

LOCALITY (UK)

(A Company Limited by Guarantee)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30<sup>th</sup> JUNE 2023

Registered Charity No. 1036460

Company No. 02787912

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

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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  
                                     6th floor  
                                     2 London Wall Place  
                                     London  
                                     EC2Y 5AU

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

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                                     134 Edmund Street  
                                     Birmingham  
                                     B3 2ES

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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	
Anna Bonallack	(Elected 7 <sup>th</sup> November 2022)
Paul Butler	
Colin Crooks	
Maxine Ennis	
Alexis Keir	
Amy Kinnear	(Elected 7 <sup>th</sup> November 2022)
Alex Kittow	
Tess Lanning	
Sarah Mitson	
Manjula Patel	

**Senior Management Team**

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

**Day-to-Day Management**

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

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

**1. Structure, Governance and Management**

**1.1. Structure**

Locality was established on 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 (network and partner members) who consist of other voluntary organisations, local authorities, academic institutions, private sector bodies and individuals, and supporters. To become members, organisations need to sign up to our charter and work (or support others) to support their local community.

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

**1.2. Governance**

**Corporate governance**

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

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

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

**Conflicts of Interest and Related Party Transactions**

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

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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 £2,337 (2022: £1,554). Locality has liability insurance that covers trustees Management liability - Trustees and individual liability up to £500,000.

## 2. Objectives and Activities

### 2.1. Aims

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

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

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

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

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

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**Our vision:** A fair society where every community thrives.

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

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

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

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

## **2.2. Public Benefit**

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

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

## **3. Key Achievements**

Reported against the strategic objectives.

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

### **My Community Programme**

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

### **Neighbourhood Planning**

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

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

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These translated into:

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

Quality remains high and we performed well against KPIs:

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

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

### **Community-Led Housing**

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

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

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

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

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

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

### **Green Agenda**

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

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

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



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

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

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

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

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

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

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

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

**Programmes**

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

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

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

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

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

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

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

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

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

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

**Convention**

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

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

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

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

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

**Health and Wellbeing:** Locality is part of the Voluntary, Community or Social Enterprise (VCSE) Health and Wellbeing Alliance. This is an initiative of the Department of Health and Social Care (DHSC), the UK Health Security Agency and NHS England. The HW Alliance exists to connect the VCSE sector with the health and care system to provide a voice and improve health and wellbeing for all communities. We have published a number of research outputs, working closely with Locality members. These have included: "Creating Health and Wealth by Stealth", which explores the role of community anchor organisations in promoting good health and preventing disease in their neighbourhoods, and makes recommendations for how

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the health system can better harness the power of community; "Space to Thrive" which shares findings from our research into the role of community spaces in supporting the mental health and wellbeing of children and young people; and "Going Further Together", which outlines how to successfully integrate local VCSE organisations into new Integrated Care Partnerships

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

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

**Strategic Objective 5:** Locality is a strong and successful organisation

### **Human Resources**

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

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

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

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

### **Diversity, Equalities, and Inclusion**

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

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

### **Financial Procedures**

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

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

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

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

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

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

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

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

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

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

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

The main fixed asset held by Locality is represented by the office building from where the charity heads up its operation. The ground floor is being used for charitable activities, whereas the 1<sup>st</sup> and 2<sup>nd</sup> 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

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valuation review carried out by the Trustees concluded that the investment asset has not changed (no gain or loss has been recorded in the accounts).

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

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

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

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

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

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

#### **4.2 Reserves Policy**

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

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

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

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

#### **Designated Funds**

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

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

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

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

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

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

The Revaluation reserve stands at £518k as at 30<sup>th</sup> June 2023.

## **5. Future Plans**

### **5.1 Services and Programmes**

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

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

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

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

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

### **5.2 Marketing and Communications**

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

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

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

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

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

### **5.3 Membership**

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

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

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

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

### **5.4 Policy and Public Affairs**

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

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

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

### **5.5 Organisational Development**

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

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

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

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**6. Principal Risks and Uncertainties**

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

High profile risk areas include:

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

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



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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 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 19<sup>th</sup> October 2023, and signed on its behalf by



Alison Haskins  
Chair of Locality's Board of Trustees

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for the year ended 30<sup>th</sup> June 2023

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

**Opinion**

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

In our opinion the financial statements:

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

**Basis for opinion**

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

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

**Conclusions relating to going concern**

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

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

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

**Other information**

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

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

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

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

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

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

**Responsibilities of Trustees**

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

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

**Auditor's responsibilities for the audit of the financial statements**

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

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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, Statutory Auditor

London, United Kingdom

Date: 15 November 2023

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

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

	Note	Unrestricted funds 2023 £000s	Restricted funds 2023 £000s	12 months Total funds 2023 £000s	12 months Total funds 2022 £000s
<b>Income and expenditure</b>					
<b>Income</b>					
Income from Investments		108	-	108	124
Other Income		61	4	65	98
<b>Income from charitable activities</b>					
Member services		214	755	969	190
Services and delivery and learning		6,328	258	6,586	6,501
Policy and campaigning		59	223	282	186
<b>Total income</b>		<b>6,770</b>	<b>1,240</b>	<b>8,010</b>	<b>7,099</b>
<b>Expenditure</b>					
<b>Expenditure on charitable activities</b>					
Membership services		520	576	1,096	443
Services and delivery and learning		6,317	359	6,676	6,653
Policy and campaigning		289	196	485	408
<b>Total expenditure</b>	2	<b>7,126</b>	<b>1,131</b>	<b>8,257</b>	<b>7,504</b>
<b>Net surplus/(deficit)</b>		<b>(356)</b>	<b>109</b>	<b>(247)</b>	<b>(405)</b>
Fund transfers	11	8	(8)	-	-
<b>Net movement in funds for the year</b>		<b>(348)</b>	<b>101</b>	<b>(247)</b>	<b>(405)</b>
Fund balances brought forward at 1st July 2022	11	<b>4,308</b>	<b>214</b>	<b>4,522</b>	<b>4,927</b>
<b>Fund balances carried forward 30th June 2023</b>	11	<b>3,960</b>	<b>315</b>	<b>4,275</b>	<b>4,522</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 23 to 38 form part of these financial statements.

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

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

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



Alison Haskins - Chair of Locality's Board of Trustees

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

Company number: 2787912

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

	Notes	<b>2023</b> <b>£000s</b>	<b>2022</b> <b>£000s</b>
Net cash generated (used)/from in operating activities		(548)	(341)
<b>Cash flows from investing activities</b>			
Dividends and interest		(11)	(1)
Additions to fixed assets		(28)	(91)
	6	<u>(39)</u>	<u>(92)</u>
<b>Cash flows from Financing activities</b>			
Capital repayments	18	(42)	(38)
Interest accrued	18	<u>25</u>	<u>13</u>
		<u>(17)</u>	<u>(25)</u>
<b>Change in cash and cash equivalents</b>		<b>(604)</b>	<b>(458)</b>
<b>Cash and cash equivalents at the beginning of the reporting year</b>		<b>2,318</b>	<b>2,776</b>
<b>Cash and cash equivalents at the end of the reporting year</b>		<b><u>1,714</u></b>	<b><u>2,318</u></b>
<b>Reconciliation of net outgoing resources to net cash outflow from operating activities</b>			
Net incoming/(outgoing) resources		(247)	(405)
Bank interest received		11	1
Depreciation charges	6	38	39
Amortisation charges	6	28	20
Other non-cash adjustments		13	1
(Increase)/decrease in debtors		(735)	683
Increase/(decrease) in creditors		<u>344</u>	<u>(680)</u>
Net cash generated (used)/from in operating activities		<b><u>(548)</u></b>	<b><u>(341)</u></b>
<b>Analysis of cash and cash equivalents</b>			
Cash at bank and in hand		1,713	2,318
<b>Total cash and cash equivalents</b>		<b><u>1,713</u></b>	<b><u>2,318</u></b>

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

**Locality (UK)**  
**Notes to the Financial Statements**  
**for the year ended 30th June 2023**

**1 Accounting policies**

**Basis of preparation**

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

**Going concern**

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

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

**Length of reporting period**

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

**1.1 Income**

**Membership income**

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

**Investment Income**

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

**Grants**

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

**Government Grants**

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

**1.2 Expenditure**

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

**Charitable activities**

(i) **Membership services**

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

(ii) **Services and delivery and learning**

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

(iii) **Policy and campaigning**

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

**Support costs**

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

**Grant making policy**

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



## 1 Accounting policies continued

### **Tangible fixed assets and depreciation**

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

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

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

### **Intangible fixed assets and amortisation**

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

Computer Software	over 3 years
Website development	over 5 years

### **Investments**

#### **Social investments**

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

#### **Fixed assets investments**

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

### **Financial instruments**

The Charity only holds basic Financial Instruments. Financial Instruments are classified and accounted for according to the substance of the contractual arrangement as 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 2023**

**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 2023**

**2 Expenditure 2023**

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

**Expenditure 2022**

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

**Grants to Institutions**

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

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

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

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

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

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

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

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

**Locality (UK)**  
**Notes to the Financial Statements continued**  
**for the year ended 30th June 2023**

**3 Analysis of support costs 2023**

**12 months**

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

**Analysis of support costs 2022**

**12 months**

	<b>Member services £000s</b>	<b>Services and delivery and learning £000s</b>	<b>Policy and campaigning £000s</b>	<b>Total 2022 £000s</b>
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
<b>Total</b>	<b>45</b>	<b>301</b>	<b>38</b>	<b>384</b>

**Governance & audit costs**

	<b>12 months Total 2023 £000s</b>	<b>12 months Total 2022 £000s</b>
Audit fees	20	19
Trustees' costs	10	2
Other governance costs	15	9
<b>Total</b>	<b>45</b>	<b>30</b>

**4 Net income / expenditure**

These are stated after charging:

Auditor's remuneration - current year  
Amortisation  
Depreciation

**12 months  
2023  
£000s**

**12 months  
2022  
£000s**

20	19
28	20
<b>38</b>	<b>39</b>

**Locality (UK)**  
**Notes to the Financial Statements continued**  
**for the year ended 30th June 2023**

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

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

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

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

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

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

**Locality (UK)**  
**Notes to the Financial Statements continued**  
**for the year ended 30th June 2023**

**6 Tangible fixed assets**

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

**Intangible fixed assets**

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

<b>7 Investments</b>	<b>12 months 2023 £000s</b>	<b>12 months 2022 £000s</b>
<u>Social investments</u>		
At 1st July 2022 and 30th June 2023	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 2023 was £10k (2022: £10k). This is a CIC that was initially impacted by the changes to the Government's Feed In Tariff scheme (announced in November 2012).

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

  

<u>Fixed Asset Investment</u>	<b>12 months 2023 £000s</b>	<b>12 months 2022 £000s</b>
Fair value b/f	2,221	2,221
Improvements	-	-
Revaluation	-	-
Fair value c/f	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 and market movements.

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

**Locality (UK)**  
**Notes to the Financial Statements continued**  
**for the year ended 30th June 2023**

**8 Debtors**

	<b>2023</b>	<b>2022</b>
	<b>£000s</b>	<b>£000s</b>
Trade debtors	788	214
Bad debt provision	(25)	(18)
Prepayments	60	67
Accrued income	516	339
	<u>1,339</u>	<u>602</u>
	<u>1,278</u>	<u>536</u>
Financial assets that are debt instruments measured at amortised cost		

**9 Creditors: amounts falling due within one year**

	<b>2023</b>	<b>2022</b>
	<b>£000s</b>	<b>£000s</b>
Trade creditors	480	93
Social security and other taxes	57	65
VAT	127	98
Other creditors	47	37
Accruals	496	347
Deferred income (note 10)	31	213
Unity Trust Loan (note 9b)	469	25
	<u>1,707</u>	<u>878</u>
	<u>1,023</u>	<u>476</u>
Financial liabilities measured at amortised cost		

**9a Rent deposits held by Locality**

	<u>21</u>	<u>49</u>
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At 30<sup>th</sup> June 2023 Locality held deposits for the tenants on the 1st floor, £20,910.

**Total Creditors**

	<u>1,728</u>	<u>927</u>
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**9b Creditors: long-term loan**

	<b>2023</b>	<b>2022</b>
	<b>£000s</b>	<b>£000s</b>
Unity Trust Loan due after more than one year	<u>-</u>	<u>461</u>

Due to Locality registering a deficit position in 2022/23 financial year, the loan covenants were breached. Whilst the Charity have been provided with assurance that the bank will not exercise its rights to recall the loan in full, they legally retain their right to do so. The entire value of the loan as at the year-end has been recognised as a current liability. July 2023 Locality was able to make a large repayment of £350k. Whilst the loan is presented as a current liability in the financial statements in practice the repayments will be made in line with the agreed loan schedule. The loan will be repayable on a capital and interest basis by regular quarterly payments calculated over a repayment profile of 240 months. Interest will be charged at 2.15% per annum over Unity's Base Rate from time to time (which is currently 4.5%) subject to a minimum charge of 2.15% per annum.

**10 Deferred income analysis**

	<b>2023</b>	<b>2022</b>
	<b>£000s</b>	<b>£000s</b>
Brought forward	213	269
Released in year	(302)	(371)
New deferrals	120	315
Carried forward	<u>31</u>	<u>213</u>

The majority of the deferred income is for membership income and Convention 2023 sponsorship.



**Locality (UK)**  
**Notes to the Financial Statements continued**  
**for the year ended 30th June 2023**

**11 Movement in funds 2023**

Restricted funds	Balance at	Movement in resources			Balance at
	1st July 2022 £000s	Revenue £000s	Outgoing £000s	Transfers £000s	30th June 2023 £000s
Services					
City Bridge Trust - Spotlight	7	29	(36)	-	-
Esmee Fairbairn Foundation Lifeboat	76	6	(82)	-	-
Bridge Project	106	74	(77)	-	103
Lighthouse	1	-	-	-	1
CSARF / GLA Grants	6	4	(9)	-	1
Sport England - Together Fund	-	128	(143)	-	(15)
Mutual Aid - GLA	17	-	(17)	-	-
SocioDigital Futures - University of Bristol	-	17	-	-	17
Guardian Appeal - Cost of Living Grant Programme	-	755	(574)	-	181
Policy and campaigning					
Policy Consultancy - IFS	-	6	(10)	-	(4)
We Are Right Here	-	127	(80)	-	47
InnoSI European project - MMU	1	-	-	(1)	-
VCSE Health & Wellbeing Alliance	-	90	(106)	-	(16)
PtC Infrastructure Collaboration	-	-	7	(7)	-
Nationwide Foundation	-	4	(4)	-	-
Total restricted funds	214	1,240	(1,131)	(8)	315
Unrestricted funds	Balance	Movement in resources			Balance
	1st July 2022	Revenue	Outgoing	Transfers	30th June 2023
	£000s	£000s	£000s	£000s	£000s
General funds	1,217	6,770	(7,126)	437	1,298
Revaluation Reserve	518	-	-	-	518
Designated funds:					
Fixed Asset fund	758	-	-	(27)	731
Fixed Asset Investment fund	1,115	-	-	(17)	1,098
Development Fund	100	-	-	(20)	80
2022-23 Expenditure activity fund	400	-	-	(355)	45
Restructuring fund	100	-	-	-	100
Member support fund	100	-	-	(10)	90
Total designated funds	2,573	-	-	(429)	2,144
Total unrestricted funds	4,308	6,770	(7,126)	8	3,960
Total funds	4,522	8,010	(8,256)	-	4,275

**Locality (UK)**  
**Notes to the Financial Statements continued**  
**for the year ended 30th June 2023**

**Restricted funds (continued)**

**Services**

City Bridge Trust - Spotlight	To build capacity and voice within civil society organisations by strengthening the evidence base of what works and supporting community organisations to adapt, become resilient and thrive.
Esmee Fairbairn Foundation	Lifeboat programme supports community organisations that are in financial and organisational difficulty.
City Bridge Trust - Bridge Project	A Triage and Connect programme to support the delivery of City Bridge Trust's Funder Plus offer.
Lighthouse	Lighthouse is an online diagnostic tool for assessing the current health of community organisations across six key areas, alerting users to areas that need their attention to ensure the long-term health and sustainability of their organisation.
CSARF / GLA Grants	A Greater London Authority grant to enable Locality as a delivery partner to provide grant administration, distribution and specialist advisory support to the Authority for the Community Spaces at Risk Fund.
Sport England Together Fund	Enables community groups to continue to exist and engage with their communities, supporting people to be engaged and active. The funding will continue in 2023/24 financial year.
Mutual Aid - GLA	Research existing resources, liaise with Mutual Aid groups and funders and build an online repository of information and case studies to enable Londoners to continue to sustain and form local groups.
SocioDigital Futures - University of Bristol	The SocioDigital Futures project aims to shape the space for communities in a digital future, through research and collaboration.
Guardian Appeal - Cost of Living Grant Programme	Locality cost of living grant programme supported by the Guardian and Observer charity appeal 2022. Grants to help community organisations across the UK tackle the cost of living crisis.

**Policy and campaigning**

Policy Consultancy - IFS	IFS-Fostering Social Justice aims to encourage European cooperation and strengthen the capacity of the IFS network to provide and advocate for effective adult learning opportunities, targeted to people with fewer opportunities, migrants and refugees by means of mutual learning, peer counselling and capacity building. The funding will continue in 2023/24 financial year.
We're Right Here Campaign	The We're Right Here's campaign calls for a Community Power Act, so that local people can shape the places where they live. The campaign seeks to draw on the energy and ambition of those committed to their communities and places.
InnoSI European Project	A research programme to identify innovative approaches to social policy at national and regional levels across the 28 Member States with in-depth case study evaluations taking place in 10 Member States.
VCSE Health & Wellbeing Alliance	The HW Alliance exists to connect the VCSE sector with the health and care system to provide a voice and improve health and wellbeing for all communities. The funding will continue in 2023/24 financial year.
PtC Infrastructure Collaboration	Core funding to support digital improvement, frontline team, engagement and marketing investment, and shared data systems to aid service delivery.
Nationwide Foundation	Grant awarded from the Nationwide Foundation Decent Affordable Homes funding programme to pay for a session on community led housing at the Local Government Association Conference, and associated expenses.

**Locality (UK)**  
**Notes to the Financial Statements continued**  
**for the year ended 30th June 2023**

**Revaluation Reserve**

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

**Designated Funds**

Development fund

Existing designated fund to be used for income generating development activity such as business development priorities and digital work. We expect to draw down some of this fund in the coming 2 years.

Expenditure activity fund

To support our planned expenditure for the coming year as new funding is being pursued. The trustees have set aside the designated fund to support the cost base during the volatile economic situation and the cost of living crisis. The financial year 2022/23 registered a deficit position, hence this deficit was supported from the designated funds strategically set aside beforehand.

Restructuring fund

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

Member support fund

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

Fixed asset fund

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

Fixed asset investment fund

The building and the improvements are deemed as mixed use assets. The ground floor is used for charitable activities whereas the 1st and 2nd floor are rented out to third parties to generate revenue. Therefore the building and the improvements to fixed assets were apportioned 1/3 as charitable activities and 2/3 were reclassified as investment fixed asset in June 2018. A valuation was carried out on the expected market value of the building after refurbishment works at a valuation of £3.26m. The proportion relating to fixed investment fund was £2.221m (2022 and 2023).

**Locality (UK)**  
**Notes to the Financial Statements continued**  
**for the year ended 30th June 2023**

**11b Movement in funds 2022**

<b>Restricted funds</b>	<b>Balance at 1st July 2021 £000s</b>	<b>Movement in resources</b>			<b>Balance at 30th June 2022 £000s</b>
		<b>Revenue £000s</b>	<b>Outgoing £000s</b>	<b>Transfers £000s</b>	
<b>Services</b>					
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
<b>Policy and campaigning</b>					
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)	-	-
<b>Total restricted funds</b>	<b>804</b>	<b>613</b>	<b>(1,203)</b>	<b>-</b>	<b>214</b>
	<b>Balance 1st July 2021 £000s</b>	<b>Movement in resources Revenue £000s</b>	<b>Outgoing £000s</b>	<b>Transfers £000s</b>	<b>Balance 30th June 2022 £000s</b>
General funds	1,056	6,486	(6,301)	(24)	1,217
Revaluation Reserve	518	-	-	-	518
<b>Designated funds:</b>					
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
<b>Total designated funds</b>	<b>2,549</b>	<b>-</b>	<b>-</b>	<b>24</b>	<b>2,573</b>
<b>Total unrestricted funds</b>	<b>4,123</b>	<b>6,486</b>	<b>(6,301)</b>	<b>-</b>	<b>4,308</b>
<b>Total funds</b>	<b>4,927</b>	<b>7,099</b>	<b>(7,504)</b>	<b>-</b>	<b>4,522</b>

**Locality (UK)**  
**Notes to the Financial Statements continued**  
**for the year ended 30th June 2023**

**12 Analysis of net assets between funds 2023**

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

**Analysis of net assets between funds 2022**

	<b>Tangible fixed assets 2022 £000s</b>	<b>Intangible fixed assets 2022 £000s</b>	<b>Investments fixed and social 2022 £000s</b>	<b>Net current assets 2022 £000s</b>	<b>Total 2022 £000s</b>
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
	<b>681</b>	<b>77</b>	<b>1,776</b>	<b>1,988</b>	<b>4,522</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 2023: 1,958 (2022: 1,623) is required to contribute an amount not exceeding £1.

**14 Future financial commitments**

**Operating leases**

Minimum lease payments under non cancellable operating leases fall due as follows:  
During the year Locality has incurred £12k (2022: £11k) expenditure for operating leases.

	<b>Other 2023 £000s</b>	<b>Other 2022 £000s</b>
Within one year	11	15
In two to five years	9	13
	<b>20</b>	<b>28</b>

**Operating lease as lessor**

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

Not later than one year	83	88
Later than one year not later than five years	27	110
	<b>110</b>	<b>198</b>

There is no rental income recognised on a contingent basis.

**15 Capital commitments**

There were no outstanding capital commitments at 30th June 2023 or 30th June 2022.

**16 Related parties**

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

The total payments for services or goods made to Locality Trustees or organisations connected to Locality Trustees during the year was £380 (2022: £1,250). The payments were to: Elsie Whiteley Innovation Centre £0 (2022: £100); Goodwin Development Trust £0 (2022: £750); Halifax Opportunities Trust £380 (2022: £400) and Rotunda Ltd £0 (2022: £250).

The total bursaries or grants awarded during the year to Locality member organisations of which a Locality Trustee is an employee or Trustee was £0 (2022: £600). Locality Members receiving bursaries and grants from Locality were Murray Hall Community Trust £0 (2022: £350) and Windmill Hill City Farm £0 (2022: £250).

The total income for services or goods from organisations connected to Locality Trustees during the year was £20,658.50 (2022: £16,905). This income was received from Chats Place Arts Centre £250 (2022: £250); Goodwin Development Trust £3,550 (2022: £6,487); Halifax Opportunities Trust £2,860 (2022: £1,450); Libraries Unlimited £250 (2022: £250); Manchester Settlement £1,266 (2022: £250); Murray Hall Community Trust £1,450 (2022: £1,678); Rotunda Ltd £1,450 (2022: £1,450); Selby Trust £9,332.50 (2022: £4,840); and Windmill Hill City Farm £250 (2022: £250).

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

**Locality (UK)**  
**Notes to the Financial Statements continued**  
**for the year ended 30th June 2023**

**17 Pension scheme**

The organisation contributes to a defined contribution scheme, the assets of which are held separately from those of the Charity. The organisation contributed in 2023 £298,300 (2022: £264,412) during the year of which 2023: £26,050 (2022: £22,844) was still outstanding at the year end and is included in creditors.

**18 Reconciliation of Net Debt**

<b>Unity Trust Loan</b>	<b>At 1st July 2022 £000s</b>	<b>Cashflows £000s</b>	<b>At 30th June 2023 £000s</b>	<b>At 30th June 2022 £000s</b>
Opening Balance	486	-	486	511
Capital Repayment		(42)	(42)	(38)
Interest Charged		25	25	13
<b>Closing Balance</b>	<b>486</b>	<b>(17)</b>	<b>469</b>	<b>486</b>
Borrowings				
Debt due within one year			469	23
Debt due after one year				463
<b>Total</b>			<b>469</b>	<b>486</b>

**Locality (UK)**  
**Notes to the Financial Statements continued**  
**for the year ended 30th June 2023**

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*SOFA comparatives (previous year ended 30th June 2022)*

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

All activities are continuing.