

LOCALITY (UK)

(A Company Limited by Guarantee)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30th JUNE 2022

Registered Charity No. 1036460

Company No. 02787912

Locality (UK)
Trustees' Annual Report
for the year ended 30th June 2022

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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
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 EC2Y 5AU

Solicitors: Bates Wells and Braithwaite
 10 Queen Street Place
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 EC4R 1BE

 Anthony Collins Solicitors
 134 Edmund Street
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Trustees

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

Alison Haskins	(Chair)
Steve Sayers	(Vice Chair)
Andrea Mennell	(Treasurer)
Adrian Ball	
Laura Brodie	(Retired 18 th November 2021)
Paul Butler	
Colin Crooks	
Maxine Ennis	
Alexis Keir	
Alex Kittow	
Tess Lanning	
Sarah Mitson	(Appointed 27 th January 2022)
Manjula Patel	(Elected 18 th November 2021)

Senior Management Team

Tony Armstrong	Chief Executive and Company Secretary
Csaba Prodan	Director of Finance
Carole Reilly	Director of Services
Graham Finegold	Strategic HR and Equalities Lead
Ed Wallis	Director of Policy & Engagement
Maya Bhose	Director of Marketing and Partnerships (until 20 th September 2021)
Chris Wood	Director of Marketing and Partnerships (from 14 th February 2022)

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 30th June 2022. The Trustees confirm that the Annual Report and Financial Statements comply with the current statutory requirements, the requirements of the Company's governing documents and the provisions of the Statement of Recommended Practice (SORP) applicable to charities.

1. Structure, Governance, and Management

1.1. Structure

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

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

1.2. Governance

Corporate governance

Locality is a registered charity and a Company limited by guarantee. Our Board members are Trustees of the charity and Company Directors. We currently have 12 Trustees, 8 which are elected Trustees, who can serve up to two consecutive three-year terms. Elections to the Board are undertaken at the Annual General Meeting (AGM) and are open to all Locality members. Independent Trustees can be co-opted onto the Board, to enhance the range of skills and experience of the Board. All new Trustees receive an induction and complete a register of interests. They are also provided with opportunities for governance and sector-specific training and development. The training is carried out ad hoc on request and once a year there is a Trustees' away day to exchange knowledge and skills. Any related costs are charged to the SMT budget.

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

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

Conflicts of Interest and Related Party Transactions

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

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1.3. Management & Remuneration Policy

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

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

The key management personnel of the charity are the Trustees and the senior management team. Trustees receive no remuneration. The Trustees are based across the country and are reimbursed for the cost of their travel and subsistence expenses. During the year, Trustees were reimbursed expenses of £1,554 (2021: £0).

2. Objectives and Activities

2.1. Aims

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

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

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

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

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

Our vision: A fair society where every community thrives.

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

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

1. Resources and tools to support people, groups and community organisations.
2. Direct support to community organisations and their partners.
3. Membership network to connect people and support learning and skills.
4. Influence to create a better operating environment for community organisations.
5. Locality is a strong and successful organisation.

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

2.2. Public Benefit

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

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

3. Key Achievements

Reported against the strategic objectives.

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

My Community Programme

Throughout 2021-22, an estimated 82,000 people used our free My Community website to help them support their communities. The website now has over 300 resources available at no cost, and 4,000 people have now subscribed to receive updates on content. We will be working with partners to develop new resources to better support organisations in the current difficult context, to gain funding to cover the costs of running the website, and to promote the website to new users.

Neighbourhood Planning

During 2021-22 we continued to deliver Neighbourhood Planning support on behalf of the Department for Levelling Up Housing and Communities (formerly the Ministry of Housing, Communities and Local Government) to groups across England. Demand has been extremely strong, and groups are developing more complex and ambitious neighbourhood plans.

Over the period 2021-22 we supported 620 groups with £4,247,320.40 in grant and 379 technical support packages to the value of £4,983,563.13. We received 1,157 expressions of interest and 933 applications for support.

During the year we have developed several new packages of support expanding our offer to groups to include support to assess the viability of a site for development, a programme of work supporting High Street Regeneration, alongside a programme supporting discounted market

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homes for sale. These packages reflect neighbourhood planning groups' increasingly evident wider ambitions to relate NDPs to broader place-based work.

Delivery against KPIs:

- 94.44% of grant applicants informed of the outcome within 15 working days
- 99.62% of enquiries were responded to within 2 working days

Community-Led Housing

During 2021-22 we continued to support community organisations to pursue their community-led housing ambitions through the delivery of two grant funds, and the continued development of a support and learning network.

Department for Levelling Up, Housing and Communities awarded a grant programme to distribute to late-stage groups pursuing community led housing. We distributed over £3.6m to 52 groups. Demand was strong, with applications for over £7m.

We have continued to work with the key infrastructure bodies in the field of community led housing and have built a strong partnership with the sector leaders the CLT Network (CLTN), the Confederation of Cooperative Housing (CCH), and UK Cohousing Network (UKCN) through our consortium Community Led Homes (CLH). Through the consortium we continue to press for national support for local housing solutions whilst delivering targeted support to groups. During 2021-22 we delivered grant programmes funded through the Community Housing Fund (DLUHC) and the end of the Homes in Community Hands (Power to Change).

Green agenda

During 2021-22 Locality has been pursuing the development of the green agenda; We carried out an organisation carbon footprint audit and signed up to the carbon reduction plan to net zero by 2050.

Twelve staff across various teams undertook a Carbon Literacy course that was successfully completed. Locality will be disclosing the progress annual on the website in line with government requirements.

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

Our team operates across England working directly with community organisations, local authorities, universities, housing associations and other public sector organisations. Support is always aimed at building resilience in communities, strengthening community organisations and the wider local eco-system.

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

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

Rapid and continuous review of delivery has meant that the team were able to maintain delivery for consultancy and programme work alongside ongoing support for the Locality membership through one to one and group sessions.

During the year we supported new developments in the Community Shares Unit, enabling new funding to be secured and the recruitment of a new post to help shape market development and secure additional funding for communities wishing to pursue a community share offer.

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We continue to deliver Lifeboat, our support programme for community organisations facing crisis. During the peak of the COVID crisis, community organisations were supported through our networks, advice, and guidance. Record numbers of groups received light touch support, through one-to-one telephone advice, guidance on government grants and financial support, and bespoke webinars. We continue to see increasing numbers of organisations concerned about their ability to continue to operate. This work is funded by the Esmée Fairburn Foundation.

We have seen groups present with significant challenges based on: HR issues, increased costs, loss of contracts, unsuitable buildings, and recruitment problems. Community organisations report significant concerns about the decline in available funding coupled with increased demand. On top of this, the cost-of-living crisis is presenting significant increased operating costs, and we are more and more concerned about the risk of closure many community organisations are facing.

Programmes

The Bright Ideas programme funded by Power to Change ended during the operating year. Under the programme we supported early-stage community businesses to develop new ideas for community businesses and make them a reality through the provision of advice, development support and small grants. Locality oversaw the programme, and we worked in partnership with Plunkett and Co-ops UK to provide specialist advice and support.

Despite operating under COVID restrictions, we were able to deliver the programme and we continued to support groups to achieve their plans and establish new community businesses.

The Place Based Social Action (PBSA) programme funded by the Department for Digital, Culture, Media and Sport is now in the final stage of delivery, our intervention on the programme has come to a formal end. We have been invited to extend our delivery for the coming year to support groups on a call off basis and continue to build their access to and use of the online network.

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

Locality members have continued to face huge challenges, with the ongoing impact of the pandemic and increasing concerns around the cost of living. In the face of this, we have continued to grow our membership network and deepen our engagement with community organisations across the country.

Our total network stands at over 1,623, a record high. Within this we offer a flexible range of membership packages to cater for differing needs, from a free network membership for information and updates, to bespoke assistance from a personal advisor.

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

Membership engagement levels are very high, with 63% of members in our highest categories of engagement. In our member satisfaction survey, 88% would recommend Locality and 80% say their organisation has benefitted.

Convention

In November 2021, despite uncertainty around COVID, we successfully delivered our annual Convention in a 'hybrid' fashion to nearly 300 delegates. We received excellent feedback from delegates, with 95% overall event satisfaction and 91% saying they plan to attend Convention again in 2022. We received excellent engagement on social media, and we gained press coverage for Convention itself, local members and three of our Locality award winners.

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

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

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

Navigating the Storm: research into how community organisations have adapted to the pandemic. The research highlighted the resilience of the community enterprise model in the face of huge pressures and made recommendations for how to provide the right support for the challenges ahead.

The Community Opportunity: learning from our Keep it Local Network of councils on how community power is transforming adult social care provision around the country.

Levelling Up: research reports and briefings to make the case for community power as integral to the government's flagship agenda. This included a focus on the design of the Community Ownership Fund, putting communities in charge of the UK Shared Prosperity Fund, new proposals for neighbourhood governance and a submission to the Comprehensive Spending Review.

Health and Wellbeing: Locality, in consortium with Power to Change, is part of the VCSE Health and Wellbeing Alliance. This is an initiative of the Department of Health and Social Care, NHS England, and NHS Improvement. The HW Alliance exists to connect the VCSE sector with the health and care system to provide a voice and improve health and wellbeing for all communities. We have formed a steering group of Locality members who are guiding our programme of work and have published briefing papers on the role of community anchor organisations in addressing the social determinants of health; and lessons on how NHS Primary Care Networks can collaborate with local VCSE organisations.

Keep it Local campaign: We have continued to expand our network of Keep it Local councils, with 17 councils now signed up to our Keep it Local principles, focused on building long-term partnerships between councils and community organisations.

Strategic Objective 5: Locality is a strong and successful organisation

Human Resources

Our HR team has maintained the focus on supporting staff through the second half of the pandemic. We refocused our agile working policy to ensure that staff could achieve a good balance of home working and meeting up (once restrictions allowed) to avoid isolation. As we came out of the worst effects of the pandemic, we looked at configuring our workplace to support this way of working.

These measures have been very successful in keeping staff motivated and supported, during what has been a very difficult time for many. Our staff survey at the end of the year showed nearly 85% of staff rated Locality as a good or excellent employer.

We have embedded our new recruitment system throughout the organisation and consistently get excellent feedback from candidates on this new approach.

Our member HR consultancy support goes from strength to strength with a range of focused webinars, workshops, email and bespoke advice and support.

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Diversity, Equalities, and Inclusion

This year saw the first full year of working towards our DEI action plan with over 90 detailed actions across the work of all our teams. This has progressed very well. Highlights have included the development of a language guide for staff, extensive staff training and support, and the development of a Leaders of Colour network for our members.

Our DEI Group (drawn from each team and the trustee group) have become the DEI champions across Locality able to support colleagues in their own teams and beyond.

Towards the end of the year, we turned our attention to planning for the following year and took the decision to integrate our DEI actions into our business plan rather than have a separate plan. Such actions are clearly identified, and our DEI group will still be responsible for separately monitoring progress and reporting to the board.

Financial Procedures

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

Health and Safety and Corporate Risk

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

4. Financial Review

4.1. Finances

These accounts cover the year ended 30th June 2022 and present our financial performance for the past 12 months. The COVID crisis continued to affect business performance in the first part of the year, but we managed to pick up pace in the second part of the year as demand led programmes and consultancy work rebounded strongly. Locality continued to support members, which made a huge difference at this critical time.

The current financial year unrestricted funds surplus is due to a strong pipeline of demand led work and operational savings due to changes in working behaviour and more efficiencies. Trustees have agreed a financial plan to use the surplus generated in the current year and some reserves to subsidise expenditure in the coming year, in effect breaking even over a two-year period given the uneven nature of our income and expenditure over the two-year period.

During the year, the charity recognised total income of £7,099k (2021: £7,515k) (£613k restricted), a decrease of £416k. The contributing factors are a leaner profile for the Bright Ideas programme that has completed.

Expenditure amounted to £7,504k (2021: £7,169k), an increase of £335k. Costs have remained at similar levels to the previous year as we kept the same level of staff cost, with contracts and programmes activity remaining at relatively similar levels and the increase mainly attributed to restricted grants being distributed.

Locality ended the financial year with an unrestricted surplus of £185k (2021: surplus of £626k) and a restricted deficit of £590k (2021: deficit of £280k).

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The unrestricted surplus was mainly due to improved performance in contracts and programmes in the second part of the year.

The restricted deficit was mainly due to distribution of restricted grants. These funds were recognised in the previous year and brought forward in the opening restricted funds balance.

The total funds of the charity amount to £4,522k (2021: £4,927k), of which £214k are restricted (2021: £804k). Unrestricted funds of the charity increased to £4,308k (2021: £4,123k).

Most of Locality's income streams are from contracts and grants, and our business model is based on investing any surpluses from programme and contract activity into support for members (including our influencing work). In setting the 2022-23 budget the Trustees paid attention to risks arising from the COVID crisis and volatile economic climate, as well as some of the programmes coming to end in the new year.

Considering all these, the Board has signed off a deficit budget for the coming year as part of a two-year financial plan. The surplus recorded in 2021-22 and some reserves will be ringfenced to support the cost base of the new financial year 2022-23 and beyond. Designating funds provides us with the opportunity to ensure future support to specific business activities as well as efficiently stewarding our reserves.

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

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

Locality is following government guidance on the pandemic and the response to COVID and took necessary measures to ensure the safety of its staff. Fortunately, so far, our staff have not been affected greatly by the pandemic and were able to carry out business remotely and from the office when the restrictions were lifted. The Trustees and SMT have considered a clear chain of command throughout the organisation to mitigate for potential staff being ill during the pandemic and ensure continuity in business operation; we reviewed our business continuity protocols accordingly. Locality does not rely on volunteers in delivering its business.

The closing free reserves at end of June 2022 were £1,074k, a reasonable level that is slightly higher than our free reserves target of £1,030k. The free reserves represent the unrestricted funds of £1,217k (less tangible and intangible fixed assets and investments). The Trustees agreed that future business losses can be offset from these reserves in the short and mid-term future.

Based on a high level of secured contractual income and unrestricted free reserves of £1,074k, the Trustees are confident that Locality can continue as a going concern.

4.2 Reserves Policy

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

The charity holds £4,522k in total funds at 30th June 2022, which includes £214k in restricted funds, £1,217k in general unrestricted funds, £2,573k in designated funds and £518k in a revaluation reserve.

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

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The free reserves target calculated last year was £1,030k. As at 30th June 2022, free reserves stood at £1,074k, a surplus on the set target by £44k. Trustees have determined that as the variance is of a minimal nature (5%), no further action is required.

Designated Funds

With a total of £2,573k that includes:

£758k - Fixed Asset Fund and £1,115k - Investment Fixed Asset Fund which have been ring-fenced by Trustees to identify the value of funds that can only be realised by disposing of tangible and intangible assets. Following the refurbishment, Locality is using the ground floor for business as usual, whereas the 1st and 2nd floors are rented out at commercial rates to generate rental income.

£100k - Development fund: Existing designated fund to be used for income generating development activity such as business development priorities and digital work. We expect to draw down these funds in the coming two years.

£400k - 2022-23 expenditure activity fund: To support our planned expenditure for the coming year as new funding is being pursued.

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

£100k - Member support fund: Funds set aside to invest in resources to support and grow our members' network. This fund will be utilised over the next 2 years.

The Revaluation reserve stands at £518k as at 30th June 2022. This was created on revaluing the investment property asset to its market value at June 2018.

5. Future Plans

5.1 Services and Programmes

Over the course of the coming year, we will target resources at ensuring that new business development ideas are sourced and resourced to help develop exciting new areas of work.

We will continue to work closely with the Department for Levelling Up, Housing and Communities to provide support on the Neighbourhood Planning programme. We will continue to work with national partners to develop new programme ideas and secure funding to deliver them.

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

We will build on our well established and successful consultancy support and aim to reach new markets through our refreshed marketing offer, evidenced through our impact measurement work.

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

5.2 Marketing and Communications

Our new Locality website will soon be online, which we have developed based on extensive user research and working with web agency Factored. The new website will be more accessible, easier to use, and better showcase the work we do and the impact we and our members have. We will

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promote our policy work and how we're making a difference, and we will continue to promote the work of Locality members, including through our popular member takeovers on social media.

5.3 Membership

We will support Locality members through the challenging times community organisations continue to face across the country, particularly with the growing challenges for community organisations from the cost-of-living crisis.

We will support our members to build connection with each other and feel supported, through our wide programme of online and face to face events. We will support our members to access learning and skills development opportunities, identifying trends, delivering our 'ask anything' service, and providing grants for peer learning. We will seek to grow our membership, with a focus on recruiting more community organisations into Locality membership and retaining organisations within our existing model.

5.4 Policy and Public Affairs

We have a full programme of policy and public affairs work for 2022-23 in line with our influencing strategy. This will include new research on how community organisations can help tackle the climate crisis, working with members to develop responses to the cost-of-living crisis, being part of the VCSE Health and Wellbeing Alliance, campaigning for a Community Power Act with the We're Right Here campaign, and working with our network of Keep it Local councils.

5.5 Organisational Development

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

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

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

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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.

High profile risk areas include:

Risk	Mitigation
Failure to win new contracts.	Clear income targets by region and departments and internally appointed Business Development lead.
COVID crisis continues and affects business performance.	Set a conservative 2022-23 budget to hedge for a potential downturn. Consolidated existing free reserves and cash flow to hedge for potential adverse performance.
Failure to create appropriate interest in programmes, resulting in multiple problems for us as the lead organisation responsible.	Devise clear and engaging Comms. Partners support awareness raising to build pipeline. Review uptake regularly and amend strategy.
Income pipeline and income actuals plus expenditure actuals do not deliver on budget.	Monthly management accounts, and forecast performance is monitored closely.
Failure of members / failure of services resulting in reputational damages.	Swift involvement of Comms in incidents.
Failure to attract, train, retain staff team.	Maintain reputation/benchmark T&Cs, build strong teams. Strong induction and training and development policies.

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

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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, disclose with reasonable accuracy at any time the financial position of the Charitable Company, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Information to Auditors

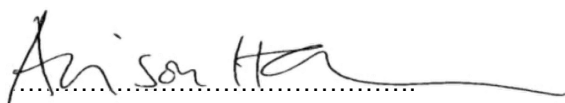
The Trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Trustees has confirmed that they have taken all the steps that they ought to have taken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

Auditor

MHA MacIntyre Hudson have been appointed as auditors since 2017.

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

The Trustees' Annual Report is approved by the Locality's Board of Trustees and authorised for issue on 20th October 2022, and signed on its behalf by



Alison Haskins
Chair of Locality's Board of Trustees

Independent Auditor's Report to the members of Locality (UK)
for the year ended 30th June 2022

Independent Auditor's Report to the members of Locality (UK) (Registered Company 02787912)

Opinion

We have audited the financial statements of Locality (UK) (the 'Charitable Company') for the year ended 30th June 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 30th June 2022, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with

Locality (UK)
Trustees' Annual Report
for the year ended 30th June 2022

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.

Locality (UK)
Trustees' Annual Report
for the year ended 30th June 2022

Auditor's responsibilities for the audit of the financial statements

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

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

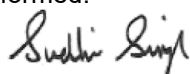
- Obtaining an understanding of the regulatory and legal frameworks that the entity operates in, focusing on those having a direct effect on the financial statements;
- Enquiry of management to identify any instances of known or suspected instances of fraud;
- Enquiry of management about instances of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

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

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

Use of this report

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



Sudhir Singh FCA (Senior Statutory Auditor)

For and behalf of

MHA MacIntyre Hudson

Statutory Auditor

London, United Kingdom

Date: 24 November 2022

Locality (UK)
Statement of Financial Activities
for the year ended 30th June 2022

	Note	Unrestricted funds 2022 £000s	Restricted funds 2022 £000s	12 months Total funds 2022 £000s	12 months Total funds 2021 £000s
Income and expenditure					
Income					
Donations and Legacies		-	-	0	1
Income from Investments		124	-	124	118
Other Income		98	-	98	55
Income from charitable activities					
Member services		190	-	190	126
Services and delivery and learning		6,053	448	6,501	7,139
Policy and campaigning		21	165	186	76
Total income		6,486	613	7,099	7,515
Expenditure					
Expenditure on charitable activities					
Membership services		443	-	443	266
Services and delivery and learning		5,643	1,010	6,653	6,667
Policy and campaigning		215	193	408	236
Total expenditure	2	6,301	1,203	7,504	7,169
Net surplus/(deficit)		185	(590)	(405)	346
Net movement in funds for the year		185	(590)	(405)	346
Fund balances brought forward at 1st July 2021	11	4,123	804	4,927	4,581
Fund balances carried forward 30th June 2022	11	4,308	214	4,522	4,927

All activities are continuing.

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

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

Locality (UK)
Balance Sheet as at 30th June 2022

	Note	2022 £000s	2021 £000s
Fixed assets			
Tangible fixed assets	6	681	692
Intangible fixed assets	6	77	34
Investments	7	2,231	2,231
		2,989	2,957
Current assets			
Debtors	8	603	1,286
Cash at bank and in hand		2,318	2,776
		2,921	4,062
Creditors: amounts falling due within one year	9	(927)	(1,607)
Net current assets		1,994	2,455
Total Assets less current liabilities		4,983	5,412
Creditors: amounts falling due after more than one year	9b	(461)	(485)
Net Assets		4,522	4,927
Funds:			
Unrestricted funds - general	12	1,217	1,056
Unrestricted funds - revaluation	12	518	518
Designated funds	12	2,573	2,549
Restricted funds	12	214	804
		4,522	4,927

These financial statements were approved and authorised for issue by the Board on 20th October 2022 and signed on its behalf by:



Alison Haskins - Chair of Locality's Board of Trustees

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

Company number: 2787912

Locality (UK)
Statement of Cashflows
for the year ended 30th June 2022

	Notes	2022 £000s	2021 £000s
Net cash generated (used)/from in operating activities		(341)	626
Cash flows from investing activities			
Dividends and interest		(1)	-
Additions to fixed assets		(91)	(38)
	6	(92)	(38)
Cash flows from Financing activities			
Capital repayments	18	(38)	(38)
Interest accrued	18	13	(12)
		(25)	(50)
Change in cash and cash equivalents		(458)	538
Cash and cash equivalents at the beginning of the reporting year		2,776	2,238
Cash and cash equivalents at the end of the reporting year		2,318	2,776
Reconciliation of net outgoing resources to net cash outflow from operating activities			
Net incoming/(outgoing) resources		(405)	346
Bank interest received		1	-
Depreciation charges	6	39	41
Amortisation charges	6	20	16
Other non-cash adjustments		1	22
Decrease/(increase) in debtors		683	(221)
(Decrease)/increase in creditors		(680)	422
Net cash generated (used)/from in operating activities		(341)	626
Analysis of cash and cash equivalents			
Cash at bank and in hand		2,318	2,776
Total cash and cash equivalents		2,318	2,776

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

Locality (UK)
Notes to the Financial Statements
for the year ended 30th June 2022

1 Accounting policies

Basis of preparation

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

Going concern

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

The Trustees considered the ongoing risks related to the COVID pandemic. Having a high level of secured contractual income for the new financial year 2022-23 and closing free reserves at June 2022 of £1,074k, the trustees are confident that Locality can continue as a going concern. We have carried out scenario forecasting to June 2024 and the future operation is being supporting by a robust cash and reserves position.

Length of reporting period

The reporting period for 2020-21 and 2021-22 is 12 months and therefore the comparative figures in the financial statements and related notes are comparable.

1.1 Income

Membership income

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

Investment Income

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

Grants

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

Government Grants

Grants received from Government bodies during the financial year 2021-22 are £396k (2021: £662k). All conditions and contingencies relating to the grants have been met. Income derived from business activities with DLUHC is contract based.

1.2 Expenditure

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

Charitable activities

(i) Membership services

The cost of supporting our extensive network of community organisations across the UK as they become more effective entities.

(ii) Services and delivery and learning

The costs associated with helping communities and community organisations with asset ownership, community enterprise, community co-design and organising.

(iii) Policy and campaigning

The costs of national work to influence policy and to promote community enterprise.

Support costs

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

Grant making policy

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

Locality (UK)
Notes to the Financial Statements
for the year ended 30th June 2022

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 2022

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 2022

2 Expenditure 2022

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

Expenditure 2021

	Staff costs £000s	Grants to institutions £000s	Support costs £000s	Other direct costs £000s	12 months Total 2021 £000s
Analysis of total expenditure					
Membership services	184	-	20	62	266
Services and delivery and learning	2153	925	237	3352	6667
Policy and campaigning	178	-	20	38	236
Total expenditure	2,515 (note 5)	925	277 (note 3)	3,452	7,169

Grants to Institutions

	2022 £000s	2021 £000s
Groundwork UK (distributing on behalf of Locality to grant recipients)	-	613
Bridge Renewal Trust (LHC grant)	10	10
H4All Charitable Incorporated Organisation (LHC grant)	8	8
GLA	397	197
Various individually under £10,000 to:		
60 organisations	180	-
18 organisations	-	97
Total	595	925

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

Bright Ideas: Provide new community businesses with tailored business development support, peer-to-peer learning opportunities and access to a small grant depending on the stage of their idea development. In 2021-22 £0 (£613k in 2020-21) was distributed to various recipients by Groundwork UK on Locality's behalf.

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

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

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

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

Locality (UK)
Notes to the Financial Statements continued
for the year ended 30th June 2022

3 Analysis of support costs 2022

12 months

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

Analysis of support costs 2021

12 months

	Member services £000s	Services and delivery and learning £000s	Policy and campaigning £000s	Total 2021 £000s
Premises costs	3	35	3	41
Office costs	4	52	4	60
IT	4	49	4	57
Professional fees	5	59	5	69
Management	2	25	2	29
Governance	2	17	2	21
Total	20	237	20	277

Governance & audit costs

	12 months Total 2022 £000s	12 months Total 2021 £000s
Audit fees	19	18
Trustees' costs	2	-
Other governance costs	9	3
Total	30	21

4 Net income / expenditure

These are stated after charging:

Auditor's remuneration - current year
Amortisation
Depreciation

**12 months
2022
£000s**

**12 months
2021
£000s**

19	18
20	16
39	41

Locality (UK)
Notes to the Financial Statements continued
for the year ended 30th June 2022

	12 months	12 months
	2022	2021
	£000s	£000s
5 Staff costs		
Wages and salaries	1,861	1,880
Social security costs	198	201
Pension costs	260	257
Total direct staff costs	2,319	2,338
Welfare, travel and agency staff	119	59
Recruitment	24	28
Holiday pay accrual	73	90
Total staff costs	2,535	2,515

	12 months	12 months
	2022	2021
Number of employees within salary range:		
£100,000 - £110,000	-	-
£90,000 - £100,000	1	1
£80,000 - £90,000	-	-
£70,000 - £80,000	-	-
£60,000 - £70,000	2	3

The total amount paid to 6 key management personnel (2021: 6) (CEO, Director of Finance, Director of Services, Director of Engagement, Director of Policy and Engagement, Strategic HR & Equalities Lead) for their services to the Charity was £438,445 (2021: £444,401), of which salaries were £341,901, pension contributions £54,058 and Employer's NIC £40,997.

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

Governance	1	1
Delivering national programmes and support to members	36	36
Policy and campaigning	5	5
Administration	6	6
Total employees	48	48

No remuneration has been paid to the Trustees. Total travel expenses of £1,554 (2021: £0) were paid to 10 (2021: 0) Trustees. During the year, the Charity incurred £2,262 (2021: £1,779) professional indemnity insurance costs for employees, and £1,667 for Trustee and individual liability insurance £282 (2021: £1,667).

Locality (UK)
Notes to the Financial Statements continued
for the year ended 30th June 2022

6 Tangible fixed assets

	Freehold land and buildings	Freehold improve- ments	Fixtures and fittings	Office equipment	Computer equipment	Total
Cost & valuation	£000s	£000s	£000s	£000s	£000s	£000s
At 1st July 2021	618	222	50	29	81	1,000
Additions	-	-	13	-	15	28
At 30th June 2022	618	222	63	29	96	1,028
Accumulated depreciation						
At 1st July 2021	151	41	27	29	60	308
Charge for the year	11	11	4	-	13	39
At 30th June 2022	162	52	31	29	73	347
Net book values						
At 30th June 2022	456	170	32	0	23	681
At 30th June 2021	467	181	18	-	21	687

Intangible fixed assets

	Computer software £000s
Cost	
At 1st July 2021	103
Additions	63
At 30th June 2022	166
Accumulated amortisation	
At 1st July 2021	69
Charge for the year	20
At 30th June 2022	89
Net book values	
At 30th June 2022	77
At 30th June 2021	34

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

Locality (UK)
Notes to the Financial Statements continued
for the year ended 30th June 2022

7 Investments	12 months 2022 £000s	12 months 2021 £000s
<u>Social investments</u>		
At 1st July 2021 and 30th June 2022	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 2022 was £10k (2021: £10k). This is a CIC that was initially impacted by the changes to the Government's Feed In Tariff scheme (announced in November 2012).

Locality's share of JP CIC	12 months 2022 £000s	12 months 2021 £000s
Share of income	1	1
Share of expenditure	(1)	(1)
	-	-
Investment brought forward at 1st July 2021	10	10
Investment carried forward at 30th June 2022	10	10

<u>Fixed Asset Investment</u>	12 months 2022 £000s	12 months 2021 £000s
Fair value as at 1st July 2021	2,221	2,221
Improvements	-	-
Revaluation	-	-
Fair value as at 30th June 2022	2,221	2,221
Total Investments	2,231	2,231

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

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

Locality (UK)
Notes to the Financial Statements continued
for the year ended 30th June 2022

8 Debtors

	2022	2021
	£000s	£000s
Trade debtors	214	993
Bad debt provision	(18)	(30)
Prepayments	67	58
Accrued income	339	265
	<u>602</u>	<u>1,286</u>
	<u>602</u>	<u>1,286</u>
Financial assets that are debt instruments measured at amortised cost	<u>536</u>	<u>1,228</u>

9 Creditors: amounts falling due within one year

	2022	2021
	£000s	£000s
Trade creditors	93	669
Social security and other taxes	65	50
VAT	98	109
Other creditors	37	28
Accruals	347	407
Deferred income (note 10)	213	269
Unity Trust Loan (note 9b)	25	26
	<u>878</u>	<u>1,558</u>
	<u>878</u>	<u>1,558</u>
Financial liabilities measured at amortised cost	<u>476</u>	<u>1,104</u>
	<u>49</u>	<u>49</u>

9a Rent deposits held by Locality

At 30th June 2022 Locality held deposits for the tenants on the 1st and 2nd floors (£20,910 and £27,922).

Total Creditors	<u>927</u>	<u>1,607</u>
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9b Creditors: long-term loan

	2022	2021
	£000s	£000s
Unity Trust Loan due after more than one year	<u>461</u>	<u>485</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

	2022	2021
	£000s	£000s
Brought forward	269	303
Released in year	(371)	(438)
New deferrals	315	404
Carried forward	<u>213</u>	<u>269</u>

The majority of the deferred income is for membership income, Community Led Housing, PtC Corporate Partnership and rental income.

Locality (UK)
Notes to the Financial Statements continued
for the year ended 30th June 2022

11 Movement in funds 2022

Restricted funds	Balance at	Movement in resources			Balance at
	1st July 2021 £000s	Revenue £000s	Outgoing £000s	Transfers £000s	30th June 2022 £000s
Services					
Bright Ideas Fund	172	155	(327)	-	-
City Bridge Trust - Spotlight	6	53	(52)	-	7
Esmee Fairbairn Foundation Lifeboat	99	-	(23)	-	76
Bridge Project	63	150	(107)	-	106
Lighthouse	1	-	-	-	1
CSARF / GLA Grants	456	38	(488)	-	6
Bristol City Council VCSE Strategic	-	10	(10)	-	-
Mutual Aid - GLA	-	20	(3)	-	17
Policy and campaigning					
Health Foundation/Community Spirit	3	-	(3)	-	-
Good Work & Community Business	3	-	(3)	-	-
InnoSI European project - MMU	1	-	-	-	1
Lloyds Bank Foundation	-	41	(41)	-	-
VCSE Health & Wellbeing Alliance	-	116	(116)	-	-
Connect Fund - Future of Assets and Enterprise	-	30	(30)	-	-
Total restricted funds	804	613	(1,203)	-	214
Unrestricted funds					
	Balance	Movement in resources			Balance
	1st July 2021	Revenue	Outgoing	Transfers	30th June 2022
	£000s	£000s	£000s	£000s	£000s
General funds	1,056	6,486	(6,301)	(24)	1,217
Revaluation Reserve	518	-	-	-	518
Designated funds:					
Fixed Asset fund	726	-	-	32	758
Fixed Asset Investment fund	1,123	-	-	(8)	1,115
Development Fund	150	-	-	(50)	100
2022-23 Expenditure activity fund	200	-	-	200	400
Restructuring fund	175	-	-	(75)	100
Member support fund	175	-	-	(75)	100
Total designated funds	2,549	-	-	24	2,573
Total unrestricted funds	4,123	6,486	(6,301)	-	4,308
Total funds	4,927	7,099	(7,504)	-	4,522

Locality (UK)
Notes to the Financial Statements continued
for the year ended 30th June 2022

Restricted funds (continued)

Services

Bright Ideas Fund	Provide new community businesses with tailored business development support, peer-to-peer learning opportunities and access to a small grant depending on the stage of their idea development.
City Bridge Trust - Spotlight	To build capacity and voice within civil society organisations by strengthening the evidence base of what works and supporting community organisations to adapt, become resilient and thrive.
Esmée Fairbairn Foundation	Lifeboat programme supports community organisations that are in financial and organisational difficulty.
City Bridge Trust - Bridge Project	A Triage and Connect programme to support the delivery of City Bridge Trust's Funder Plus offer.
Lighthouse	Lighthouse is an online diagnostic tool for assessing the current health of community organisations across six key areas, alerting users to areas that need their attention to ensure the long-term health and sustainability of their organisation.
CSARF / GLA Grants	A Greater London Authority grant to enable Locality as a delivery partner to provide grant administration, distribution and specialist advisory support to the Authority for the Community Spaces at Risk Fund.
Bristol City Council VCSE Strategic	Partnership with CVS and building back fairer following COVID. Supporting the take up of Community Resilience Fund and delivery of the VCSE Strategic Action Plan.
Mutual Aid - GLA	Research existing resources, liaise with Mutual Aid groups and funders and build an online repository of information and case studies to enable Londoners to continue to sustain and form local groups.

Policy and campaigning

Health Foundation/Community Spirit	A project which aims to understand the barriers to, and factors which, underpin strong and healthy communities, with a particular focus on community spirit and to develop resources to support this.
Good Work & Community Business	Research to benefit the community business and social enterprise sectors and providing support and advice.
InnoSI European Project	A research programme to identify innovative approaches to social policy at national and regional levels across the 28 Member States with in-depth case study evaluations taking place in 10 Member States.
Lloyds Bank Foundation	The grant is to enable Locality to grow Keep it Local, working directly with two local areas to adopt a new approach to commissioning and to grow the number of Keep it Local Councils.
VCSE Health & Wellbeing Alliance	The HW Alliance exists to connect the VCSE sector with the health and care system to provide a voice and improve health and wellbeing for all communities.
Connect Fund - Future of Assets and Enterprise	To produce a research report and practical guidance materials focused on assets and enterprise in the context of COVID 19 recovery and community organisation business model.

Locality (UK)
Notes to the Financial Statements continued
for the year ended 30th June 2022

Restricted funds (continued)

Revaluation Reserve

The revaluation reserve of £518k reflects the uplift in value of the investment property to fair value in 2018.

Designated Funds

Development fund

Existing designated fund to be used for income generating development activity such as business development priorities and digital work. We expect to draw down some of this fund in the coming year.

2022-23 expenditure activity fund

To support our planned expenditure for the coming year as new funding is being pursued.

Restructuring fund

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

Member support fund

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

Fixed Asset Fund

The fixed asset fund denotes the sum equal to the net book value of the tangible fixed assets and intangible assets (less the value of any capital grants), which are not freely expendable.

Fixed Asset Investment Fund

The building and the improvements are deemed as mixed use assets. The ground floor is used for charitable activities whereas the 1st and 2nd floor are rented out to third parties to generate revenue. Therefore the building and the improvements to fixed assets were apportioned 1/3 as charitable activities and 2/3 were reclassified as investment fixed asset in June 2018. A valuation was carried out on the expected market value of the building after refurbishment works at a valuation of £3.26m. The proportion relating to fixed investment fund was £2.221m (2021 and 2022).

Locality (UK)
Notes to the Financial Statements continued
for the year ended 30th June 2022

11b Movement in funds 2021

Restricted funds	Balance at 1st July 2020 £000s	Movement in resources			Balance at 30th June 2021 £000s
		Revenue £000s	Outgoing £000s	Transfers £000s	
Membership services					
Connect Fund - Power of Community	11	1	(12)	-	-
Knowledge & Skills Exchange PtC Restrict	13	-	(13)	-	-
Services					
Bright Ideas Fund	184	1,032	(1,044)	-	172
Bristol City Council	10	-	(10)	-	-
Bristol City Council Neighbourhood	10	-	(10)	-	-
City Bridge Trust - Strengthening London	13	27	(34)	-	6
Esmee Fairbairn Foundation	69	75	(45)	-	99
Funder Plus/CBT Connectors	117	-	(54)	-	63
Lighthouse	1	-	-	-	1
National Lottery Community Fund COVID Grant	590	-	(590)	-	-
My Community	59	15	(74)	-	-
CSARF / GLA Grants	-	662	(206)	-	456
P2C - infrastructure collaboration	-	60	(60)	-	-
Policy and campaigning					
Health Foundation/Community Spirit	-	5	(2)	-	3
Good Work & Community Business	-	5	(2)	-	3
InnoSI European project - MMU	1	-	-	-	1
Lloyds Bank Foundation	-	41	(41)	-	-
What Works Centre for Wellbeing and Nationwide	6	-	(6)	-	-
Total restricted funds	1,084	1,923	(2,203)	-	804
Unrestricted funds	Balance 1st July 2020 £000s	Movement in resources			Balance 30th June 2021 £000s
		Revenue £000s	Outgoing £000s	Transfers £000s	
General funds	1,012	5,592	(4,966)	(582)	1,056
Revaluation Reserve	518	-	-	-	518
Designated funds:					
Asset development	-	-	-	-	-
Fixed Asset fund	744	-	-	(18)	726
Fixed Asset Investment fund	1,123	-	-	-	1,123
Development Fund	100	-	-	50	150
2021-22 expenditure activity fund	-	-	-	200	200
Restructuring fund	-	-	-	175	175
Member support fund	-	-	-	175	175
Total designated funds	1,967	-	-	582	2,549
Total unrestricted funds	3,497	5,592	(4,966)	-	4,123
Total funds	4,581	7,515	(7,169)	-	4,927

Locality (UK)
Notes to the Financial Statements continued
for the year ended 30th June 2022

12 Analysis of net assets between funds 2022

	Tangible fixed assets 2022 £000s	Intangible fixed assets 2022 £000s	Investments fixed and social 2022 £000s	Net current assets 2022 £000s	Total 2022 £000s
Restricted funds	-	-	-	214	214
Revaluation reserve	-	-	518	-	518
Designated funds	625	-	1,248	700	2,573
Unrestricted funds	56	77	10	1,074	1,217
	681	77	1,776	1,988	4,522

Analysis of net assets between funds 2021

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

13 Liability of Members

The Charity is a company limited by guarantee and consequently does not have a share capital. In the event of the company being wound up or not being able to pay its debts from its assets, each Member 2022: 1,623 (2021: 1,474) is required to contribute an amount not exceeding £1.

14 Future financial commitments

Operating leases

Minimum lease payments under non cancellable operating leases fall due as follows:

	Other 2022 £000s	Other 2021 £000s
Within one year	15	11
In two to five years	13	4
	28	15

Operating lease as lessor

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

Not later than one year	88	138
Later than one year not later than five years	110	33
	198	171

There is no rental income recognised on a contingent basis.

15 Capital commitments

There were no outstanding capital commitments at 30th June 2022 or 30th June 2021.

16 Related parties

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

The total payments for services or goods made to Locality Trustees or organisations connected to Locality Trustees during the year was £1,250 (2021: £750). The payments were to: Elsie Whiteley Innovation Centre £100 (2021: £0); Goodwin Development Trust £750 (2021: £0); Halifax Opportunities Trust £400 (2021: £0); Rotunda Ltd £250 (2021: £250); and Windmill Hill City Farm £0 (2021: £500).

The total bursaries or grants awarded during the year to Locality member organisations of which a Locality Trustee is an employee or Trustee was £600 (2021: £0). Locality Members receiving bursaries and grants from Locality were Murray Hall Community Trust £350 (2021: £0) and Windmill Hill City Farm £250 (2021: £0).

The total income for services or goods from organisations connected to Locality Trustees during the year was £16,905 (2021: £18,850). This income was received from BARCA-Leeds £0 (2021: £8,550); Chats Place Arts Centre £250 (2021: £0); Goodwin Development Trust £6,487 (2021: £5,000); Halifax Opportunities Trust £1,450 (2021: £0); Libraries Unlimited £250 (2021: £0); Manchester Settlement £250 (2021: £0); Murray Hall Community Trust £1,678 (2021: £0); Rotunda Ltd £1,450 (2021: £2,875); Selby Trust £4,840 (2021: £2,425); and Windmill Hill City Farm £250 (2021: £0).

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

Locality (UK)
Notes to the Financial Statements continued
for the year ended 30th June 2022

17 Pension scheme

The organisation contributes to a defined contribution scheme, the assets of which are held separately from those of the Charity. The organisation contributed in 2022 £264,412 (2021: £257,230) during the year of which 2022: £22,844 (2021: £21,519) was still outstanding at the year end and is included in creditors.

18 Reconciliation of Net Debt

Unity Trust Loan	At 1st July 2021 £000s	Cashflows £000s	Other non-cash changes £000s	At 30th June 2022 £000s	At 30th June 2021 £000s
Opening Balance	511	-	-	511	537
Capital Repayment		(38)	-	(38)	(38)
Interest Charged		13	-	13	12
Closing Balance	511	(25)	-	486	511
Borrowings					
Debit due within one year				23	26
Debt due after one year				463	485
Total				486	511

Locality (UK)
Notes to the Financial Statements continued
for the year ended 30th June 2022

19 SOFA comparatives (previous year ended 30th June 2021)

	Unrestricted funds 2021 £000s	Restricted funds 2021 £000s	12 months Total funds 2021 £000s	12 Total funds 2020 £000s
Income and expenditure				
Income				
Donations and Legacies	1	-	1	25
Income from Investments	118	-	118	151
Other Income	55	-	55	71
Income from charitable activities				
Member services	125	1	126	209
Services and programmes	5,268	1,871	7,139	7,499
Policy and campaigning	25	51	76	258
Total income	5,592	1,923	7,515	8,213
Expenditure				
Expenditure on charitable activities				
Membership services	241	25	266	547
Services and delivery and learning	4,540	2,127	6,667	6,354
Policy and campaigning	185	51	236	377
Total expenditure	4,966	2,203	7,169	7,278
Net expenditure	626	(280)	346	935
Transfers between funds	-	-	-	-
Net movement in funds for the year	626	(280)	346	935
Fund balances brought forward at 1st July 2020	3,497	1,084	4,581	3,646
Fund balances carried forward 30th June 2021	4,123	804	4,927	4,581