

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 30<sup>th</sup> June 2021

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**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

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**Trustees**

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

Laura Brodie

Maxine Ennis

Alison Haskins      (Chair) (Elected 26<sup>th</sup> January 2021; Chair designate from 11<sup>th</sup> November 2020)

Alex Kittow

Mark Law      (Chair) (Resigned 11<sup>th</sup> November 2020)

Andrea Mennell      (Treasurer)

Steve Sayers      (Vice Chair) (Elected 26<sup>th</sup> January 2021)

Alexis Keir

Colin Crooks

Paul Butler

Tess Lanning      (Appointed 2<sup>nd</sup> July 2020)

Adrian Ball      (Elected 11<sup>th</sup> November 2020)

**Senior Management Team**

Tony Armstrong      Chief Executive and Company Secretary

Graham Finegold      Director of Finance & Resources (to 31<sup>st</sup> August 2020)  
Strategic HR and Equalities Lead (from 1<sup>st</sup> September 2020)

Csaba Prodan      Director of Finance (from 1<sup>st</sup> September 2020)

Ed Wallis      Director of Policy & Engagement (from 1<sup>st</sup> September 2020)

Carole Reilly      Director of Services

Maya Bhose      Director of Marketing and Partnership (from 19<sup>th</sup> October 2020)

**Day-to-Day Management**

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

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## **Trustees' Annual Report**

The Trustees present the Trustees' Annual Report and Financial Statements for the year ended 30<sup>th</sup> 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 1<sup>st</sup> 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.

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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.

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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

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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.



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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 need 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

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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:** We 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 way 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.

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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 from 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. Financial Review**

**4.1. Finances**

These accounts cover the year ended 30<sup>th</sup> 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.

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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.

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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 30<sup>th</sup> 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 30<sup>th</sup> 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 1<sup>st</sup> and 2<sup>nd</sup> 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 30<sup>th</sup> 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.

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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:

<b>Risk</b>	<b>Mitigation</b>
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.

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### 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 21<sup>st</sup> 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)  
for the year ended 30<sup>th</sup> June 2021

**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 30<sup>th</sup> 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 30<sup>th</sup> 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

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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

Locality (UK)  
Trustees' Annual Report  
for the year ended 30<sup>th</sup> June 2021

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:

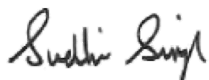
- Obtaining an understanding of the regulatory and legal frameworks that the entity operates in, focusing on those having a direct effect on the financial statements;
- Enquiry of management to identify any instances of known or suspected instances of fraud;
- Enquiry of management about instances of 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 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**

	Note	Unrestricted funds 2021 £000s	Restricted funds 2021 £000s	12 months Total funds 2021 £000s	12 months Total funds 2020 £000s
<b>Income and expenditure</b>					
<b>Income</b>					
Donations and Legacies		1	-	1	25
Income from Investments		118	-	118	151
Other Income		55	-	55	71
<b>Income from charitable activities</b>					
Member services		125	1	126	209
Services and programmes		5,268	1,871	7,139	7,499
Policy and campaigning		25	51	76	258
<b>Total income</b>		<b>5,592</b>	<b>1,923</b>	<b>7,515</b>	<b>8,213</b>
<b>Expenditure</b>					
<b>Expenditure on charitable activities</b>					
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
<b>Total expenditure</b>	2	<b>4,966</b>	<b>2,203</b>	<b>7,169</b>	<b>7,278</b>
<b>Net expenditure</b>		<b>626</b>	<b>(280)</b>	<b>346</b>	<b>935</b>
<b>Net movement in funds for the year</b>		<b>626</b>	<b>(280)</b>	<b>346</b>	<b>935</b>
Fund balances brought forward at 1st July 2020	11	<b>3,497</b>	<b>1,084</b>	<b>4,581</b>	<b>3,646</b>
<b>Fund balances carried forward 30th June 2021</b>	11	<b>4,123</b>	<b>804</b>	<b>4,927</b>	<b>4,581</b>

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**

	<b>Note</b>	<b>2021 £000s</b>	<b>2020 £000s</b>
<b>Fixed assets</b>			
Tangible fixed assets	6	692	708
Intangible fixed assets	6	34	37
Investments	7	2,231	2,231
		<b>2,957</b>	<b>2,976</b>
<b>Current assets</b>			
Debtors	8	1,286	1,065
Cash at bank and in hand		2,776	2,238
		<b>4,062</b>	<b>3,303</b>
<b>Creditors: amounts falling due within one year</b>	9	(1,607)	(1,185)
<b>Net current assets</b>		<b>2,455</b>	<b>2,118</b>
<b>Total Assets less current liabilities</b>		<b>5,412</b>	<b>5,094</b>
<b>Creditors: amounts falling due after more than one year</b>	9b	(485)	(513)
<b>Net Assets</b>		<b>4,927</b>	<b>4,581</b>
<b>Funds:</b>			
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
		<b>4,927</b>	<b>4,581</b>

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
<b>Cash flows from investing activities</b>			
Dividends and interest		-	3
Additions to fixed assets		(38)	(15)
	6	<u>(38)</u>	<u>(12)</u>
<b>Cash flows from Financing activities</b>			
Capital repayments	18	(38)	(39)
Interest paid	18	(12)	(15)
Loan deposit security			100
Deposits received/paid out by Locality			49
		<u>(50)</u>	<u>95</u>
<b>Change in cash and cash equivalents</b>		<b>538</b>	<b>419</b>
<b>Cash and cash equivalents at the beginning of the reporting year</b>		<b>2,238</b>	<b>1,819</b>
<b>Cash and cash equivalents at the end of the reporting year</b>		<b><u>2,776</u></b>	<b><u>2,238</u></b>
<b>Reconciliation of net outgoing resources to net cash outflow from operating activities</b>			
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		<u>422</u>	<u>(337)</u>
Net cash generated from/used in operating activities		<b><u>626</u></b>	<b><u>336</u></b>
<b>Analysis of cash and cash equivalents</b>			
Cash in hand		2,775	2,237
Notice deposits (less than 3 months)		<u>1</u>	<u>1</u>
<b>Total cash and cash equivalents</b>		<b><u>2,776</u></b>	<b><u>2,238</u></b>

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

**Locality (UK)**  
**Notes to the Financial Statements**  
**for the year ended 30th June 2021**

**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 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 2020-21 are £662k. Income derived from business activities with MHCLG 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.

**Locality (UK)**  
**Notes to the Financial Statements**  
**for the year ended 30th June 2021**

**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 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 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.



**Locality (UK)**  
**Notes to the Financial Statements continued**  
**for the year ended 30th June 2021**

**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.

**Locality (UK)**  
**Notes to the Financial Statements continued**  
**for the year ended 30th June 2021**

**2 Expenditure 2021**

	Staff costs £000s	Grants to institutions £000s	Support costs £000s	Other direct costs £000s	12 months Total 2021 £000s
<b>Analysis of total expenditure</b>					
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
<b>Total expenditure</b>	<b>2,515</b> (note 5)	<b>925</b>	<b>277</b> (note 3)	<b>3,452</b>	<b>7,169</b>

**Expenditure 2020**

	Staff costs £000s	Grants to institutions £000s	Support costs £000s	Other direct costs £000s	12 months Total 2020 £000s
<b>Analysis of total expenditure</b>					
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
<b>Total expenditure</b>	<b>2,518</b> (note 5)	<b>835</b>	<b>362</b> (note 3)	<b>3,563</b>	<b>7,278</b>

**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	-
<b>Total</b>	<b>925</b>	<b>835</b>

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.

**Locality (UK)**  
**Notes to the Financial Statements continued**  
**for the year ended 30th June 2021**

**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
<b>Total</b>	<b>20</b>	<b>237</b>	<b>20</b>	<b>277</b>

**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
<b>Total</b>	<b>52</b>	<b>276</b>	<b>34</b>	<b>362</b>

**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
<b>Total</b>	<b>21</b>	<b>37</b>

**4 Net income / expenditure**

These are stated after charging:

Auditor's remuneration - current year  
Amortisation  
Depreciation

	12 months 2021 £000s	12 months 2020 £000s
	18	17
	16	11
	41	42

**Locality (UK)**  
**Notes to the Financial Statements continued**  
**for the year ended 30th June 2021**

	12 months 2021 £000s	12 months 2020 £000s
<b>5 Staff costs</b>		
Wages and salaries	1,880	1,817
Social security costs	201	196
Pension costs	257	255
Redundancy costs	-	2
<b>Total direct staff costs</b>	<b>2,338</b>	<b>2,270</b>
Welfare, travel and agency staff	59	118
Recruitment	28	31
Holiday pay accrual	90	99
<b>Total staff costs</b>	<b>2,515</b>	<b>2,518</b>

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
<b>Total employees</b>	<b>48</b>	<b>47</b>

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).

**Locality (UK)**  
**Notes to the Financial Statements continued**  
**for the year ended 30th June 2021**

**6 Tangible fixed assets**

	Freehold land and buildings £000s	Freehold improve- ments £000s	Fixtures and fittings £000s	Office equipment £000s	Computer equipment £000s	Total £000s
<b>Cost &amp; valuation</b>						
At 1st July 2020	618	222	45	29	61	975
Additions	-	-	5	-	20	25
At 30th June 2021	<b>618</b>	<b>222</b>	<b>50</b>	<b>29</b>	<b>81</b>	<b>1,000</b>
<b>Accumulated depreciation</b>						
At 1st July 2020	140	30	22	29	46	267
Charge for the year	11	11	5	-	14	41
At 30th June 2021	<b>151</b>	<b>41</b>	<b>27</b>	<b>29</b>	<b>60</b>	<b>308</b>
<b>Net book values</b>						
At 30th June 2021	<b>467</b>	<b>181</b>	<b>23</b>	<b>-</b>	<b>21</b>	<b>692</b>
At 30th June 2020	<b>478</b>	<b>192</b>	<b>23</b>	<b>-</b>	<b>15</b>	<b>708</b>

**Intangible fixed assets**

	Computer software £000s
<b>Cost</b>	
At 1st July 2020	90
Additions	13
At 30 June 2021	<b>103</b>
<b>Accumulated amortisation</b>	
At 1st July 2020	53
Charge for the year	16
At 30th June 2021	<b>69</b>
<b>Net book values</b>	
At 30th June 2021	<b>34</b>
At 30th June 2020	<b>37</b>

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

**Locality (UK)**  
**Notes to the Financial Statements continued**  
**for the year ended 30th June 2021**

<b>7 Investments</b>	<b>12 months 2021 £000s</b>	<b>12 months 2020 £000s</b>
<u>Social investments</u>		
At 1st July 2020 and 30th June 2021	Just Power 10	Just Power 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).

<b>Locality's share of JP CIC</b>	<b>12 months 2021 £000s</b>	<b>12 months 2020 £000s</b>
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

<u>Fixed Asset Investment</u>	<b>12 months 2021 £000s</b>	<b>12 months 2020 £000s</b>
Fair value as at 1st July 2020	2,221	2,221
Improvements	-	-
Revaluation	-	-
Fair value as at 30th June 2021	2,221	2,221
<b>Total Investments</b>	<b>2,231</b>	<b>2,231</b>

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.

**Locality (UK)**  
**Notes to the Financial Statements continued**  
**for the year ended 30th June 2021**

**8 Debtors**

	<b>2021</b>	<b>2020</b>
	<b>£000s</b>	<b>£000s</b>
Trade debtors	993	752
Bad debt provision	(30)	(51)
Prepayments	58	68
Accrued income	265	296
	<u>1,286</u>	<u>1,065</u>

Financial assets that are debt instruments measured at amortised cost	<u>1,228</u>	<u>998</u>
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**9 Creditors: amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
	<b>£000s</b>	<b>£000s</b>
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
	<u>1,558</u>	<u>1,136</u>

Financial liabilities measured at amortised cost	<u>1,104</u>	<u>673</u>
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**9a Rent deposits held by Locality**

<u>49</u>	<u>49</u>
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At 30th June 2021 Locality held deposits for the tenants on the 1st and 2nd floors (£20,910 and £27,922).

<b>Total Creditors</b>	<u><b>1,607</b></u>	<u><b>1,185</b></u>
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**9b Creditors: long-term loan**

	<b>2021</b>	<b>2020</b>
	<b>£000s</b>	<b>£000s</b>
Unity Trust Loan due after more than one year	<u>485</u>	<u>513</u>

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**

	<b>2021</b>	<b>2020</b>
	<b>£000s</b>	<b>£000s</b>
Brought forward	303	363
Released in year	(438)	(359)
New deferrals	404	299
Carried forward	<u>269</u>	<u>303</u>

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**

<b>Restricted funds</b>	<b>Balance at 1st July 2020 £000s</b>	<b>Movement in resources</b>			<b>Balance at 30th June 2021 £000s</b>
		<b>Revenue £000s</b>	<b>Outgoing £000s</b>	<b>Transfers £000s</b>	
<b>Membership services</b>					
Connect Fund - Power of Community	11	1	(12)	-	-
Knowledge & Skills Exchange PtC Restrict	13	-	(13)	-	-
<b>Services</b>					
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)	-	-
<b>Policy and campaigning</b>					
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)	-	-
<b>Total restricted funds</b>	<b>1,084</b>	<b>1,923</b>	<b>(2,203)</b>	<b>-</b>	<b>804</b>
<b>Unrestricted funds</b>					
	<b>Balance 1st July 2020 £000s</b>	<b>Movement in resources</b>			<b>Balance 30th June 2021 £000s</b>
		<b>Revenue £000s</b>	<b>Outgoing £000s</b>	<b>Transfers £000s</b>	
General funds	1,012	5,592	(4,966)	(582)	1,056
Revaluation Reserve	518	-	-	-	518
<b>Designated funds:</b>					
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
<b>Total designated funds</b>	<b>1,967</b>	<b>-</b>	<b>-</b>	<b>582</b>	<b>2,549</b>
<b>Total unrestricted funds</b>	<b>3,497</b>	<b>5,592</b>	<b>(4,966)</b>	<b>-</b>	<b>4,123</b>
<b>Total funds</b>	<b>4,581</b>	<b>7,515</b>	<b>(7,169)</b>	<b>-</b>	<b>4,927</b>



**Locality (UK)**  
**Notes to the Financial Statements continued**  
**for the year ended 30th June 2021**

**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	Lifboat 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 activities 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 approach 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.

**Locality (UK)**  
**Notes to the Financial Statements continued**  
**for the year ended 30th June 2021**

**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.
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).

**Locality (UK)**  
**Notes to the Financial Statements continued**  
**for the year ended 30th June 2021**

**11b Movement in funds 2020**

<b>Restricted funds</b>	<b>Balance at 1st July 2019 £000s</b>	<b>Movement in resources</b>			<b>Balance at 30th June 2020 £000s</b>
		<b>Revenue £000s</b>	<b>Outgoing £000s</b>	<b>Transfers £000s</b>	
<b>Membership services</b>					
Connect Fund - Power of Community	9	25	(23)	-	11
Knowledge & Skills Exchange PTC Restrict	12	31	(30)	-	13
<b>Services</b>					
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
	<u>303</u>	<u>2,770</u>	<u>(1,989)</u>	<u>-</u>	<u>1,084</u>
<b>Unrestricted funds</b>					
	<b>Balance 1st July 2019 £000s</b>	<b>Movement in resources</b>			<b>Balance 30th June 2020 £000s</b>
		<b>Revenue £000s</b>	<b>Outgoing £000s</b>	<b>Transfers £000s</b>	
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	<u>1,805</u>	<u>-</u>	<u>-</u>	<u>162</u>	<u>1,967</u>
Total unrestricted funds	<u>3,343</u>	<u>5,443</u>	<u>(5,289)</u>	<u>-</u>	<u>3,497</u>
Total funds	<u>3,646</u>	<u>8,213</u>	<u>(7,278)</u>	<u>-</u>	<u>4,581</u>

**Locality (UK)**  
**Notes to the Financial Statements continued**  
**for the year ended 30th June 2021**

**12 Analysis of net assets between funds 2021**

	<b>Tangible fixed assets 2021 £000s</b>	<b>Intangible fixed assets 2021 £000s</b>	<b>Investments fixed and social 2021 £000s</b>	<b>Net current assets 2021 £000s</b>	<b>Total 2021 £000s</b>
Restricted funds	-	-	-	804	804
Revaluation reserve	-	-	518	-	518
Designated funds	647	-	1,202	700	2,549
Unrestricted funds	45	34	10	967	1,056
	<b>692</b>	<b>34</b>	<b>1,730</b>	<b>2,471</b>	<b>4,927</b>

**Analysis of net assets between funds 2020**

	<b>Tangible fixed assets 2020 £000s</b>	<b>Intangible fixed assets 2020 £000s</b>	<b>Investments fixed and social 2020 £000s</b>	<b>Net current assets 2020 £000s</b>	<b>Total 2020 £000s</b>
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
	<b>708</b>	<b>37</b>	<b>1,826</b>	<b>2,010</b>	<b>4,581</b>

**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:

	<b>Other 2021 £000s</b>	<b>Other 2020 £000s</b>
Within one year	11	15
In two to five years	4	16
	<b>15</b>	<b>31</b>

**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
	<b>171</b>	<b>309</b>

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 Development 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.

**Locality (UK)**  
**Notes to the Financial Statements continued**  
**for the year ended 30th June 2021**

**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**

<b>Unity Trust Loan</b>	<b>At 1st July 2020 £000s</b>	<b>Cashflows £000s</b>	<b>Other non-cash changes £000s</b>	<b>At 30th June 2021 £000s</b>	<b>At 30th June 2020 £000s</b>
Opening Balance	537	-	-	537	561
Capital Repayment		(38)	-	(38)	(39)
Interest Charged		12	-	12	15
<b>Closing Balance</b>	<b>537</b>	<b>(26)</b>	<b>-</b>	<b>511</b>	<b>537</b>
Borrowings					
Debit due within one year				26	24
Debt due after one year				485	513
<b>Total</b>				<b>511</b>	<b>537</b>

**Locality (UK)**  
**Notes to the Financial Statements continued**  
**for the year ended 30th June 2021**

**19 SOFA comparatives (previous year ended 30th June 2020)**

	Unrestricted funds 2020 £000s	Restricted funds 2020 £000s	12 months Total funds 2020 £000s	12 Total funds 2019 £000s
<b>Income and expenditure</b>				
<b>Income</b>				
Donations and Legacies	25	-	25	-
Income from Investments	151	-	151	1
Other Income	71	-	71	26
<b>Income from charitable activities</b>				
Member services	153	56	209	280
Services and programmes	4,914	2,585	7,499	6,218
Policy and campaigning	129	129	258	286
<b>Total income</b>	<b>5,443</b>	<b>2,770</b>	<b>8,213</b>	<b>6,811</b>
<b>Expenditure</b>				
<b>Expenditure on charitable activities</b>				
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
<b>Total expenditure</b>	<b>5,289</b>	<b>1,989</b>	<b>7,278</b>	<b>6,673</b>
<b>Net expenditure</b>	<b>154</b>	<b>781</b>	<b>935</b>	<b>138</b>
Transfers between funds	-	-	-	-
<b>Net movement in funds for the year</b>	<b>154</b>	<b>781</b>	<b>935</b>	<b>138</b>
Fund balances brought forward at 1st July 2019	<b>3,343</b>	<b>303</b>	<b>3,646</b>	<b>3,508</b>
<b>Fund balances carried forward 30th June 2020</b>	<b>3,497</b>	<b>1,084</b>	<b>4,581</b>	<b>3,646</b>