022-23 and beyond. Designating funds provides us with the opportunity to ensure future support to specific business activities as well as efficiently stewarding our reserves.

The main fixed asset held by Locality is represented by the office building from where the charity heads up its operation. The ground floor is being used for charitable activities, whereas the 1st and 2nd floor are let to other organisations, generating rental income that is being used for charitable purposes. The Trustees reviewed the fair value of the investment property element, in line with SORP requirements. The year-end valuation review carried out by the Trustees concluded that the investment asset has not changed (no gain or loss has been recorded in the accounts).

Locality makes contributions to a defined contribution pension scheme, the assets of which are held separately from the assets of the organisation. Funds are invested in the default scheme and individual staff can vary this for their own investment portfolio.

Locality is following government guidance on the pandemic and the response to COVID and took necessary measures to ensure the safety of its staff. Fortunately, so far, our staff have not been affected greatly by the pandemic and were able to carry out business remotely and from the office when the restrictions were lifted. The Trustees and SMT have considered a clear chain of command throughout the organisation to mitigate for potential staff being ill during the pandemic and ensure continuity in business operation; we reviewed our business continuity protocols accordingly. Locality does not rely on volunteers in delivering its business.

The closing free reserves at end of June 2022 were £1,074k, a reasonable level that is slightly higher than our free reserves target of £1,030k. The free reserves represent the unrestricted funds of £1,217k (less tangible and intangible fixed assets and investments). The Trustees agreed that future business losses can be offset from these reserves in the short and mid-term future.

Based on a high level of secured contractual income and unrestricted free reserves of £1,074k, the Trustees are confident that Locality can continue as a going concern.

4.2 Reserves Policy

The Board are fully aware of their legal duty to maintain and regularly review the reserves policy ensuring that the reserves target is resilient and set at a level which shows due consideration of medium-term funding requirements.

The charity holds £4,522k in total funds at 30th June 2022, which includes £214k in restricted funds, £1,217k in general unrestricted funds, £2,573k in designated funds and £518k in a revaluation reserve.

The Board's policy on free reserves is to have at least six months' essential core running costs plus sufficient funds to cover any restructure and a loss of unconfirmed income. Considering the volatile environment that we operate in, it is very prudent to have this level of reserves or higher.

The free reserves target calculated last year was £1,030k. As at 30th June 2022, free reserves stood at £1,074k, a surplus on the set target by £44k. Trustees have determined that as the variance is of a minimal nature (5%), no further action is required.

Designated Funds

With a total of £2,573k that includes:

£758k - Fixed Asset Fund and £1,115k - Investment Fixed Asset Fund which have been ring-fenced by Trustees to identify the value of funds that can only be realised by disposing of tangible and intangible assets. Following the refurbishment, Locality is using the ground floor for business as usual, whereas the 1st and 2nd floors are rented out at commercial rates to generate rental income.

£100k - Development fund**:** Existing designated fund to be used for income generating development activity such as business development priorities and digital work. We expect to draw down these funds in the coming two years.

£400k - 2022-23 expenditure activity fund: To support our planned expenditure for the coming year as new funding is being pursued.

£100k - Restructuring fund: Being prudent and prepared for long term restructuring costs as some of our larger contracts come to an end. This fund will be utilised over the next 2 years.

£100k - Member support fund: Funds set aside to invest in resources to support and grow our members' network. This fund will be utilised over the next 2 years.

The Revaluation reserve stands at £518k as at 30th June 2022. This was created on revaluing the investment property asset to its market value at June 2018.

5. Future Plans

5.1 Services and Programmes

Over the course of the coming year, we will target resources at ensuring that new business development ideas are sourced and resourced to help develop exciting new areas of work.

We will continue to work closely with the Department for Levelling Up, Housing and Communities to provide support on the Neighbourhood Planning programme. We will continue to work with national partners to develop new programme ideas and secure funding to deliver them.

During the coming year we will focus on continuing to support community organisations through the delivery of direct demand led work and national contracts and programmes. We will continue to build links with local authorities to ensure that they are supported to help community organisations have the best possible operating environment to support their communities.

We will build on our well established and successful consultancy support and aim to reach new markets through our refreshed marketing offer, evidenced through our impact measurement work.

We aim to build on the successes achieved by the Community Shares Unit, and alongside our partners Coops UK, Plunkett, and Power to Change we will support the continued development of this increasingly important area of work.

5.2 Marketing and Communications

Our new Locality website will soon be online, which we have developed based on extensive user research and working with web agency Factored. The new website will be more accessible, easier to use, and better showcase the work we do and the impact we and our members have. We will promote our policy work and how we're making a difference, and we will continue to promote the work of Locality members, including through our popular member takeovers on social media.

5.3 Membership

We will support Locality members through the challenging times community organisations continue to face across the country, particularly with the growing challenges for community organisations from the cost-of-living crisis.

We will support our members to build connection with each other and feel supported, through our wide programme of online and face to face events. We will support our members to access learning and skills development opportunities, identifying trends, delivering our 'ask anything' service, and providing grants for peer learning. We will seek to grow our membership, with a focus on recruiting more community organisations into Locality membership and retaining organisations within our existing model.

5.4 Policy and Public Affairs

We have a full programme of policy and public affairs work for 2022-23 in line with our influencing strategy. This will include new research on how community organisations can help tackle the climate crisis, working with members to develop responses to the cost-of-living crisis, being part of the VCSE Health and Wellbeing Alliance, campaigning for a Community Power Act with the We're Right Here campaign, and working with our network of Keep it Local councils.

5.5 Organisational Development

We will continue to invest in business development activities to further our impact and build new partnerships. We will improve the use of technologies across the organisation through our digital strategy, including attracting more members and improving how we support existing members.

We will continue to prioritise our diversity, equity and inclusion workstream and have built in actions into our annual business plan with regular review by Trustees.

Given the ongoing volatility of the external environment, we are committed to regularly reviewing our priorities and our financial plan during the coming year to ensure that we remain in a strong organisational position.

6. Principal Risks and Uncertainties

The Board reviews risk on quarterly basis, analysing levels of impact and probability, and the risk management approach. Each risk identified is assessed for impact and likelihood, with impact weighted to give an overall level of risk a numerical value.

High profile risk areas include:

Risk	Mitigation
Failure to win new contracts.	Clear income targets by region and departments and internally appointed Business Development lead.
COVID crisis continues and affects business performance.	Set a conservative 2022-23 budget to hedge for a potential downturn. Consolidated existing free reserves and cash flow to hedge for potential adverse performance.
Failure to create appropriate interest in programmes, resulting in multiple problems for us as the lead organisation responsible.	Devise clear and engaging Comms. Partners support awareness raising to build pipeline. Review uptake regularly and amend strategy.
Income pipeline and income actuals plus expenditure actuals do not deliver on budget.	Monthly management accounts, and forecast performance is monitored closely.
Failure of members / failure of services resulting in reputational damages.	Swift involvement of Comms in incidents.
Failure to attract, train, retain staff team.	Maintain reputation/benchmark T&Cs, build strong teams. Strong induction and training and development policies.

The Trustees regularly assess risks and are satisfied that the risk management process is robust and that risks are being managed appropriately. All risk assessments are discussed extensively at staff and Trustee meetings. We recognise that we are working in a volatile environment and risk management is a critical activity.

Statement of Trustees' Responsibilities

The Trustees (who are also Directors of Locality for the purposes of Company Law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company Law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company Law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Charitable Company and of the net income for that period.

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities Statement of Recommended Practice (FRS102);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions, disclose with reasonable accuracy at any time the financial position of the Charitable Company, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Information to Auditors

The Trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Trustees has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

MHA MacIntyre Hudson have been appointed as auditors since 2017.

In preparing this report, the Trustees have taken advantage of the small companies' exemption to prepare a strategic report provided by section 415A of the Companies Act 2016.

The Trustees' Annual Report is approved by the Locality's Board of Trustees and authorised for issue on 20th October 2022, and signed on its behalf by

Alison Haskins
…………………………………….

Alison Haskins
Chair of Locality's Board of Trustees

Independent Auditor's Report to the members of Locality (UK) (Registered Company 02787912)

Opinion

We have audited the financial statements of Locality (UK) (the 'Charitable Company') for the year ended 30th June 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 30th June 2022, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report.

We are independent of the Charitable Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Trustees' assessment of the entity's ability to continue to adopt the going concern basis of accounting included critical reviews of budgets and forecasts provided.

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (incorporating the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report (incorporating the Directors' Report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- adequate accounting records have not been kept by the Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Charitable Company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the regulatory and legal frameworks that the entity operates in, focusing on those having a direct effect on the financial statements;
- Enquiry of management to identify any instances of known or suspected instances of fraud;
- Enquiry of management about instances of non-compliance with laws and regulations;
- Reviewing the design and implementation of control systems in place and testing the operational effectiveness of those controls.
- Performing audit work over the risk of management override, including testing of journal entries for appropriateness and reviewing accounting estimates for bias.
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures alongside supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx. This description forms part of our auditor's report.

Use of this report

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

Sudhir Singh

Sudhir Singh FCA (Senior Statutory Auditor)
For and behalf of
MHA MacIntyre Hudson
Statutory Auditor
London, United Kingdom
Date: 24 November 2022

Locality (UK)
Statement of Financial Activities
for the year ended 30th June 2022

Income and expenditure	Note	Unrestricted funds 2022 £000s	Restricted funds 2022 £000s	12 months Total funds 2022 £000s	12 months Total funds 2021 £000s
Income					
Donations and Legacies		-	-	**0**	**1**
Income from Investments		124	-	**124**	**118**
Other Income		98	-	**98**	**55**
Income from charitable activities					
Member services		190	-	**190**	**126**
Services and delivery and learning		6,053	448	**6,501**	**7,139**
Policy and campaigning		21	165	**186**	**76**
Total income		**6,486**	**613**	**7,099**	**7,515**
Expenditure					
Expenditure on charitable activities					
Membership services		443	-	**443**	**266**
Services and delivery and learning		5,643	1,010	**6,653**	**6,667**
Policy and campaigning		215	193	**408**	**236**
Total expenditure	2	**6,301**	**1,203**	**7,504**	**7,169**
Net surplus/(deficit)		**185**	**(590)**	**(405)**	**346**
Net movement in funds for the year		185	(590)	**(405)**	**346**
Fund balances brought forward at 1st July 2021	11	**4,123**	**804**	**4,927**	**4,581**
Fund balances carried forward 30th June 2022	11	**4,308**	**214**	**4,522**	**4,927**

All activities are continuing.

The comparative figures for each fund are shown in the notes to the accounts (note 19).

The notes on pages 22 to 37 form part of these financial statements.

Locality (UK)
Balance Sheet as at 30th June 2022

	Note	2022 £000s	2021 £000s
Fixed assets			
Tangible fixed assets	6	681	692
Intangible fixed assets	6	77	34
Investments	7	2,231	2,231
		2,989	**2,957**
Current assets			
Debtors	8	603	1,286
Cash at bank and in hand		2,318	2,776
		2,921	**4,062**
Creditors: amounts falling due within one year	9	(927)	(1,607)
Net current assets		**1,994**	**2,455**
Total Assets less current liabilities		4,983	5,412
Creditors: amounts falling due after more than one year	9b	(461)	(485)
Net Assets		**4,522**	**4,927**
Funds:			
Unrestricted funds - general	12	1,217	1,056
Unrestricted funds - revaluation	12	518	518
Designated funds	12	2,573	2,549
Restricted funds	12	214	804
		4,522	**4,927**

These financial statements were approved and authorised for issue by the Board on 20th October 2022 and signed on its behalf by:

....

Alison Haskins - Chair of Locality's Board of Trustees

The notes on pages 22 to 37 form part of these financial statements.

Company number: 2787912

Locality (UK)
Statement of Cashflows
for the year ended 30th June 2022

	Notes	2022 £000s	2021 £000s
Net cash generated (used)/from in operating activities		(341)	626
Cash flows from investing activities			
Dividends and interest		(1)	-
Additions to fixed assets		(91)	(38)
	6	(92)	(38)
Cash flows from Financing activities			
Capital repayments	18	(38)	(38)
Interest accrued	18	13	(12)
		(25)	(50)
Change in cash and cash equivalents		**(458)**	**538**
Cash and cash equivalents at the beginning of the reporting year		**2,776**	**2,238**
Cash and cash equivalents at the end of the reporting year		**2,318**	**2,776**

Reconciliation of net outgoing resources to net cash outflow from operating activities

	Notes	2022 £000s	2021 £000s
Net incoming/(outgoing) resources		(405)	346
Bank interest received		1	-
Depreciation charges	6	39	41
Amortisation charges	6	20	16
Other non-cash adjustments		1	22
Decrease/(increase) in debtors		683	(221)
(Decrease)/increase in creditors		(680)	422
Net cash generated (used)/from in operating activities		**(341)**	**626**

Analysis of cash and cash equivalents

		2022 £000s	2021 £000s
Cash at bank and in hand		2,318	2,776
Total cash and cash equivalents		**2,318**	**2,776**

The notes on pages 22 to 37 form part of these financial statements.

1 Accounting policies

Basis of preparation
The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The Charity is a public benefit entity for the purposes of FRS 102 and therefore the Charity also prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (The FRS 102 Charities SORP) and the Charities Act 2011.

Going concern
The Trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the Charity to continue as a going concern. The Trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular, the Trustees have considered the Charity's forecasts and projections and have taken account of pressures on membership, consultancy and grant funding and investment income. After making enquiries, the Trustees consider that no material uncertainties exist which may cast doubt on the charity's ability to continue in operational existence for the foreseeable future. The financial statements have therefore been prepared on a going concern basis. The charity has sufficient financial resources and appropriate structures in place to manage business risks.

The Trustees considered the ongoing risks related to the COVID pandemic. Having a high level of secured contractual income for the new financial year 2022-23 and closing free reserves at June 2022 of £1,074k, the trustees are confident that Locality can continue as a going concern. We have carried out scenario forecasting to June 2024 and the future operation is being supporting by a robust cash and reserves position.

Length of reporting period
The reporting period for 2020-21 and 2021-22 is 12 months and therefore the comparative figures in the financial statements and related notes are comparable.

1.1 Income

Membership income
Membership fees are recognised in the financial periods that the membership covers.

Investment Income
Represented by rental income, this is recognised in financial periods that it covers.

Grants
Grants are recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably. Income received in advance of performance or provision of other specified service is deferred until the criteria for income recognition have been met. Advance payments in respect of grants for bursaries for future periods are carried forward in the financial statements as deferred income.

Government Grants
Grants received from Government bodies during the financial year 2021-22 are £396k (2021: £662k). All conditions and contingencies relating to the grants have been met. Income derived from business activities with DLUHC is contract based.

1.2 Expenditure

Expenditure is included within the statement of financial activities under one or more of the following headings. This is recognised in the accounts on an accrual basis and reflected in the accounts in the period that it relates to:

Charitable activities

(i) **Membership services**
The cost of supporting our extensive network of community organisations across the UK as they become more effective entities.

(ii) **Services and delivery and learning**
The costs associated with helping communities and community organisations with asset ownership, community enterprise, community co-design and organising.

(iii) **Policy and campaigning**
The costs of national work to influence policy and to promote community enterprise.

Support costs
Support costs are allocated on the basis of staff time, apart from where restricted funders specify a different formula.

Grant making policy
Grants payable are payments made to third party institutions in furtherance of the Charity's objectives. Unconditional grant offers are accrued in full once the recipient has been advised of the grant award and the payment is probable, or paid in advance. Where grant awards are subject to performance conditions that are outside of the control of the Charity, these are accrued when the recipient has been notified of the grant award. There were no grants made to individuals.

1 Accounting policies continued

Tangible fixed assets and depreciation
Tangible fixed assets costing more than £1,000 are capitalised and included at cost including any incidental expenses of acquisition.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected useful economic lives as follows:

Computer equipment	over 3 years
Office equipment	over 4 years
Fixtures and fittings	over 10 years
Freehold improvements	over 20 years
Freehold buildings	over 50 years remaining life of the building
Freehold land	not depreciated

Intangible fixed assets and amortisation
Amortisation is provided on all intangible fixed assets costing more than £1,000 at rates calculated to write off the cost of each asset over their estimated useful economic lives as follows:

Computer Software	over 3 years
Website development	over 5 years

Investments

Social investments
Investments in other organisations made by Locality by way of capital or lending, which are made primarily to further the charitable purposes of Locality rather than for financial return, are treated as programme related investments. Programme related investments are measured initially at transaction price and subsequently at each reporting date at fair value, except where the fair value cannot be readily determined, in which case the programme related investment is subsequently measured at cost less impairment.

Fixed assets investments
Investment properties are defined as those ‘held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business’. FRS 102 requires valuation at year end fair value.

Financial instruments
The Charity only holds basic Financial Instruments. Financial Instruments are classified and accounted for according to the substance of the contractual arrangement as finacial assets or financial liabilities. The trustees carried out a fair value review of the investment property and concluded that there was no impairment.

Debtors
Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Trade and other debtors (including accrued income) are financial instruments and are debt instruments measured at amortised costs as detailed in note 8. Prepayments are not financial instruments.

Cash and cash equivalents
Cash and cash equivalents are classified as basic financial instrument and is measured at face value.

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Liabilities
Trade creditors, accruals and other creditors are classified as financial instruments, and are measured at amortised cost as detailed in note 9. Amounts due for taxation and social security are not included in the financial instruments disclosure. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is simply an obligation to deliver charitable services rather than cash or another financial instrument.

Creditors and provisions
Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1 Accounting policies continued

Employee Benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service. The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

Funds

Funds held by the charity comprise:

Unrestricted general - these are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.

Revaluation reserve - this reflects the uplift in value of the investment property asset to market value under FRS 102.

Designated - these are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.

Restricted - these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Pension scheme arrangements

Locality makes contributions to a defined contribution pension scheme, the assets of which are held separately from the assets of the organisation. The amount charged to the SOFA in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Leasing commitments

Rentals applicable to operating leases are charged to the SOFA against income over the period in which the cost is incurred on a straight-line basis.

Critical estimates and judgements

In preparing the financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The annual depreciation charge for tangible fixed assets, including freehold land and buildings, fixtures and fittings and office equipment, as well as the amortisation charge for intangible assets (computer software), are sensitive to changes in useful economic lives and residual values of assets. These are reassessed annually and any impairment accounted for.

In the view of the Trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

2 Expenditure 2022

Analysis of total expenditure	**Staff costs £000s**	**Grants to institutions £000s**	**Support costs £000s**	**Other direct costs £000s**	**12 months Total 2022 £000s**
Membership services	296	-	45	102	**443**
Services and delivery and learning	1989	595	301	3769	**6654**
Policy and campaigning	250	-	38	119	**407**
Total expenditure	2,535	595	384	3,990	7,504
	(note 5)		(note 3)		

Expenditure 2021

Analysis of total expenditure	**Staff costs £000s**	**Grants to institutions £000s**	**Support costs £000s**	**Other direct costs £000s**	**12 months Total 2021 £000s**
Membership services	184	-	20	62	**266**
Services and delivery and learning	2153	925	237	3352	**6667**
Policy and campaigning	178	-	20	38	**236**
Total expenditure	2,515	925	277	3,452	7,169
	(note 5)		(note 3)		

Grants to Institutions

	2022 £000s	**2021 £000s**
Groundwork UK (distributing on behalf of Locality to grant recipients)	-	613
Bridge Renewal Trust (LHC grant)	10	10
H4All Charitable Incorporated Organisation (LHC grant)	8	8
GLA	397	197
Various individually under £10,000 to:		
60 organisations	180	-
18 organisations	-	97
Total	595	925

The key business areas where Locality distributed grants to institutions were GLA, LHC, Bridge Project and Health & Wellbeing Alliance. No support costs were directly allocated to the grant-making activities. Any support costs were allocated against the revenue received as management fees for the running of the programmes.

Bright Ideas: Provide new community businesses with tailored business development support, peer-to-peer learning opportunities and access to a small grant depending on the stage of their idea development. In 2021-22 £0 *(£613k in 2020-21)* was distributed to various recipients by Groundwork UK on Locality's behalf.

LHC Community Benefit Fund: LHC is a joint committee of local authorities providing specialist technical and procurement services to its members throughout the UK. The LHC Community Benefit Fund provides investment in community projects in London and Buckinghamshire.

City Bridge Trust: A Triage and Connect programme to support the delivery of City Bridge Trust's Bridge Project offer.

GLA: A Greater London Authority grant to enable Locality as a delivery partner to provide grant administration, distribution and specialist advisory support to the Authority for the Community Spaces at Risk Fund.

VCSE Health & Wellbeing Alliance: The HW Alliance exists to connect the VCSE sector with the health and care system to provide a voice and improve health and wellbeing for all communities.

3 Analysis of support costs 2022

	Member services £000s	Services and delivery and learning £000s	Policy and campaigning £000s	12 months Total 2022 £000s
Premises costs	5	36	4	**45**
Office costs	3	19	2	**24**
IT	17	115	15	**147**
Professional fees	10	68	9	**87**
Management	8	37	6	**51**
Governance	2	26	2	**30**
Total	**45**	**301**	**38**	**384**

Analysis of support costs 2021

	Member services £000s	Services and delivery and learning £000s	Policy and campaigning £000s	12 months Total 2021 £000s
Premises costs	3	35	3	**41**
Office costs	4	52	4	**60**
IT	4	49	4	**57**
Professional fees	5	59	5	**69**
Management	2	25	2	**29**
Governance	2	17	2	**21**
Total	**20**	**237**	**20**	**277**

Governance & audit costs	12 months Total 2022 £000s	12 months Total 2021 £000s
Audit fees	19	18
Trustees' costs	2	-
Other governance costs	9	3
Total	**30**	**21**

4 Net income / expenditure

These are stated after charging:

	12 months 2022 £000s	12 months 2021 £000s
Auditor's remuneration - current year	19	18
Amortisation	20	16
Depreciation	39	41

5 **Staff costs**	**12 months 2022 £000s**	**12 months 2021 £000s**
Wages and salaries	1,861	1,880
Social security costs	198	201
Pension costs	260	257
Total direct staff costs	**2,319**	**2,338**
Welfare, travel and agency staff	119	59
Recruitment	24	28
Holiday pay accrual	73	90
Total staff costs	**2,535**	**2,515**

Number of employees within salary range:	**12 months 2022**	**12 months 2021**
£100,000 - £110,000	-	-
£90,000 - £100,000	1	1
£80,000 - £90,000	-	-
£70,000 - £80,000	-	-
£60,000 - £70,000	2	3

The total amount paid to 6 key management personnel *(2021: 6)* (CEO, Director of Finance, Director of Services, Director of Engagement, Director of Policy and Engagement, Strategic HR & Equalities Lead) for their services to the Charity was £438,445 *(2021: £444,401)* , of which salaries were £341,901, pension contributions £54,058 and Employer's NIC £40,997.

The average number of employees including part-time workers, analysed by function, was:

Governance	1	1
Delivering national programmes and support to members	36	36
Policy and campaigning	5	5
Administration	6	6
Total employees	**48**	**48**

No remuneration has been paid to the Trustees. Total travel expenses of £1,554 *(2021: £0)* were paid to 10 *(2021: 0)* Trustees. During the year, the Charity incurred £2,262 *(2021: £1,779)* professional indemnity insurance costs for employees, and £1,667 for Trustee and individual liability insurance £282 *(2021: £1,667).*

6 Tangible fixed assets

	Freehold land and buildings	Freehold improve-ments	Fixtures and fittings	Office equipment	Computer equipment	Total
Cost & valuation	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
At 1st July 2021	618	222	50	29	81	**1,000**
Additions	-	-	13	-	15	**28**
At 30th June 2022	**618**	**222**	**63**	**29**	**96**	**1,028**
Accumulated depreciation						
At 1st July 2021	151	41	27	29	60	**308**
Charge for the year	11	11	4	-	13	**39**
At 30th June 2022	**162**	**52**	**31**	**29**	**73**	**347**
Net book values						
At 30th June 2022	**456**	**170**	**32**	**0**	**23**	**681**
At 30th June 2021	**467**	**181**	**18**	**-**	**21**	**687**

Intangible fixed assets

	Computer software
Cost	**£000s**
At 1st July 2021	103
Additions	63
At 30th June 2022	**166**
Accumulated amortisation	
At 1st July 2021	69
Charge for the year	20
At 30th June 2022	**89**
Net book values	
At 30th June 2022	**77**
At 30th June 2021	**34**

All fixed assets held are for use by the organisation in furthering its charitable objectives.

7 Investments

Social investments	12 months 2022 £000s	12 months 2021 £000s
	Just Power	Just Power
At 1st July 2021 and 30th June 2022	10	10

In August 2012, Locality made an investment in a new social enterprise venture whose aim is to support community organisations to improve energy efficiency including through the installation of solar panels and other renewable energy equipment. The company is a community interest company (Just Power for Communities CIC) and Locality's shareholding represents 43% of the share capital. This is a programme related investment.

Locality's share of net assets at 30th June 2022 was £10k (2021: £10k). This is a CIC that was initially impacted by the changes to the Government's Feed In Tariff scheme (announced in November 2012).

Locality's share of JP CIC	**12 months 2022 £000s**	**12 months 2021 £000s**
Share of income	1	1
Share of expenditure	(1)	(1)
	-	-
Investment brought forward at 1st July 2021	10	10
Investment carried forward at 30th June 2022	10	10

Fixed Asset Investment	**12 months 2022 £000s**	**12 months 2021 £000s**
Fair value as at 1st July 2021	2,221	2,221
Improvements	-	-
Revaluation	-	-
Fair value as at 30th June 2022	2,221	2,221
Total Investments	**2,231**	**2,231**

During 2017/18, Locality undertook a major refurbishment of its building across the 3 floors. The building and the improvements are deemed as mixed use assets. The ground floor is used for charitable activities whereas the 1st and 2nd floor are rented out to third parties. The building and the improvements to fixed assets are being apportioned 1/3 as used for charitable purposes and 2/3 have been reclassified as fixed asset investment.

The trustees reviewed the fair value of the investment property element, in line with SORP requirements. The year-end valuation review carried out by the trustees concluded that the investment valuation has not changed materially (no gain or loss has been recorded in the accounts). The trustees considered commercial property rental yields and market movements.

8 Debtors

	2022 £000s	2021 £000s
Trade debtors	214	993
Bad debt provision	(18)	(30)
Prepayments	67	58
Accrued income	339	265
	602	1,286
Financial assets that are debt instruments measured at amortised cost	536	1,228

9 Creditors: amounts falling due within one year

	2022 £000s	2021 £000s
Trade creditors	93	669
Social security and other taxes	65	50
VAT	98	109
Other creditors	37	28
Accruals	347	407
Deferred income (note 10)	213	269
Unity Trust Loan (note 9b)	25	26
	878	1,558
Financial liabilities measured at amortised cost	476	1,104

	2022	2021
9a Rent deposits held by Locality	49	49

At 30th June 2022 Locality held deposits for the tenants on the 1st and 2nd floors (£20,910 and £27,922).

	2022	2021
Total Creditors	**927**	**1,607**

9b Creditors: long-term loan

		2022 £000s	2021 £000s
Unity Trust Loan	due after more than one year	461	485

The loan will be repayable on a capital and interest basis by regular quarterly payments calculated over a repayment profile of 240 months. Interest will be charged at 2.15% per annum over Unity's Base Rate from time to time (which is currently 0.25%) subject to a minimum charge of 2.15% per annum.

10 Deferred income analysis

	2022 £000s	2021 £000s
Brought forward	269	303
Released in year	(371)	(438)
New deferrals	315	404
Carried forward	213	269

The majority of the deferred income is for membership income, Community Led Housing, PtC Corporate Partnership and rental income.

11 Movement in funds 2022

Restricted funds	Balance at 1st July 2021 £000s	Movement in resources Revenue £000s	Outgoing £000s	Transfers £000s	Balance at 30th June 2022 £000s
Services					
Bright Ideas Fund	172	155	(327)	-	-
City Bridge Trust - Spotlight	6	53	(52)	-	7
Esmee Fairbairn Foundation Lifeboat	99	-	(23)	-	76
Bridge Project	63	150	(107)	-	106
Lighthouse	1	-	-	-	1
CSARF / GLA Grants	456	38	(488)	-	6
Bristol City Council VCSE Strategic	-	10	(10)	-	-
Mutual Aid - GLA	-	20	(3)	-	17
Policy and campaigning					
Health Foundation/Community Spirit	3	-	(3)	-	-
Good Work & Community Business	3	-	(3)	-	-
InnoSI European project - MMU	1	-	-	-	1
Lloyds Bank Foundation	-	41	(41)	-	-
VCSE Health & Wellbeing Alliance	-	116	(116)	-	-
Connect Fund - Future of Assets and Enterprise	-	30	(30)	-	-
Total restricted funds	**804**	**613**	**(1,203)**	**-**	**214**

Unrestricted funds	Balance 1st July 2021 £000s	Movement in resources Revenue £000s	Outgoing £000s	Transfers £000s	Balance 30th June 2022 £000s
General funds	1,056	6,486	(6,301)	(24)	1,217
Revaluation Reserve	518	-	-	-	518
Designated funds:					
Fixed Asset fund	726	-	-	32	758
Fixed Asset Investment fund	1,123	-	-	(8)	1,115
Development Fund	150	-	-	(50)	100
2022-23 Expenditure activity fund	200	-	-	200	400
Restructuring fund	175	-	-	(75)	100
Member support fund	175	-	-	(75)	100
Total designated funds	**2,549**	**-**	**-**	**24**	**2,573**
Total unrestricted funds	**4,123**	**6,486**	**(6,301)**	**-**	**4,308**
Total funds	**4,927**	**7,099**	**(7,504)**	**-**	**4,522**

Restricted funds (continued)

Services

Bright Ideas Fund	Provide new community businesses with tailored business development support, peer-to-peer learning opportunities and access to a small grant depending on the stage of their idea development.
City Bridge Trust - Spotlight	To build capacity and voice within civil society organisations by strengthening the evidence base of what works and supporting community organisations to adapt, become resilient and thrive.
Esmee Fairbairn Foundation	Lifeboat programme supports community organisations that are in financial and organisational difficulty.
City Bridge Trust - Bridge Project	A Triage and Connect programme to support the delivery of City Bridge Trust’s Funder Plus offer.
Lighthouse	Lighthouse is an online diagnostic tool for assessing the current health of community organisations across six key areas, alerting users to areas that need their attention to ensure the long-term health and sustainability of their organisation.
CSARF / GLA Grants	A Greater London Authority grant to enable Locality as a delivery partner to provide grant administration, distribution and specialist advisory support to the Authority for the Community Spaces at Risk Fund.
Bristol City Council VCSE Strategic	Partnership with CVS and building back fairer following COVID. Supporting the take up of Community Resilience Fund and delivery of the VCSE Strategic Action Plan.
Mutual Aid - GLA	Research existing resources, liaise with Mutual Aid groups and funders and build an online repository of information and case studies to enable Londoners to continue to sustain and form local groups.

Policy and campaigning

Health Foundation/Community Spirit	A project which aims to understand the barriers to, and factors which, underpin strong and healthy communities, with a particular focus on community spirit and to develop resources to support this.
Good Work & Community Business	Research to benefit the community business and social enterprise sectors and providing support and advice.
InnoSI European Project	A research programme to identify innovative approaches to social policy at national and regional levels across the 28 Member States with in-depth case study evaluations taking place in 10 Member States.
Lloyds Bank Foundation	The grant is to enable Locality to grow Keep it Local, working directly with two local areas to adopt a new approch to commissioning and to grow the number of Keep it Local Councils.
VCSE Health & Wellbeing Alliance	The HW Alliance exists to connect the VCSE sector with the health and care system to provide a voice and improve health and wellbeing for all communities.
Connect Fund - Future of Assets and Enterprise	To produce a research report and practical guidance materials focused on assets and enterprise in the context of COVID 19 recovery and community organisation business model.

Restricted funds (continued)

Revaluation Reserve	The revaluation reserve of £518k reflects the uplift in value of the investment property to fair value in 2018.
Designated Funds	
Development fund	Existing designated fund to be used for income generating development activity such as business development priorities and digital work. We expect to draw down some of this fund in the coming year.
2022-23 expenditure activity fund	To support our planned expenditure for the coming year as new funding is being pursued.
Restructuring fund	Being prudent and prepared for long term restructuring costs as some of our larger contracts come to an end. This fund will be utilised over the next 2 years.
Member support fund	Funds set aside to invest in resources to support and grow our members' network. This fund will be utilised over the next 2 years.
Fixed Asset Fund	The fixed asset fund denotes the sum equal to the net book value of the tangible fixed assets and intangible assets (less the value of any capital grants), which are not freely expendable.
Fixed Asset Investment Fund	The building and the improvements are deemed as mixed use assets. The ground floor is used for charitable activities whereas the 1st and 2nd floor are rented out to third parties to generate revenue. Therefore the building and the improvements to fixed assets were apportioned 1/3 as charitable activities and 2/3 were reclassified as investment fixed asset in June 2018. A valuation was carried out on the expected market value of the building after refurbishment works at a valuation of £3.26m. The proportion relating to fixed investment fund was £2.221m (2021 and 2022).

11b ***Movement in funds 2021***

Restricted funds	**Balance at 1st July 2020 £000s**	**Movement in resources Revenue £000s**	**Outgoing £000s**	**Transfers £000s**	**Balance at 30th June 2021 £000s**
Membership services					
Connect Fund - Power of Community	11	1	(12)	-	-
Knowledge & Skills Exchange PtC Restrict	13	-	(13)	-	-
Services					
Bright Ideas Fund	184	1,032	(1,044)	-	172
Bristol City Council	10	-	(10)	-	-
Bristol City Council Neighbourhood	10	-	(10)	-	-
City Bridge Trust - Strengthening London	13	27	(34)	-	6
Esmee Fairbairn Foundation	69	75	(45)	-	99
Funder Plus/CBT Connectors	117	-	(54)	-	63
Lighthouse	1	-	-	-	1
National Lottery Community Fund COVID Grant	590	-	(590)	-	-
My Community	59	15	(74)	-	-
CSARF / GLA Grants	-	662	(206)	-	456
P2C - infrastructure collaboration	-	60	(60)	-	-
Policy and campaigning					
Health Foundation/Community Spirit	-	5	(2)	-	3
Good Work & Community Business	-	5	(2)	-	3
InnoSI European project - MMU	1	-	-	-	1
Lloyds Bank Foundation	-	41	(41)	-	-
What Works Centre for Wellbeing and Nationwide	6	-	(6)	-	-
Total restricted funds	**1,084**	**1,923**	**(2,203)**	**-**	**804**

Unrestricted funds	**Balance 1st July 2020 £000s**	**Movement in resources Revenue £000s**	**Outgoing £000s**	**Transfers £000s**	**Balance 30th June 2021 £000s**
General funds	1,012	5,592	(4,966)	(582)	1,056
Revaluation Reserve	518	-	-	-	518
Designated funds:					
Asset development	-	-	-		-
Fixed Asset fund	744	-	-	(18)	726
Fixed Asset Investment fund	1,123	-	-	-	1,123
Development Fund	100	-	-	50	150
2021-22 expenditure activity fund	-	-	-	200	200
Restructuring fund	-	-	-	175	175
Member support fund	-	-	-	175	175
Total designated funds	**1,967**	-	-	**582**	**2,549**
Total unrestricted funds	**3,497**	**5,592**	**(4,966)**	**-**	**4,123**
Total funds	**4,581**	**7,515**	**(7,169)**	**-**	**4,927**

12 Analysis of net assets between funds 2022

	Tangible fixed assets 2022 £000s	Intangible fixed assets 2022 £000s	Investments fixed and social 2022 £000s	Net current assets 2022 £000s	Total 2022 £000s
Restricted funds	-	-	-	214	**214**
Revaluation reserve	-	-	518	-	**518**
Designated funds	625	-	1,248	700	**2,573**
Unrestricted funds	56	77	10	1,074	**1,217**
	681	**77**	**1,776**	**1,988**	**4,522**

Analysis of net assets between funds 2021

	Tangible fixed assets 2021 £000s	Intangible fixed assets 2021 £000s	Investments fixed and social 2021 £000s	Net current assets 2021 £000s	Total 2021 £000s
Restricted funds	-	-	-	804	**804**
Revaluation reserve	-	-	518	-	**518**
Designated funds	647	-	1,202	700	**2,549**
Unrestricted funds	45	34	10	967	**1,056**
	692	**34**	**1,730**	**2,471**	**4,927**

13 Liability of Members

The Charity is a company limited by guarantee and consequently does not have a share capital. In the event of the company being wound up or not being able to pay its debts from its assets, each Member 2022: 1,623 *(2021: 1,474)* is required to contribute an amount not exceeding £1.

14 Future financial commitments

Operating leases

Minimum lease payments under non cancellable operating leases fall due as follows:

	Other 2022 £000s	Other 2021 £000s
Within one year	15	11
In two to five years	13	4
	28	15

Operating lease as lessor
Future minimum lease payments under non-cancellable operating leases fall due as follows:

Not later than one year	88	138
Later than one year not later than five years	110	33
	198	171

There is no rental income recognised on a contingent basis.

15 Capital commitments

There were no outstanding capital commitments at 30th June 2022 or 30th June 2021.

16 Related parties

All Locality Trustees were employed by, or were Trustees of Locality full Members or Associate Members, with the following exceptions: Colin Crooks, Tess Lanning and Sarah Mitson.

The total payments for services or goods made to Locality Trustees or organisations connected to Locality Trustees during the year was £1,250 *(2021: £750)* . The payments were to: Elsie Whiteley Innovation Centre £100 *(2021: £0)* ; Goodwin Development Trust £750 *(2021: £0)* ; Halifax Opportunities Trust £400 *(2021: £0)* Rotunda Ltd £250 *(2021: £250)* ; and Windmill Hill City Farm £0 *(2021: £500)* .

The total bursaries or grants awarded during the year to Locality member organisations of which a Locality Trustee is an employee or Trustee was £600 *(2021: £0)* . Locality Members receiving bursaries and grants from Locality were Murray Hall Community Trust £350 *(2021: £0)* and Windmill Hill City Farm £250 *(2021: £0)* .

The total income for services or goods from organisations connected to Locality Trustees during the year was £16,905 *(2021: £18,850)* . This income was received from BARCA-Leeds £0 *(2021: £8,550)* ; Chats Place Arts Centre £250 *(2021: £0)* ; Goodwin Develolpment Trust £6,487 *(2021: £5,000)* ; Halifax Opportunities Trust £1,450 *(2021: £0)* ; Libraries Unlimited £250 *(2021: £0)* ; Manchester Settlement £250 *(2021: £0)* ; Murray Hall Community Trust £1,678 *(2021: £0)* ; Rotunda Ltd £1,450 *(2021: £2,875)* ; Selby Trust £4,840 *(2021: £2,425)* ; and Windmill Hill City Farm £250 *(2021: £0)* .

All activities with connected organisations were carried out on an arm's length basis in the normal course of activities and on terms no more favourable than for any other member organisation.

17 Pension scheme

The organisation contributes to a defined contribution scheme, the assets of which are held separately from those of the Charity. The organisation contributed in 2022 £264,412 *(2021: £257,230)* during the year of which 2022: £22,844 *(2021: £21,519)* was still outstanding at the year end and is included in creditors.

18 Reconciliation of Net Debt

Unity Trust Loan	At 1st July 2021 £000s	Cashflows £000s	Other non-cash changes £000s	At 30th June 2022 £000s	At 30th June 2021 £000s
Opening Balance	511	-	-	511	537
Capital Repayment		(38)	-	(38)	(38)
Interest Charged		13	-	13	12
Closing Balance	**511**	**(25)**	**-**	**486**	**511**
Borrowings					
Debit due within one year				23	26
Debt due after one year				463	485
Total				**486**	**511**

Locality (UK)
Notes to the Financial Statements continued
for the year ended 30th June 2022

19 ***SOFA comparatives (previous year ended 30th June 2021)***

Income and expenditure	Unrestricted funds 2021 £000s	Restricted funds 2021 £000s	12 months Total funds 2021 £000s	12 Total funds 2020 £000s
Income				
Donations and Legacies	1	-	**1**	**25**
Income from Investments	118	-	**118**	**151**
Other Income	55	-	**55**	**71**
Income from charitable activities				
Member services	125	1	**126**	**209**
Services and programmes	5,268	1,871	**7,139**	**7,499**
Policy and campaigning	25	51	**76**	**258**
Total income	**5,592**	**1,923**	**7,515**	**8,213**
Expenditure				
Expenditure on charitable activities				
Membership services	241	25	**266**	**547**
Services and delivery and learning	4,540	2,127	**6,667**	**6,354**
Policy and campaigning	185	51	**236**	**377**
Total expenditure	**4,966**	**2,203**	**7,169**	**7,278**
Net expenditure	**626**	**(280)**	**346**	**935**
Transfers between funds	-	-	**-**	**-**
Net movement in funds for the year	626	(280)	**346**	**935**
Fund balances brought forward at 1st July 2020	**3,497**	**1,084**	**4,581**	**3,646**
Fund balances carried forward 30th June 2021	**4,123**	**804**	**4,927**	**4,581**

LOCALITY (UK)

England & Wales - Charity number 1036460

Accounts

LOCALITY (UK)

(A Company Limited by Guarantee)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30th JUNE 2021

Registered Charity No. 1036460 Company No. 02787912

Locality (UK)
Trustees' Annual Report
for the year ended 30th June 2021

Contents

Legal and Administrative Details

Locality (UK) is a Company limited by guarantee (Company number 02787912) and a registered charity (Charity number 1036460). The Company was incorporated in England and Wales on 8th February 1993. Its governing document is the Memorandum and Articles of Association. The Board's investment powers are subject to such conditions and consents as may for the time be imposed by law.

The Directors of the Company act as Trustees for the Company's charitable activities.

Registered office:	33 Corsham Street London N1 6DR
Bankers:	Unity Trust Bank plc Four Brindleyplace Birmingham B1 2JB
Auditors:	MHA MacIntyre Hudson 6th floor 2 London Wall Place, London EC2Y 5AU
Solicitors:	Bates Wells and Braithwaite 10 Queen Street Place London EC4R 1BE Anthony Collins Solicitors 134 Edmund Street Birmingham B3 2ES

Trustees

The Trustees in office during the year and to date were as follows:

Laura Brodie	
Maxine Ennis	
Alison Haskins	(Chair) (Elected 26th January 2021; Chair designate from 11th November 2020)
Alex Kittow	
Mark Law	(Chair) (Resigned 11th November 2020)
Andrea Mennell	(Treasurer)
Steve Sayers	(Vice Chair) (Elected 26th January 2021)
Alexis Keir	
Colin Crooks	
Paul Butler	
Tess Lanning	(Appointed 2nd July 2020)
Adrian Ball	(Elected 11th November 2020)

Senior Management Team

Tony Armstrong	Chief Executive and Company Secretary
Graham Finegold	Director of Finance & Resources (to 31st August 2020) Strategic HR and Equalities Lead (from 1st September 2020)
Csaba Prodan	Director of Finance (from 1st September 2020)
Ed Wallis	Director of Policy & Engagement (from 1st September 2020)
Carole Reilly	Director of Services
Maya Bhose	Director of Marketing and Partnership (from 19th October 2020)

Day-to-Day Management

The Trustees have delegated day-to-day management of the organisation to the Locality Chief Executive, Tony Armstrong.

Trustees' Annual Report

The Trustees present the Trustees' Annual Report and Financial Statements for the year ended 30th June 2021. The Trustees confirm that the Annual Report and Financial Statements comply with the current statutory requirements, the requirements of the Company's governing documents and the provisions of the Statement of Recommended Practice (SORP) applicable to charities.

1. Structure, Governance, and Management

1.1. Structure

Locality was established on 1st April 2011 and is a membership organisation. Our membership consists of community members: local community enterprises, development trusts, settlements, and other community organisations working locally. We also have associate members who consist of other voluntary organisations, local authorities, academic institutions, private sector bodies and individuals, and supporters. To become members, organisations need to sign up to our charter and work (or support others) to support their local community.

Locality's work is primarily in England, with working relationships with independent organisations in the other UK nations (Development Trusts Association Scotland, Development Trusts Association Wales, and Development Trusts Northern Ireland), and with links to international activities, for example through our membership of the International Federation of Settlements.

1.2. Governance

Corporate governance
Locality is a registered charity and a Company limited by guarantee. Our Board members are Trustees of the charity and Company Directors. We currently have 11 Trustees, 9 which are elected Trustees, who can serve up to two consecutive three-year terms. Elections to the Board are undertaken at the Annual General Meeting (AGM) and are open to all Locality members. Independent Trustees can be co-opted onto the Board, to enhance the range of skills and experience of the Board. All new Trustees receive an induction and complete a register of interests. They are also provided with opportunities for governance and sector-specific training and development. The training is carried out ad hoc on request and once a year there is a Trustees' away day to exchange knowledge and skills. Any related costs are charged to the SMT budget.

The Board has one sub-committee, the Executive Group, consisting of Board officers and key senior staff. The group meets on a quarterly basis in advance of the Board meetings and is responsible for carrying out scrutiny of risk and finance and making relevant recommendations to the Board.

We have maintained a highly committed Trustee team. Our previous chair Mark Law has been in place for 3 years since the AGM in November 2017 and resigned at the AGM in November 2020. We are very grateful for all the amazing contribution and support that he gave to Locality. During his time as a Chair, Locality has seen growth and accomplishment. Mark steered Locality with wise counsel and strategic direction. Our new chair Alison Haskins took over from Mark and chairs both the Executive Group and the Board. She undertook a handover as Chair Designate with the outgoing Chair during 2020 to ensure a smooth transition. We have a good mixture of long standing and new Board members and are looking at further succession planning as Board members prepare to come to the end of their terms.

Conflicts of Interest and Related Party Transactions

In line with our Conflicts of Interest policy, Trustees declare all personal and professional connections on a register of interests. At the start of each meeting, declarations are made for any potential conflicts of interest and the relevant Trustee recuses themselves from any decisions that the charity must make regarding a conflict of interest. Related party transactions in the year have been disclosed within note 16 of the accounts.

1.3. Management & Remuneration Policy

Within the staff team, the Senior Management Team meets weekly and consists of the Chief Executive and Directors. There are regular team and all-staff events, bringing staff together from across England.

Locality has a structured salary framework linked to job roles, responsibilities, and seniority. The pay and remuneration for all key management personnel within Locality are covered by a remuneration policy, to ensure consistency and good governance. Remuneration is determined each year by the Board, via the Executive Group sub-committee, which acts as the remuneration committee, considering the organisation's financial position, any appropriate benchmarking, and the views of the union.

The key management personnel of the charity are the Trustees and the senior management team. Trustees receive no remuneration. The Trustees are based across the country and are reimbursed for the cost of their travel and subsistence expenses. During the year, Trustees were reimbursed expenses of £0 *(2020: £281)*.

2. Objectives and Activities

2.1. Aims

The Charitable objects of Locality (adopted in November 2014) are:

(a) To advance citizenship and civil society including but not limited to:

- I. improving the efficiency and effectiveness of community-led or based voluntary and charitable organisations including but not limited to development trusts, settlements, social action centres, community enterprises, and similar organisations;
- II. providing a network of communication, training services, support and assistance to facilitate the work of such organisations for the public benefit and promote and enable community-led or based approaches to improve neighbourhoods;
- III. supporting and promoting of public participation in and involving individuals in activities to support such organisations;
- IV. promoting co-operation and liaison between such organisations, individuals, statutory bodies and local and central government agencies connected with community development, urban and rural regeneration and conservation; and
- V. acting as a representative of such organisations in relation to government policies and legislation.

For the avoidance of doubt, for the purposes of these objects the term "civil society" shall not include political parties, and other bodies whose purpose is primarily political as this term is understood in English charity law.

(b) To advance education of the public in the work of development trusts, settlements, social action centres, community enterprises, and similar organisations.

This year was the second year of our revised strategic plan, which was adopted in June 2019.

Our vision: A fair society where every community thrives.

Our mission: To support local community organisations to be strong and successful.

Our strategic framework sets out our priorities and our approach over the next few years. It is designed to be flexible in response to the changing and volatile climate we live in. Locality has five strategic goals:

1. Resources and tools to support people, groups and community organisations.
2. Direct support to community organisations and their partners.
3. Membership network to connect people and support learning and skills.
4. Influence to create a better operating environment for community organisations.
5. Locality is a strong and successful organisation.

These strategic goals are supporting the following charitable activities presented on the SOFA: Members Services, Services and Programmes, Policy and Campaigning.

2.2. Public Benefit

The Trustees confirm that they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission, including the guidance 'Public Benefit: Running a Charity (PB2)'. Locality establishes and supports community organisations that operate in communities which make up over a quarter of the UK population, with a particular focus on areas facing disadvantage, and which provide multiple economic, social, and environmental benefits to individuals in those areas.

Part of the support is making grants to community organisations through funded programmes. Our grant making policy is to work with funders and other stakeholders to design grant programmes that help community organisations in their local area and contribute to the aims of Locality.

3. Key Achievements

Reported against the strategic objectives agreed by the Board in June 2019.

Strategic Objective 1: Resources and tools to support people, groups, and community organisations.

My Community Programme
Throughout 2020-21 record numbers of people came forward to get involved in their communities and My Community was a valuable, free resource for this newfound community spirit. The platform ended the year with 177,000+ users. We finalised the business model and launched features on the site that can contribute to a sustainable forward business model.

Neighbourhood Planning
During 2020-21 we continued to deliver Neighbourhood Planning support on behalf of the Ministry of Housing, Communities and Local Government to groups across England. Early in the pandemic we pivoted quickly to shape delivery to be delivered remotely, in line with social distancing restrictions. Throughout the year demand has been strong, and we have seen communities continue to embrace this important community power to shape development in their local areas in greater numbers than ever.

Over the period 2020-21 we supported 562 groups with £2,816,050 in grant and 138 technical support packages to the value of £2,098,445. We received 1,050 expressions of interest and 976 applications for support.

During the year we have developed several new packages of support expanding our offer to groups to include support to assess the viability of a site for development, a programme of work supporting High Street Regeneration, alongside a programme supporting discounted market homes for sale. These packages reflect neighbourhood planning groups' increasingly evident wider ambitions to relate NDPs to broader place-based work.

Delivery against KPIs across the year:

- 100% of grant applicants informed of the outcome within 15 working days
- 100% of enquiries were responded to within two working days

In our annual evaluation, feedback from applicants remains extremely positive, with 97% of groups strongly recommending our support.

Community-Led Housing
During 2021 we continued to support community organisations to pursue their community-led housing ambitions through the delivery of two grant funds and the continued development of a support and learning network.

We have built a strong partnership with the sector leaders and work in partnership with the National CLT Network (NCLTN), the Confederation of Cooperative Housing (CCH), and UK Cohousing Network (UKCN) through our consortium *Community Led Homes* (CLH). Through the consortium we continue to press for national support for local housing solutions whilst delivering targeted support to groups. During 2021 we delivered grant programmes funded through the Community Housing Fund (MHCLG) and Homes in Community Hands (Power to Change).

MHCLG announced £4 million of revenue funding for community led homes providers, and we are working closely with MHCLG and our sector partners to ensure the funding is delivered to groups to facilitate their ambitions to develop locally led housing provision

Strategic Objective 2: Direct support to community organisations and their partners

Regional and local contract and project work

Our team operates in every English region, delivering support to community organisations, local authorities, housing associations and other public sector organisations. Support is always aimed at building resilience in communities, improving communications, and strengthening the sector. Demand for support continues to be high and over the year we have delivered over 150 different contracts, alongside national and regional programmes. We continue to work closely with members and support through briefings and regular on-line meetings. This wider support aimed at building resilience has never been more needed in our sector.

From the start of the COVID crisis, we pivoted quickly to ensure that community organisations on the ground were supported to navigate these new and rapidly changing conditions. We were able to dedicate time to support community organisations during the initial stages of the pandemic thanks to the generous continuing support provided by the National Lottery Community Fund's grant made in March 2020.

As the initial impact of the pandemic shifted, we were able to adapt successful and build back our pipeline of delivery work. The team have had an extremely busy and successful year, continuing delivery to groups despite COVID restrictions. All teams have exceeded income and delivery targets.

Rapid and continuous review of delivery has meant that the team were able to maintain delivery for consultancy and programme work alongside ongoing support for the Locality membership through one to one and group sessions.

During the year we developed new programmes of enhanced community engagement under social distancing restrictions. This has been an exciting development which we have developed nationally and hope to continue to do so in the coming year.

Lifeboat & Lighthouse
We continue to deliver Lifeboat, our support programme for community organisations facing crisis. During the peak of the COVID crisis community organisations were supported through our networks, advice, and guidance. Record numbers of groups received light touch support, through one-to-one telephone advice, guidance on government grants and financial support, and bespoke webinars. We continue to see increasing numbers of organisations concerned about their ability to continue to operate. This work is funded by Esmée Fairburn Foundation, with Power to Change also referring grantees who are facing difficulties.

We continue to make improvements to Lighthouse, our online resilience toolkit, which supports groups to identify areas of weakness in their operating model and identify remedial action. During the first months of the year, we saw a threefold increase in usage of the toolkit, demonstrating that community organisations are committed to addressing fears about their financial situation.

While national funders and government support programmes are coming to an end, we are becoming increasingly aware of the risk of closure many community organisations are facing.

Bright Ideas Fund
Our Bright Ideas programme supports early-stage community businesses. Under it we provide advice and development support and small grants. Locality oversaw the programme and work in partnership with Plunkett and Co-ops UK to provide specialist advice and support. 2020-21 saw a change in direction for Power to Change's strategic priorities and the programme will cease to operate at the end of 2021.

Due to the COVID crisis delivery on the ground has been somewhat slower than expected, with groups on the ground refocusing their energies on COVID work rather than on the development of new enterprises. However, during the latter part of the year demand for support has increased. Throughout the pandemic staff remain in regular contact with the groups they support.

Place Based Social Action (PBSA)
Now in the third year of the Department for Digital, Culture, Media, and Sport (DCMS) and National Lottery Community Fund programme we are working in partnership with Coops UK and New Economics Foundation (NEF) to support 10 places to develop and shape their plans for their areas. In line with the original ambition for the programme this will be our last year of direct involvement. The programme aims to create positive change by enabling people, communities, local non-statutory organisations, and the statutory sector to work collaboratively to create a shared vision for the future of their place and address local priorities through social action.

Data Management and Information
During 2021 we made significant improvements to our data management collection process. We introduced new software to enable us to apply artificial intelligence to review data and understand our impact across departments, programmes, and membership. This data will be critical going forward to inform decision making on the development of new areas of work and ensure that we target resources where they are most needed.

COVID Response

Supporting Community Organisations Through the Pandemic:
Over the course of the year, we have delivered support to our members and beyond to help them get through the pandemic. Alongside refreshing our Lighthouse work we have offered extensive bespoke support and advice to organisations on both. We have developed and delivered webinars, given HR advice, advised on opening and reopening buildings and services, and helped members understand new guidance and legislation. We have also delivered several sessions where members can learn from each other and continue to deliver important services where they are needed most.

We worked closely with Power to Change to support community organisations in receipt of CCLORS recovery grant with bespoke business support. We have supported London based organisations to address risks to their community buildings through the GLA via the Community Spaces at Risk Fund (CSARF). In addition, we delivered several projects funded through the National Lottery Community Fund addressing specific issues community organisations are facing.

Strategic Objective 3: Membership network to connect people and support learning and skills

Over the past year we have embedded our new membership model, which has proved a huge success since launch in April 2020. The COVID crisis has created very challenging circumstances but has also provided an opportunity to showcase the benefits of Locality membership.

The introduction of a light touch free membership package has enabled us to expand our total network to over 1400, a record high. We have overshot our baselines on paid membership, with excellent retention and new recruitment. Engagement levels have been very high. The pandemic meant that we worked very closely with our members, with regular webinars, one-to-one support and policy guidance. These high engagement levels have persisted during the 2020/21 financial year, with two-thirds of our members engaging regularly.

We have delivered a broad calendar of events developed to suit different needs including: 'All you ned to know' monthly member webinars; specialist network meetings; regional 'Link Up Lunches' and master classes. In our member satisfaction survey, 81% of respondents would recommend Locality and 91% of respondents are likely to renew their membership.

Strategic Objective 4: Influence to create a better operating environment for community organisations

Locality's policy and public affairs work enables us to use our influence to create a better operating environment for local community organisations. We have recently developed a new influencing strategy to respond to the era of majority government and reflect the post-Brexit landscape. This is focused on three key areas:

1. Thought Leadership: developing our Theory of Change with new research and policy development, becoming recognised "community power" thought leaders
2. National influencing: executing a proactive public affairs strategy based around the 3 opportunity areas outlined in our report "We Were Built for This" and improving our political relationships
3. Local influencing: continuing to develop the "Keep it Local Network", developing regional clusters of influence, and supporting members to influence locally

Over the past 12 months we have made significant progress in support of our key policy influencing priorities:

Community Ownership: Locality has long campaigned for a Community Ownership Fund, and the Chancellor's budget saw this announced. We have worked with partners to inform the subsequent design of the fund to ensure it has maximum impact for communities.

Keep it Local campaign: W have expanded our network of Keep it Local councils to 13 and published a "Keep it Local Manifesto" setting out policy proposals for how government can support the Keep it Local agenda

Communities in Charge Campaign: We have sought to influence the Shared Prosperity Fund with new research on the role of community organisations in creating good employment outcomes and an in-depth investigation of the Community Renewal Fund

COVID crisis response: Our report "We Were Built for This" showcased the inspiring ways Locality members have helped communities through the COVID crisis – and challenged government to make "community power" the cornerstone of the recovery. We have developed this agenda in number of ways: via submissions to the Comprehensive Spending Review and Danny Kruger MP's Civil Society Review; our cross-sector work as part of the Never More Needed Campaign; close engagement with members across a range of different networking events and distilling the latest guidance.

We have also published a range of other policy outputs on topics such as: good work and community business, coastal communities, the pandemic response across Europe.

Strategic Objective 5: Locality is a strong and successful organisation

Human Resources
Our HR team has been working hard during the year to support staff with working from home and the general pressures of living and working through the pandemic. This has included ensuring people have the best possible environment within their homes for safe working. Alongside these physical measures, we also took steps to support the wellbeing of staff including:

- Setting up systems for keeping in touch with staff at individual, team, and organisational level
- Strengthening our agile working approach to give staff flexibility during the day
- Developing training for staff on managing remote meetings and workshops
- Issuing clear guidance, based on feedback from staff on the Locality COVID-19 response
- Organising activities outside of work for staff to maintain contact
- Organising Pilates, Tai Chi and Yoga sessions on a regular weekly basis
- Supporting staff with a book club and crafting get together

These measures have been very successful in keeping staff motivated and supported during what has been a very difficult time for many. Towards the end of the year, we reviewed these measures in the light of forthcoming lifting of restrictions to co-design with staff a new of working for the future. This is likely to include extended flexibility in how we work and use the office base, as well as continuing some of the support measures for wellbeing.

We have continued to evolve our recruitment techniques and have introduced anonymised recruitment as a way of meeting our goals around diversity, equity, and inclusion across the team.

We have also continued to support our members with HR services and advice as they navigate their way through the complexities of the pandemic.

Diversity, Equalities, and Inclusion
We commissioned research with our strategic partners to audit our position on diversity, equity, and inclusion. This work reported at the beginning of the year, and we developed our own action plan, which included work we would undertake with our partners. Our plan was overseen by a cross team DEI working group which included Trustee representation. New terms of reference were agreed for this group which report progress to the full Trustee Board every quarter.

Our DEI action plan was agreed towards the end of the 3rd quarter in the year and includes action for until the end of 2022. This plan was also informed by research we undertook with our members around how we could support members that are led by people from communities experiencing racial inequity; this led to the production of the "No More Blank Pages" report and all the actions form this report have been included in our DEI action plan.

We have also delivered a range of training events during the year including training and workshops around: white privilege and white fragility, transgender awareness, and inclusive communication. We are developing a new language guide for staff as a response to the need to refine our language around DEI issues.

Financial Procedures
We are producing monthly management accounts with regular reporting to the SMT, the Executive Group and the Board. The procedures are firmly embedded in our management and governance cycle. This was in response to working in an increasingly difficult and complex environment with the need to have up to date and accurate information in place to aid effective governance and decision making. Locality's Finance Procedures manual was updated during 2019 and approved by the Board.

Health and Safety and Corporate Risk
Trustees received regular reports on health and safety and corporate risk. These were examined in detail at each Executive Group meeting and then presented to Trustees. The risk around the asset development works were managed and mitigated and we have a fully tenanted building. All statutory obligations have been met and there were no major or reportable health and safety issues over the year.

4. <u>Financial Review</u>

4.1. Finances
These accounts cover the year ended 30th June 2021 and present our financial performance for the past 12 months. The COVID crisis affected business performance across a range of activity in the early part of the year and our work was subsidised by emergency support funding from the National Lottery Community Fund. We managed to pick up pace in the second part of the year as demand led programmes and consultancy work rebounded strongly. Locality continued to re-deploy staff to support members and joined sector wide efforts for funding support for local organisations during the pandemic. This made a huge difference to members that felt well supported at this critical time.

The current financial year surplus is mainly due to COVID funding supporting core costs, operational savings due to changes in working behaviours, and improved business performance as our income pipeline recovered from the initial impact of the pandemic. Trustees have agreed a financial plan to use a proportion of the surplus generated in the current year to subsidise expenditure in the coming year- in effect breaking even over a two-year period given the uneven nature of our income and expenditure over the two-year period.

We were extremely grateful to receive during 2019-20 a major COVID restricted grant of £690k from the National Lottery Community Fund to cover some of the costs in continuing to support members over a 6-month period. Most of the expenditure, £590k from this funding was incurred in 2020-21 financial year. This funding helped Locality to counteract business losses and allowed us to fund the diversion of our resources and attention to our members as our income pipeline was deeply impacted in the early part of the year.

During the year, the charity recognised total income of £7,515k *(2020: £8,213k)* (£1,923k restricted), a decrease of £698k. The contributing factors are no emergency COVID funding was received in 2020-21 financial year, and a leaner profile for the Bright Ideas programme.

Expenditure amounted to £7,169k *(2020: £7,278k)*, a decrease of £109k. Costs have remained at similar levels to previous year as we kept the same level of staff cost with contracts and programmes activity remaining at relatively similar levels.

Locality ended the financial year with an unrestricted surplus of £626k *(2020: surplus of £154k)* and a restricted deficit of £280k *(2020: surplus of £781k)*.

The unrestricted surplus was mainly due to improved performance in contracts and programmes in the second part of the year, and the brought forward COVID funding from the National Lottery Community Fund received in 2019-20.

The restricted deficit was mainly due to core cost being charged against the £590k COVID funding brought forward. These funds were recognised in the previous year and brought forward in the opening restricted funds balance.

The total funds of the charity amount to £4,927k *(2020: £4,581k)*, of which £804k are restricted *(2020: £1,084k)*. Unrestricted funds of the charity increased to £4,123k *(2020: £3,497k)*.

The emergency funds received in relation to the COVID crisis were crucial to the financial results achieved in 2020-21 and allowed us to make future robust plans for the new financial year 2021-22 while continuing to support our members.

Most of Locality's income streams are from contracts and grants, Locality does not pursue fundraising in the traditional sense. In setting the 2021-22 budget the Trustees paid attention to risks arising from the COVID crisis such as reduced demand on some of our services as well as some of the programmes coming to end during 2020-21.

Considering all these the Board has signed off a deficit budget for the coming year as part of a two-year financial plan. Part of the surplus recorded in 2020-21 will be ringfenced to support the cost base of the new financial year 2021-22 and beyond. Designating funds provides us with the opportunity to ensure future support to specific business activities as well as stewarding efficiently our reserves.

The main asset held by Locality is represented by the office building from where the charity heads up its operation. The ground floor is being used for charitable activities whereas the 1st and 2nd floor are let to other organisations, generating rental income that is being used for charitable purposes. The Trustees reviewed the fair value of the investment property element, in line with SORP requirements. The year end valuation review carried out by the Trustees concluded that the investment asset has not changed (no gain or loss has been recorded in the accounts).

Locality makes contributions to a defined contribution pension scheme, the assets of which are held separately from the assets of the organisation. Funds are invested in the default scheme and individual staff can vary this for their own investment portfolio.

Locality is following government guidance on the lockdown and the response to COVID and took necessary measures to ensure the safety of its staff. Fortunately, so far, our staff have not been affected greatly by the pandemic and were able to carry out business remotely. The Trustees and SMT have considered a clear chain of command throughout the organisation to mitigate for potential staff being ill during the pandemic and ensure continuity in business operation; we reviewed our business continuity protocols accordingly. Locality does not rely on volunteers in delivering its business.

The closing free reserves at end of June 2021 were £978k, a reasonable level that is slightly higher than our free reserves target of £1,030k. The free reserves represent the unrestricted funds of £1,062k (less tangible and intangible fixed assets and investments). The Trustees agreed that future business losses can be offset from these reserves in the short and mid-term future.

Based on a high level of secured contractual income and unrestricted free reserves of £978k, the Trustees are confident that Locality can continue as a going concern.

4.2 Reserves Policy
The Board are fully aware of their legal duty to maintain and regularly review the reserves policy ensuring that the reserves target is resilient and set at a level which shows due consideration of medium-term funding requirements.

The charity holds £4,927k in total funds at 30th June 2021, which includes £804k in restricted funds, £1,062k in general unrestricted funds, £2,543k in designated funds and £518k in a revaluation reserve.

The Board's policy on free reserves is to have at least six months' essential core running costs plus sufficient funds to cover any restructure and a loss of unconfirmed income.

The free reserves target calculated last year was £1,030k. As at 30th June 2021, free reserves stood at £978k, a deficit on the set target by £52k. Trustees have determined that as the variance is of a minimal nature (5%), no further action is required.

Designated Funds
With a total of £2,549k that includes:

£726k - Fixed Asset Fund and £1,123k - Investment Fixed Asset Fund which have been ring-fenced by Trustees to identify the value of funds that can only be realised by disposing of tangible and intangible assets. Following the refurbishment, Locality is using the ground floor for business as usual, whereas the 1st and 2nd floors are rented out at commercial rates to generate rental income.

£150k - Development fund**:** Existing designated fund to be used for income generating development activity such as business development priorities and digital work. We expect to draw down some of this fund in the coming year once clear plans are in place.
£200k - 2021-22 expenditure activity fund: To support our planned expenditure for the coming year as new funding is being pursued.
£175k - Restructuring fund: Being prudent and prepared for long term restructuring costs as some of our larger contracts come to an end. This fund will be utilised over the next 2 years.
£175k - Member support fund: Funds set aside to invest in resources to support and grow our members' network. This fund will be utilised over the next 2 years.

The Revaluation reserve stands at £518k as at 30th June 2021. This was created on revaluing the investment property asset to its market value at June 2018.

5. Future Plans

5.1 Services and Programmes
During the coming year we will focus on continuing to support community organisations through the delivery of direct demand led work and national contracts and programmes.

A major focus will be the continued development of our neighbourhood planning and community led housing work, and we will continue to work closely with the Ministry of Housing, Communities and Local Government to develop this area of work.

We will continue to build on our community engagement work and will work closely with funders to shape opportunities for community organisations.

We will build on our well established and successful consultancy support delivered by the Services team and aim to reach new markets through our refreshed marketing offer, evidenced through our impact measurement work. Alongside our partners Coops UK, Plunkett, and Power to Change we will focus energies into the Community Shares Unit to support the continued development of this increasingly important area of work.

We hope to shape and support the development of the Community Ownership Fund to ensure that this important fund will offer vital support to communities developing assets to deliver services to their community.

5.2 Marketing and Communications
We had a burst of brand activity in December raising awareness through our member survey. We far exceeded the campaign target we set for reach, and we achieved all the KPIs for social media. Brand activity continued in 2021 with advertising featuring member testimonials appearing on YouTube and Facebook with the aim of raising awareness of Locality and supporting growth in paying membership through lead generation. We also introduced a calendar of brand content, featuring a different member and theme each month.

We continue to support our services and activities through member comms, generating publicity for our campaigning work and promoting our key Programmes.

5.3 Membership
We will be continuing to embed and develop our new member model in 2021-22 and aim to provide high quality support to members as they navigate ongoing challenges caused by the pandemic. Our focus will be on achieving excellent retention levels; maintaining high levels of engagement and building contact with digitally unengaged; developing our free network membership; developing our Partner offering; and achieving the membership elements of our Diversity, Equity and Inclusion plan.

5.4 Policy and Public Affairs
We have a full programme of policy and public affairs work for 2021-22 in line with our new influencing strategy. This will include new research with members on the future of assets and enterprise and the role of community organisations in racial justice; executing public affairs and political relationship building strategies; developing our key campaigns like Keep it Local and Communities in Charge; and supporting members to increase their own local influence.

5.5 Organisational Development
We completed a restructure of our senior management team during the year and have also invested in additional business development capacity to build income streams over the medium and longer term.

Given the extreme volatility of the external environment, we are committed to regularly reviewing our priorities and our financial plan during the coming year to ensure that we remain in a strong organisational position.

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6. Principal Risks and Uncertainties

The Board reviews risk on quarterly basis, analysing levels of impact and probability, and the risk management approach. Each risk identified is assessed for impact and likelihood, with impact weighted to give an overall level of risk a numerical value.

The highest risk areas were as follows:

Risk	Mitigation
COVID crisis continues and affects business performance.	Set a conservative 2021-22 budget to hedge for a potential downturn. Consolidated existing free reserves and cash flow to hedge for potential adverse performance.
Failure to win new contracts.	Clear income targets by region and departments. Recruited a Head of Business Development.
Grant programmes subject to claw back due to spend outside of timescales.	We ensure that all grant handlers are trained, and grants are reviewed by panel. Monthly management accounts are produced, and scrutinised and grant timelines are assessed and managed closely.
Failure to create enough level of (appropriate) interest in programmes, resulting in multiple problems for us as the lead organisation responsible.	Devise clear and engaging Comms. Partners support awareness raising to build pipeline. Review uptake regularly and amend strategy.
Income pipeline and income actuals plus expenditure actuals do not deliver on budget.	Monthly management accounts, and forecast performance is monitored closely.
Failure of members / failure of services resulting in reputational damages.	Swift involvement of Comms in incidents.
Failure to attract, train, retain staff team.	Maintain reputation/benchmark T&Cs, build strong teams. Strong induction and training and development policies.

The Trustees assessed the major risk above and were satisfied that these were being managed appropriately. All risk assessments are discussed extensively at staff and Trustee meetings. We recognise that we are working in a volatile environment and risk management is a critical activity.

Statement of Trustees' Responsibilities

The Trustees (who are also Directors of Locality for the purposes of Company Law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company Law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company Law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Charitable Company and of the net income for that period.

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities Statement of Recommended Practice (FRS102);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions, and disclose with reasonable accuracy at any time the financial position of the Charitable Company, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Information to Auditors
The Trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Trustees has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor
MHA MacIntyre Hudson have been appointed as auditors since 2017.

In preparing this report, the Trustees have taken advantage of the small companies' exemption to prepare a strategic report provided by section 415A of the Companies Act 2016.

The Trustees' Annual Report is approved by the Locality's Board of Trustees and authorised for issue on 21st October 2021, and signed on its behalf by

……………………………………………

Alison Haskins
Chair of Locality's Board of Trustees

Independent Auditor's Report to the members of Locality (UK) (Registered Company 02787912)

Opinion

We have audited the financial statements of Locality (UK) (the 'Charitable Company') for the year ended 30th June 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 30th June 2021, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report.

We are independent of the Charitable Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Trustees' assessment of the entity's ability to continue to adopt the going concern basis of accounting included critical reviews of budgets and forecasts provided.

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (incorporating the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Trustees' Report (incorporating the Directors' Report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- adequate accounting records have not been kept by the Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or

- the Charitable Company's financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of Directors' remuneration specified by law are not made; or

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

- the Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the regulatory and legal frameworks that the entity operates in, focusing on those having a direct effect on the financial statements;
- Enquiry of management to identify any instances of known or suspected instances of fraud;
- Enquiry of management about instances of non-compliance with laws and regulations;
- Reviewing the design and implementation of control systems in place and testing the operational effectiveness of those controls.
- Performing audit work over the risk of management override, including testing of journal entries for appropriateness and reviewing accounting estimates for bias.
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures alongside supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx. This description forms part of our auditor's report.

Use of this report

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

Sudhir Singh

Sudhir Singh FCA (Senior Statutory Auditor)
For and behalf of
MHA MacIntyre Hudson
Statutory Auditor
London, United Kingdom

Date: 27 October 2021

Locality (UK)
Statement of Financial Activities
for the year ended 30th June 2021

Income and expenditure	Note	Unrestricted funds 2021 £000s	Restricted funds 2021 £000s	12 months Total funds 2021 £000s	12 months Total funds 2020 £000s
Income					
Donations and Legacies		1	-	**1**	**25**
Income from Investments		118	-	**118**	**151**
Other Income		55	-	**55**	**71**
Income from charitable activities					
Member services		125	1	**126**	**209**
Services and programmes		5,268	1,871	**7,139**	**7,499**
Policy and campaigning		25	51	**76**	**258**
Total income		**5,592**	**1,923**	**7,515**	**8,213**
Expenditure					
Expenditure on charitable activities					
Membership services		241	25	**266**	**547**
Services and delivery and learning		4,540	2,127	**6,667**	**6,354**
Policy and campaigning		185	51	**236**	**377**
Total expenditure	2	**4,966**	**2,203**	**7,169**	**7,278**
Net expenditure		**626**	**(280)**	**346**	**935**
Net movement in funds for the year		626	(280)	**346**	**935**
Fund balances brought forward at 1st July 2020	11	**3,497**	**1,084**	**4,581**	**3,646**
Fund balances carried forward 30th June 2021	11	**4,123**	**804**	**4,927**	**4,581**

All activities are continuing.

The comparative figures for each fund are shown in the notes to the accounts (note 19).

The notes on pages 22 to 37 form part of these financial statements.

Locality (UK)
Balance Sheet as at 30th June 2021

	Note	2021 £000s	2020 £000s
Fixed assets			
Tangible fixed assets	6	692	708
Intangible fixed assets	6	34	37
Investments	7	2,231	2,231
		2,957	**2,976**
Current assets			
Debtors	8	1,286	1,065
Cash at bank and in hand		2,776	2,238
		4,062	**3,303**
Creditors: amounts falling due within one year	9	(1,607)	(1,185)
Net current assets		**2,455**	**2,118**
Total Assets less current liabilities		**5,412**	**5,094**
Creditors: amounts falling due after more than one year	9b	(485)	(513)
Net Assets		**4,927**	**4,581**
Funds:			
Unrestricted funds - general	12	1,056	1,012
Unrestricted funds - revaluation	12	518	518
Designated funds	12	2,549	1,967
Restricted funds	12	804	1,084
		4,927	**4,581**

These financial statements were approved and authorised for issue by the Board on 21st October 2021 and signed on its behalf by:

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....

Alison Haskins - Chair of Locality's Board of Trustees

The notes on pages 22 to 37 form part of these financial statements.

Company number: 2787912

Locality (UK)
Statement of Cashflows
for the year ended 30th June 2021

	Notes	2021 £000s	2020 £000s
Net cash generated from/used in operating activities		626	336
Cash flows from investing activities			
Dividends and interest		-	3
Additions to fixed assets		(38)	(15)
	6	(38)	(12)
Cash flows from Financing activities			
Capital repayments	18	(38)	(39)
Interest paid	18	(12)	(15)
Loan deposit security			100
Deposits received/paid out by Locality			49
		(50)	95
Change in cash and cash equivalents		**538**	**419**
Cash and cash equivalents at the beginning of the reporting year		**2,238**	**1,819**
Cash and cash equivalents at the end of the reporting year		**2,776**	**2,238**

Reconciliation of net outgoing resources to net cash outflow from operating activities

	Notes	2021 £000s	2020 £000s
Net incoming resources		346	935
Bank interest received		-	(3)
Depreciation charges	6	41	42
Amortisation charges	6	16	11
Other non-cash adjustments		22	(19)
Decrease/(increase) in debtors		(221)	(293)
(Decrease)/increase in creditors		422	(337)
Net cash generated from/used in operating activities		**626**	**336**

Analysis of cash and cash equivalents

		2021 £000s	2020 £000s
Cash in hand		2,775	2,237
Notice deposits (less than 3 months)		1	1
Total cash and cash equivalents		**2,776**	**2,238**

The notes on pages 22 to 37 form part of these financial statements.

1 Accounting policies

Basis of preparation
The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The Charity is a public benefit entity for the purposes of FRS 102 and therefore the Charity also prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (The FRS 102 Charities SORP) and the Charities Act 2011.

Going concern
The Trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the Charity to continue as a going concern. The Trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular, the Trustees have considered the Charity's forecasts and projections and have taken account of pressures on membership, consultancy and grant funding and investment income. After making enquiries, the Trustees consider that no material uncertainties exist which may cast doubt on the charity's ability to continue in operational existence for the foreseeable future. The financial statements have therefore been prepared on a going concern basis. The charity has sufficient financial resources and appropriate structures in place to manage business risks.

The Trustees considered the risks related to the COVID pandemic; based on the emergency COVID funding received, a high level of secured contractual income for the new financial year 2021-22 and closing free reserves at June 2021 of £978k, the trustees are confident that Locality can continue as a going concern.

Length of reporting period
The reporting period for 2019-20 and 2020-21 is 12 months and therefore the comparative figures in the financial statements and related notes are comparable.

1.1 <u>Income</u>
Membership income
Membership fees are recognised in the financial periods that the membership covers.

Investment Income
Represented by rental income, this is recognised in financial periods that it covers.

Grants
Grants are recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably. Income received in advance of performance or provision of other specified service is deferred until the criteria for income recognition have been met. Advance payments in respect of grants for bursaries for future periods are carried forward in the financial statements as deferred income.

Government Grants
Grants received from Government bodies during the financial year 2020-21 are £662k. Income derived from business activities with MHCLG is contract based.

1.2 <u>Expenditure</u>
Expenditure is included within the statement of financial activities under one or more of the following headings. This is recognised in the accounts on an accrual basis and reflected in the accounts in the period that it relates to:

Charitable activities

(i) **Membership services**
The cost of supporting our extensive network of community organisations across the UK as they become more effective entities.

(ii) **Services and delivery and learning**
The costs associated with helping communities and community organisations with asset ownership, community enterprise, community co-design and organising.

(iii) **Policy and campaigning**
The costs of national work to influence policy and to promote community enterprise.

Support costs
Support costs are allocated on the basis of staff time, apart from where restricted funders specify a different formula.

Grant making policy
Grants payable are payments made to third party institutions in furtherance of the Charity's objectives. Unconditional grant offers are accrued in full once the recipient has been advised of the grant award and the payment is probable, or paid in advance. Where grant awards are subject to performance conditions that are outside of the control of the Charity, these are accrued when the recipient has been notified of the grant award. There were no grants made to individuals.

1 Accounting policies continued

Tangible fixed assets and depreciation
Tangible fixed assets costing more than £1,000 are capitalised and included at cost including any incidental expenses of acquisition.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected useful economic lives as follows:

Computer equipment	over 3 years
Office equipment	over 4 years
Fixtures and fittings	over 10 years
Freehold improvements	over 20 years
Freehold buildings	over 50 years remaining life of the building
Freehold land	not depreciated

Intangible fixed assets and amortisation
Amortisation is provided on all intangible fixed assets costing more than £1,000 at rates calculated to write off the cost of each asset over their estimated useful economic lives as follows:

Computer Software	over 3 years
Website development	over 5 years

Investments

Social investments
Investments in other organisations made by Locality by way of capital or lending, which are made primarily to further the charitable purposes of Locality rather than for financial return, are treated as programme related investments. Programme related investments are measured initially at transaction price and subsequently at each reporting date at fair value, except where the fair value cannot be readily determined, in which case the programme related investment is subsequently measured at cost less impairment.

Fixed assets investments
Investment properties are defined as those ‘held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business’. FRS 102 requires valuation at year end fair value.

Financial instruments
The Charity only holds basic Financial Instruments. Financial Instruments are classified and accounted for according to the substance of the contractual arrangement as finacial assets or financial liabilities. The trustees carried out a fair value review of the investment property and concluded that there was no impairment.

Debtors
Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Trade and other debtors (including accrued income) are financial instruments and are debt instruments measured at amortised costs as detailed in note 8. Prepayments are not financial instruments.

Cash and cash equivalents
Cash and cash equivalents are classified as basic financial instrument and is measured at face value.

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Liabilities

Trade creditors, accruals and other creditors are classified as financial instruments, and are measured at amortised cost as detailed in note 9. Amounts due for taxation and social security are not included in the financial instruments disclosure. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is simply an obligation to deliver charitable services rather than cash or another financial instrument.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1 Accounting policies continued

Employee Benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service. The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

Funds

Funds held by the charity comprise:

Unrestricted general - these are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.

Revaluation reserve - this reflects the uplift in value of the investment property asset to market value under FRS 102.

Designated - these are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.

Restricted - these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Pension scheme arrangements

Locality makes contributions to a defined contribution pension scheme, the assets of which are held separately from the assets of the organisation. The amount charged to the SOFA in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Leasing commitments

Rentals applicable to operating leases are charged to the SOFA against income over the period in which the cost is incurred on a straight-line basis.

Critical estimates and judgements

In preparing the financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The annual depreciation charge for tangible fixed assets, including freehold land and buildings, fixtures and fittings and office equipment, as well as the amortisation charge for intangible assets (computer software), are sensitive to changes in useful economic lives and residual values of assets. These are reassessed annually and any impairment accounted for.

In the view of the Trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

2 Expenditure 2021

Analysis of total expenditure	Staff costs £000s	Grants to institutions £000s	Support costs £000s	Other direct costs £000s	12 months Total 2021 £000s
Membership services	184	0	20	62	**266**
Services and delivery and learning	2153	925	237	3352	**6667**
Policy and campaigning	178	0	20	38	**236**
Total expenditure	2,515	925	277	3,452	7,169
	(note 5)		(note 3)		

Expenditure 2020

Analysis of total expenditure	Staff costs £000s	Grants to institutions £000s	Support costs £000s	Other direct costs £000s	12 months Total 2020 £000s
Membership services	358	0	52	137	**547**
Services and delivery and learning	1923	835	276	3320	**6354**
Policy and campaigning	237	0	34	106	**377**
Total expenditure	2,518	835	362	3,563	7,278
	(note 5)		(note 3)		

Grants to Institutions

	2021 £000s	2020 £000s
Groundwork UK (distributing on behalf of Locality to grant recipients)	613	712
National Federation of Parks and Green Spaces	-	-
Bridge Renewal Trust (LHC grant)	10	20
H4All Charitable Incorporated Organisation (LHC grant)	8	15
GLA	197	-
Various individually under £10,000 to:		
28 organisations	-	88
18 organisations	97	-
Total	925	835

The key business areas where Locality distributed grants to institutions were Bright Ideas, GLA and LHC. No support costs were directly allocated to the grant-making activities. Any support costs were allocated against the revenue received as management fees for the running of the programmes.

Bright Ideas: Provide new community businesses with tailored business development support, peer-to-peer learning opportunities and access to a small grant depending on the stage of their idea development. In 2020-21 £613k *(£712k in 2019-20)* was distributed to various recipients by Groundwork UK on Locality's behalf.

LHC Community Benefit Fund: LHC is a joint committee of local authorities providing specialist technical and procurement services to its members throughout the UK. The LHC Community Benefit Fund provides investment in community projects in London and Buckinghamshire.

Lifeboat: Lifeboat programme supports community organisations that are in financial and organisational difficulty.

City Bridge Trust: A Triage and Connect programme to support the delivery of City Bridge Trust's Funder Plus offer.

GLA: A Greater London Authority grant to enable Locality as a delivery partner to provide grant administration, distribution and specialist advisory support to the Authority for the Community Spaces at Risk Fund.

3 Analysis of support costs 2021

	Member services £000s	Services and delivery and learning £000s	Policy and campaigning £000s	12 months Total 2021 £000s
Premises costs	3	35	3	**41**
Office costs	4	52	4	**60**
IT	4	49	4	**57**
Professional fees	5	59	5	**69**
Management	2	25	2	**29**
Governance	2	17	2	**21**
Total	**20**	**237**	**20**	**277**

Analysis of support costs 2020

	Member services £000s	Services and delivery and learning £000s	Policy and campaigning £000s	12 months Total 2020 £000s
Premises costs	11	54	7	**72**
Office costs	11	59	7	**77**
IT	12	59	7	**78**
Professional fees	5	41	7	**53**
Management	6	35	4	**45**
Governance	7	28	2	**37**
Total	**52**	**276**	**34**	**362**

Governance & audit costs

	12 months Total 2021 £000s	12 months Total 2020 £000s
Audit fees	18	17
Trustees' costs	-	6
Other governance costs	3	14
Total	**21**	**37**

4 Net income / expenditure

These are stated after charging:

	12 months 2021 £000s	12 months 2020 £000s
Auditor's remuneration - current year	18	17
Amortisation	16	11
Depreciation	41	42

5 Staff costs

	12 months 2021 £000s	12 months 2020 £000s
Wages and salaries	1,880	1,817
Social security costs	201	196
Pension costs	257	255
Redundancy costs	-	2
Total direct staff costs	**2,338**	**2,270**
Welfare, travel and agency staff	59	118
Recruitment	28	31
Holiday pay accrual	90	99
Total staff costs	**2,515**	**2,518**

Number of employees within salary range:	12 months 2021	12 months 2020
£100,000 - £110,000	-	-
£90,000 - £100,000	1	1
£80,000 - £90,000	-	-
£70,000 - £80,000	-	1
£60,000 - £70,000	3	1

The total amount paid to 6 key management personnel *(2020: 5)* (CEO, Director of Finance, Director of Services, Director of Engagement, Director of Policy and Engagement, Strategic HR & Equalities Lead) for their services to the Charity was £444,401, of which salaries were £354,351, pension contributions £48,434 and Employer's NIC £41,615 *(2020: £344,970)*.

The average number of employees including part-time workers, analysed by function, was:

Governance	1	1
Delivering national programmes and support to members	36	35
Policy and campaigning	5	5
Administration	6	6
Total employees	**48**	**47**

No remuneration has been paid to the Trustees. Total travel expenses of £0 *(2020: £281)* were paid to 0 *(2020: 3)* Trustees. During the year, the Charity incurred £1,779 *(2020: £1,737)* professional indemnity insurance costs for employees, and £1,667 for Trustee and individual liability insurance *(2020: £167).*

6 Tangible fixed assets

	Freehold land and buildings	Freehold improve-ments	Fixtures and fittings	Office equipment	Computer equipment	Total
Cost & valuation	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
At 1st July 2020	618	222	45	29	61	**975**
Additions	-	-	5	-	20	**25**
At 30th June 2021	**618**	**222**	**50**	**29**	**81**	**1,000**
Accumulated depreciation						
At 1st July 2020	140	30	22	29	46	**267**
Charge for the year	11	11	5	-	14	**41**
At 30th June 2021	**151**	**41**	**27**	**29**	**60**	**308**
Net book values						
At 30th June 2021	**467**	**181**	**23**	**-**	**21**	**692**
At 30th June 2020	**478**	**192**	**23**	**-**	**15**	**708**

Intangible fixed assets

	Computer software
Cost	**£000s**
At 1st July 2020	90
Additions	13
At 30 June 2021	**103**
Accumulated amortisation	
At 1st July 2020	53
Charge for the year	16
At 30th June 2021	**69**
Net book values	
At 30th June 2021	**34**
At 30th June 2020	**37**

All fixed assets held are for use by the organisation in furthering its charitable objectives.

7 Investments

Social investments	12 months 2021 £000s	12 months 2020 £000s
	Just Power	Just Power
At 1st July 2020 and 30th June 2021	10	10

In August 2012, Locality made an investment in a new social enterprise venture whose aim is to support community organisations to improve energy efficiency including through the installation of solar panels and other renewable energy equipment. The company is a community interest company (Just Power for Communities CIC) and Locality's shareholding represents 43% of the share capital. This is a programme related investment.

Locality's share of net assets at 30th June 2021 was £10k (2020: £10k). This is a CIC that was initially impacted by the changes to the Government's Feed In Tariff scheme (announced in November 2012).

Locality's share of JP CIC	**12 months 2021 £000s**	**12 months 2020 £000s**
Share of income	1	1
Share of expenditure	(1)	(1)
	-	-
Investment brought forward at 1st July 2020	10	10
Investment carried forward at 30th June 2021	10	10

Fixed Asset Investment	**12 months 2021 £000s**	**12 months 2020 £000s**
Fair value as at 1st July 2020	2,221	2,221
Improvements	-	-
Revaluation	-	-
Fair value as at 30th June 2021	2,221	2,221
Total Investments	**2,231**	**2,231**

During 2017/18, Locality undertook a major refurbishment of its building across the 3 floors. The building and the improvements are deemed as mixed use assets. The ground floor is used for charitable activities whereas the 1st and 2nd floor are rented out to third parties. The building and the improvements to fixed assets are being apportioned 1/3 as used for charitable purposes and 2/3 have been reclassified as fixed asset investment.

The trustees reviewed the fair value of the investment property element, in line with SORP requirements. The year-end valuation review carried out by the trustees concluded that the investment valuation has not changed materially (no gain or loss has been recorded in the accounts). The trustees considered commercial property rental yields, market movements and the fact that there are secured tenants for the next 3 years.

8 Debtors

	2021 £000s	2020 £000s
Trade debtors	993	752
Bad debt provision	(30)	(51)
Prepayments	58	68
Accrued income	265	296
	1,286	1,065
Financial assets that are debt instruments measured at amortised cost	1,228	998

9 Creditors: amounts falling due within one year

	2021 £000s	2020 £000s
Trade creditors	669	294
Social security and other taxes	50	50
VAT	109	86
Other creditors	28	23
Accruals	407	356
Deferred income (note 10)	269	303
Unity Trust Loan (note 9b)	26	24
	1,558	1,136
Financial liabilities measured at amortised cost	1,104	673

9a Rent deposits held by Locality	49	49

At 30th June 2021 Locality held deposits for the tenants on the 1st and 2nd floors (£20,910 and £27,922).

Total Creditors	**1,607**	**1,185**

9b Creditors: long-term loan

		2021 £000s	2020 £000s
Unity Trust Loan	due after more than one year	485	513

The loan will be repayable on a capital and interest basis by regular quarterly payments calculated over a repayment profile of 240 months. Interest will be charged at 2.15% per annum over Unity's Base Rate from time to time (which is currently 0.25%) subject to a minimum charge of 2.15% per annum.

10 Deferred income analysis

	2021 £000s	2020 £000s
Brought forward	303	363
Released in year	(438)	(359)
New deferrals	404	299
Carried forward	269	303

The majority of the deferred income is for membership income, Community Led Housing, Celebrating Communities, PtC Corporate Partnership and rental income.

Locality (UK)
Notes to the Financial Statements continued
for the year ended 30th June 2021

11 Movement in funds 2021

Restricted funds	Balance at 1st July 2020 £000s	Movement in resources Revenue £000s	Outgoing £000s	Transfers £000s	Balance at 30th June 2021 £000s
Membership services					
Connect Fund - Power of Community	11	1	(12)	-	-
Knowledge & Skills Exchange PtC Restrict	13	-	(13)	-	-
Services					
Bright Ideas Fund	184	1,032	(1,044)	-	172
Bristol City Council	10	-	(10)	-	-
Bristol City Council Neighbourhood	10	-	(10)	-	-
City Bridge Trust - Strengthening London	13	27	(34)	-	6
Esmee Fairbairn Foundation	69	75	(45)	-	99
Funder Plus/CBT Connectors	117	-	(54)	-	63
Lighthouse	1	-	-	-	1
National Lottery Community Fund COVID Grant	590	-	(590)	-	-
My Community	59	15	(74)	-	-
CSARF / GLA Grants	-	662	(206)	-	456
P2C - infrastructure collaboration	-	60	(60)	-	-
Policy and campaigning					
Health Foundation/Community Spirit	-	5	(2)	-	3
Good Work & Community Business	-	5	(2)	-	3
InnoSI European project - MMU	1	-	-	-	1
Lloyds Bank Foundation	-	41	(41)	-	-
What Works Centre for Wellbeing and Nationwide	6	-	(6)	-	-
Total restricted funds	**1,084**	**1,923**	**(2,203)**	**-**	**804**

Unrestricted funds	Balance 1st July 2020 £000s	Movement in resources Revenue £000s	Outgoing £000s	Transfers £000s	Balance 30th June 2021 £000s
General funds	1,012	5,592	(4,966)	(582)	1,056
Revaluation Reserve	518	-	-	-	518
Designated funds:					
Fixed Asset fund	744	-	-	(18)	726
Fixed Asset Investment fund	1,123	-	-	-	1,123
Development Fund	100	-	-	50	150
2021-22 expenditure activity fund	-	-	-	200	200
Restructuring fund	-	-	-	175	175
Member support fund	-	-	-	175	175
Total designated funds	**1,967**	-	**-**	**582**	**2,549**
Total unrestricted funds	**3,497**	**5,592**	**(4,966)**	**-**	**4,123**
Total funds	**4,581**	**7,515**	**(7,169)**	**-**	**4,927**

Restricted funds (continued)

Membership Services

Connect Fund - Power of Community	To connect the community sector with knowledge, skills and confidence to seek social investment.
Knowledge & Skills Exchange PtC Restrict	To connect community organisations with each other and the expertise to build the knowledge, skills and confidence to develop solutions and become stronger and more resilient enterprises.

Services

Bright Ideas Fund	Provide new community businesses with tailored business development support, peer-to-peer learning opportunities and access to a small grant depending on the stage of their idea development.
Bristol City Council	This grant will enable action learning processes which are focused on enabling social action.
City Bridge Trust - Strengthening London	To build capacity and voice within civil society organisations by strengthening the evidence base of what works and supporting community organisations to adapt, become resilient and thrive.
Esmee Fairbairn Foundation	Lifeboat programme supports community organisations that are in financial and organisational difficulty.
Funder Plus/CBT Connectors	A Triage and Connect programme to support the delivery of City Bridge Trust’s Funder Plus offer.
Innovate UK Business Basics	To establish whether the provision of facilitated support improves the adoption of cloud-based accounting packages by community sector SMEs.
Lighthouse	Lighthouse is an online diagnostic tool for assessing the current health of community organisations across six key areas, alerting users to areas that need their attention to ensure the long-term health and sustainability of their organisation.
National Lottery Community Fund COVID Grant	The funding received from the National Lottery Community Fund enables the delivery of activites specifically aimed to support communities through the COVID crisis. This funding is supporting Locality to counteract business losses and to fund the diversion of resources and attention to members over a 6 month period.
My Community	The My Community website was commissioned to encourage the use of the community rights in the Localism Act, aimed at the need of early stage local community groups.
CSARF / GLA Grants	A Greater London Authority grant to enable Locality as a delivery partner to provide grant administration, distribution and specialist advisory support to the Authority for the Community Spaces at Risk Fund.
P2C - Infrastructure Collaboration	Core funding to support digital improvement, frontline team, engagement and marketing investment, and shared data systems to aid service delivery.

Policy and campaigning

Health Foundation/Community Spirit	A project which aims to understand the barriers to, and factors which, underpin strong and healthy communities, with a particular focus on community spirit and to develop resources to support this.
InnoSI European Project	A research programme to identify innovative approaches to social policy at national and regional levels across the 28 Member States with in-depth case study evaluations taking place in 10 Member States.
Lloyds Bank Foundation	The grant is to enable Locality to grow Keep it Local, working directly with two local areas to adopt a new approch to commissioning and to grow the number of Keep it Local Councils.
What Works Centre for Wellbeing	Locality is working with the What Works Centre for Wellbeing, a UK government-funded initiative recently launched by the What Works Network to enable a range of stakeholders to access independent, high quality, accessible evidence syntheses on wellbeing. Our role is to support the Community Wellbeing Evidence Programme.

Restricted funds (continued)

<u>Revaluation Reserve</u>	The revaluation reserve of £518k reflects the uplift in value of the investment property to fair value in 2018.
<u>Designated Funds</u>	
Development fund	Existing designated fund to be used for income generating development activity such as business development priorities and digital work. We expect to draw down some of this fund in the coming year.
2021-22 expenditure activity fund	To support our planned expenditure for the coming year as new funding is being pursued.
Restructuring fund	Being prudent and prepared for long term restructuring costs as some of our larger contracts come to an end. This fund will be utilised over the next 2 years.
Member support fund	Funds set aside to invest in resources to support and grow our members' network. This fund will be utilised over the next 2 years.
Fixed Asset Fund	The fixed asset fund denotes the sum equal to the net book value of the tangible fixed assets and intangible assets (less the value of any capital grants), which are not freely expendable.
Fixed Asset Investment Fund	The building and the improvements are deemed as mixed use assets. The ground floor is used for charitable activities whereas the 1st and 2nd floor are rented out to third parties to generate revenue. Therefore the building and the improvements to fixed assets were apportioned 1/3 as charitable activities and 2/3 were reclassified as investment fixed asset in June 2018. A valuation was carried out on the expected market value of the building after refurbishment works at a valuation of £3.26m. The proportion relating to fixed investment fund was £2.221m (2020 and 2021).

11b ***Movement in funds 2020***

Restricted funds	**Balance at 1st July 2019 £000s**	**Movement in resources Revenue £000s**	**Outgoing £000s**	**Transfers £000s**	**Balance at 30th June 2020 £000s**
Membership services					
Connect Fund - Power of Community	9	25	(23)	-	11
Knowledge & Skills Exchange PtC Restrict	12	31	(30)	-	13
Services					
Bright Ideas Fund	118	1,391	(1,325)	-	184
Bristol City Council	10	-	-	-	10
Bristol City Council Neighbourhood	-	10	-	-	10
City Bridge Trust - Strengthening London	-	53	(40)	-	13
Comms - Parks Community Empowerment Proj	40	-	(40)	-	-
Esmee Fairbairn Foundation	39	75	(45)	-	69
Funder Plus/CBT Connectors	38	113	(34)	-	117
Innovate UK Business Basics	3	20	(23)	-	-
Lighthouse	-	1	-	-	1
National Lottery Community Fund COVID Grant	-	690	(100)	-	590
My Community	20	183	(144)	-	59
No Deal Brexit support programme	-	49	(49)	-	-
Policy and campaigning					
Good Work & Comm/LBF - Impact measurement	-	1	(1)	-	-
Health Foundation/Community Spirit	-	4	(4)	-	-
InnoSI European project - MMU	1	-	-	-	1
Lloyds Bank Foundation	13	104	(117)	-	-
What Works Centre for Wellbeing and Nationwide	-	20	(14)	-	6
	303	2,770	(1,989)	-	**1,084**

Unrestricted funds	**Balance 1st July 2019 £000s**	**Movement in resources Revenue £000s**	**Outgoing £000s**	**Transfers £000s**	**Balance 30th June 2020 £000s**
General funds	1,020	5,443	(5,289)	(162)	1,012
Revaluation Reserve	518	-	-	-	518
Designated funds:					
Asset development	-	-	-	-	-
Fixed Asset fund	715	-	-	29	744
Fixed Asset Investment fund	1,090	-	-	33	1,123
Business development/SMT	-	-	-	70	70
Lifeboat Scheme	-	-	-	-	-
Member Knowledge and Skills Exchange	-	-	-	-	-
Digital Convention	-	-	-	30	30
Total designated funds	**1,805**	-	-	**162**	**1,967**
Total unrestricted funds	**3,343**	**5,443**	**(5,289)**	**-**	**3,497**
Total funds	**3,646**	**8,213**	**(7,278)**	**-**	**4,581**

12 Analysis of net assets between funds 2021

	Tangible fixed assets 2021 £000s	Intangible fixed assets 2021 £000s	Investments fixed and social 2021 £000s	Net current assets 2021 £000s	Total 2021 £000s
Restricted funds	-	-	-	804	**804**
Revaluation reserve	-	-	518	-	**518**
Designated funds	647	-	1,202	700	**2,549**
Unrestricted funds	45	34	10	967	**1,056**
	692	**34**	**1,730**	**2,471**	**4,927**

Analysis of net assets between funds 2020

	Tangible fixed assets 2020 £000s	Intangible fixed assets 2020 £000s	Investments fixed and social 2020 £000s	Net current assets 2020 £000s	Total 2020 £000s
Restricted funds	-	-	-	1,084	**1,084**
Revaluation reserve	-	-	518	-	**518**
Designated funds	669	-	1,298	-	**1,967**
Unrestricted funds	39	37	10	926	**1,012**
	708	**37**	**1,826**	**2,010**	**4,581**

13 Liability of Members

The Charity is a company limited by guarantee and consequently does not have a share capital. In the event of the company being wound up or not being able to pay its debts from its assets, each Member 2021: 1,474 *(2020: 977)* is required to contribute an amount not exceeding £1.

14 Future financial commitments

Operating leases

Minimum lease payments under non cancellable operating leases fall due as follows:

	Other 2021 £000s	Other 2020 £000s
Within one year	11	15
In two to five years	4	16
	15	31

Operating lease as lessor
Future minimum lease payments under non-cancellable operating leases fall due as follows:

Not later than one year	138	138
Later than one year not later than five years	33	171
	171	309

There is no rental income recognised on a contingent basis.

15 Capital commitments

There were no outstanding capital commitments at 30th June 2021 or 30th June 2020.

16 Related parties

All Locality Trustees were employed by, or were Trustees of Locality full Members or Associate Members, with the following exceptions: Colin Crooks, Laura Brodie and Tess Lanning.

The total payments for services or goods made to Locality Trustees or organisations connected to Locality Trustees during the year was £750 *(2020: £1,349)* . The payments were to: Elsie Whiteley Innovation Centre £0 *(2020: £547)* ; Halifax Opportunities Trust £0 *(2020: £166)* ; Rotunda Ltd £250 *(2020: £150)* ; Selby Trust £0 *(2020: £287)* ; Tree Shepherd £0 *(2020: £198)* and Windmill Hill City Farm £500 *(2020: £0)* .

The total bursaries or grants awarded during the year to Locality member organisations of which a Locality Trustee is an employee or Trustee was £0 *(2020: £950)* . Locality Members receiving bursaries and grants from Locality were Elsie Whiteley Innovation Centre £0 *(2020: £540)* and Halifax Opportunities Trust £0 *(2020: £410)* .

The total income for services or goods from organisations connected to Locality Trustees during the year was £18,850 *(2020: £27,479)* . This income was received from BARCA-Leeds £8,550 *(2020: £0)* ; Goodwin Develolpment Trust £5,000 *(2020: £5,609)* ; Halifax Opportunities Trust £0 *(2020: £20,870)* ; Rotunda Ltd £2,875 *(2020: £0)* ; Selby Trust £2,425 *(2020: £0)* ; and Windmill Hill City Farm £0 *(2020: £1,000)* .

All activities with connected organisations were carried out on an arm's length basis in the normal course of activities and on terms no more favourable than for any other member organisation.

17 Pension scheme

The organisation contributes to a defined contribution scheme, the assets of which are held separately from those of the Charity. The organisation contributed in 2021 £257,230 *(2020: £254,824)* during the year of which 2021: £21,519 *(2020: £21,701)* was still outstanding at the year end and is included in creditors.

18 Analysis of Net Debt

Unity Trust Loan	**At 1st July 2020 £000s**	**Cashflows £000s**	**Other non-cash changes £000s**	**At 30th June 2021 £000s**	**At 30th June 2020 £000s**
Opening Balance	537	-	-	537	561
Capital Repayment		(38)	-	(38)	(39)
Interest Charged		12	-	12	15
Closing Balance	**537**	**(26)**	**-**	**511**	**537**
Borrowings					
Debit due within one year				26	24
Debt due after one year				485	513
Total				**511**	**537**

Locality (UK)
Notes to the Financial Statements continued
for the year ended 30th June 2021

19 ***SOFA comparatives (previous year ended 30th June 2020)***

Income and expenditure	**Unrestricted funds 2020 £000s**	**Restricted funds 2020 £000s**	**12 months Total funds 2020 £000s**	**12 Total funds 2019 £000s**
Income				
Donations and Legacies	25	-	**25**	**-**
Income from Investments	151	-	**151**	**1**
Other Income	71	-	**71**	**26**
Income from charitable activities				
Member services	153	56	**209**	**280**
Services and programmes	4,914	2,585	**7,499**	**6,218**
Policy and campaigning	129	129	**258**	**286**
Total income	**5,443**	**2,770**	**8,213**	**6,811**
Expenditure				
Expenditure on charitable activities				
Membership services	494	53	**547**	**390**
Services and delivery and learning	4,554	1,800	**6,354**	**5,882**
Policy and campaigning	241	136	**377**	**401**
Total expenditure	**5,289**	**1,989**	**7,278**	**6,673**
Net expenditure	**154**	**781**	**935**	**138**
Transfers between funds	-	-	**-**	**-**
Net movement in funds for the year	154	781	**935**	**138**
Fund balances brought forward at 1st July 2019	**3,343**	**303**	**3,646**	**3,508**
Fund balances carried forward 30th June 2020	**3,497**	**1,084**	**4,581**	**3,646**