POWER TO CHANGE TRUST

England & Wales · Charity number 1159982

Details

Status	Registered
Legal form	Trust
Registered	2015-01-16
Register	View on the Charity Commission register

Contact

Address	The Clarence Centre 6 St Georges Circus London SE1 6FE
Phone	02038577274
Email	info@powertochange.org.uk
Website	https://www.powertochange.org.uk/

Downloaded from opencharities.uk/ew/1159982

Activities

Objects: THE OBJECTS ARE TO FURTHER SUCH EXCLUSIVELY CHARITABLE PURPOSES ACCORDING TO THE LAWS OF ENGLAND AS THE TRUSTEE SHALL AT ITS ABSOLUTE DISCRETION DETERMINE AND IN PARTICULAR (BUT WITHOUT LIMITING THE GENERALITY OF THE FOREGOING), TO PROMOTE THE FOLLOWING, FOR THE BENEFIT OF THE PUBLIC :5.1. INDUSTRY, COMMERCE, CHARITY AND SOCIAL ENTERPRISE WHICH:5.1.1. RELIEVES POVERTY;5.1.2. RELIEVES UNEMPLOYMENT;5.1.3. ADVANCES ENVIRONMENTAL PROTECTION OR IMPROVEMENT AND SUSTAINABLE DEVELOPMENT;5.1.4. ADVANCES CITIZENSHIP OR COMMUNITY DEVELOPMENT,THROUGH OR BY ENCOURAGING AND SUPPORTING INNOVATION;5.2. THE ADVANCEMENT OF EDUCATION, AND IN PARTICULAR THE STUDY OF INNOVATION, BY THE PROMOTION OF RESEARCH AND THE PUBLICATION OF THE USEFUL RESULTS THEREOF, IN THE VOLUNTARY SECTOR AND SOCIAL ENTERPRISE;5.3. THE VOLUNTARY SECTOR;5.4. SUSTAINABLE DEVELOPMENT, BY THE PRESERVATION, CONSERVATION AND PROTECTION OF THE ENVIRONMENT AND THE PRUDENT USE OF NATURAL RESOURCES,THE PROMOTION OF SUSTAINABLE MEANS OF ACHIEVING GROWTH AND ECONOMIC GENERATION AND THE PREVENTION OR RELIEF OF POVERTY AND THE IMPROVEMENT OF CONDITIONS OF LIFE IN SOCIALLY AND ECONOMICALLY DISADVANTAGED COMMUNITIES; 5.5. THE DEVELOPMENT OF THE CAPACITY AND SKILLS OF THE MEMBERS OF SOCIALLY AND/OR ECONOMICALLY DISADVANTAGED COMMUNITIES IN SUCH A WAY THAT THEY ARE BETTER ABLE TO IDENTIFY, AND HELP MEET, THEIR NEEDS AND TO PARTICIPATE MORE FULLY IN SOCIETY;5.6. URBAN AND RURAL REGENERATION IN AREAS OF SOCIAL AND ECONOMIC DEPRIVATION, INCLUDING BY SUPPORTING:5.6.1. THE PROVISION OF FINANCIAL ASSISTANCE, TECHNICAL ASSISTANCE OR BUSINESS ADVICE OR CONSULTANCY IN ORDER TO PROVIDE TRAINING AND EMPLOYMENT OPPORTUNITIES FOR UNEMPLOYED PEOPLE IN CASES OF FINANCIAL OR OTHER CHARITABLE NEED THROUGH HELP: (I) IN SETTING UP THEIR OWN BUSINESS, OR (II) TO EXISTING BUSINESSES;5.6.2. THE CREATION OF TRAINING AND EMPLOYMENT OPPORTUNITIES BY THE PROVISION OF WORKSPACE, BUILDINGS, AND/OR LAND FOR USE ON FAVOURABLE TERMS;5.6.3. THE MAINTENANCE, IMPROVEMENT OR PROVISION OF PUBLIC AMENITIES;5.7. SOCIAL AND ECONOMIC INCLUSION, BY PREVENTING PEOPLE FROM BECOMING SOCIALLY EXCLUDED, RELIEVING THE NEEDS OF THOSE WHO ARE SOCIALLY AND/OR ECONOMICALLY EXCLUDED AND ASSISTING THEM TO INTEGRATE INTO SOCIETY, IN PARTICULAR BY: (I) MAKING DISTRIBUTIONS WHICH FURTHER THE ABOVE CHARITABLE PURPOSES IN A SUSTAINABLE WAY (II) BY PROVIDING ANCILLARY ADVICE AND ASSISTANCE TO PERSONS SEEKING TO FURTHER THE ABOVE CHARITABLE PURPOSES.

Activities: Power to Change is an independent charitable trust endowed with £150m from the Big Lottery Fund to address social need by giving grants to, and supporting community businesses, throughout England.

Classification

- **How:** Makes Grants To Organisations
- **What:** General Charitable Purposes, Education/training, The Prevention Or Relief Of Poverty, Economic/community Development/employment
- **Who:** Other Charities Or Voluntary Bodies, The General Public/mankind

Geography

- Throughout England

Downloaded from opencharities.uk/ew/1159982

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£3,022,625	£4,675,847	£19,642,646	23
2023-12-31	£6,819,714	£9,036,415	£19,944,137	39
2022-12-31	£7,160,801	£11,828,599	£21,865,598	43
2021-12-31	£5,707,000	£15,855,000	£26,022,000	45
2020-12-31	£10,635,000	£39,915,000	£36,022,000	50

Trustees

Name	Role	Appointed
POWER TO CHANGE TRUSTEE LIMITED		2015-01-20

Downloaded from opencharities.uk/ew/1159982

POWER TO CHANGE TRUST

England & Wales - Charity number 1159982

Accounts

Power to Change

Backing community business

Annual Report and Accounts

For the year ended 31 December 2024



Power to Change Trustee LTD is a company limited by guarantee, registered in England and Wales, no. 08940987
Power to Change is a registered charity, no. 1159982

Contents

About Power to Change 6

Message from our Chair 7

Message from our Chief Executive 8

A year of evolution 9

- Our ambitions 10
- Repositioning and rebranding 10
- Grounded in community business 11
- Equity in our activity and impact 12

Our activity and impact 12

- Building community power 14
- Financing the future economy 18
- Taking back the high street 21
- Additional areas of activity 25

Financial review and reserves policy 29

- Expenditure 29
- Income 30
- Investment policy 30
- Funds 31

Reserves and ongoing concerns 31

Structure, governance and management 33

Charitable objects 33

Public benefit 34

Governance 34

Management 37

Fundraising practices 38

Grant-making policy 38

Risk management 38

Statement of responsibilities of the Trustee Directors 41

Protector's statement 42

Background 42

Function of the Protector 42

Aims of the Trust 43

Administration of the Trust 43

The year under review 44

Board of Trustee Directors and Executive changes 45

Governance 46

Looking ahead 47

Independent auditors report 49

Opinion 49

Basis for opinion 49
Conclusions relating to going concern 50
Other information 50
Matters on which we are required to report by exception 50
Responsibilities of trustees 51
Auditor's Responsibilities for the audit of the financial statements 51
Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud 53
Use of our report 54

Financial statements 55

Consolidated Statement of Financial Activities 55
Consolidated and Charity Balance Sheets 56
Consolidated Cash Flow Statement for the year to 31 December 2024 58
Note 1. Accounting policies 59
Note 2. Income 64
Note 3. Expenditure allocation 65
Note 4. Net expenditure 66
Note 5. Trading Subsidiary 67
Note 6a. Staff costs and numbers 68
Note 6b. Trustee Directors 69
Note 7. Grants awarded 70
Note 8. Intangible Fixed Assets 71
Note 9. Tangible Fixed Assets 72

Note 10. Fixed Assets Investments 73
Note 11. Debtors 74
Note 12. Creditors 74
Note 13. Related party transactions 75
Note 14. Group funds 76
Note 15. Operating leases 79
Note 16. Contingent Liabilities 79
Note 17. Status of the Charity 79
Note 18. Prior year statement of financial activities 80
Reference details and details of advisers 82



About Power to Change

Power to Change is the think-do tank that backs community business.

We back community business from the ground up. We turn bold ideas into action so communities have the power to change what matters to them. We know community business works to build stronger communities and better places to live. We've seen people create resilient and prosperous local economies when power is in community hands. We also know the barriers that stand in the way of their success.

We're using our experience to bring partners together to do, test and learn what works. We're shaping the conditions for community business to thrive.



Message from our Chair Tony Burton CBE



From my vantage point as Chair, 2024 was the year when Power to Change moved from being an organisation funding the collective evolution of community businesses, to one that champions and amplifies their needs.

Our role is to demonstrate the centrality of community business to many of the nation's current and future challenges –from economic stagnation and climate change to widening health inequalities and the role of technology and AI in bringing communities together. Our role as the think-do tank for community business isn't about sectoral lobbying or quick fixes. It's about fundamentally reshaping the systems community businesses operate in, at national, regional and hyper-local levels. We are embedding our work alongside community businesses and using our understanding of the biggest challenges they face to reshape the forces that impact them.

The prize of thriving community businesses is one that benefits everyone. In an ever-more volatile world, where old paradigms are dying and new ones are being forged at pace, community business is growing in importance. They provide economic resilience and stability in communities where this can feel hard to come by. At the same time they deliver social and environmental benefits not as a byproduct tacked on to traditional forms of business, but through business models which work across the environmental, social and economic pillars of sustainable development.

While we know that the work community business does is exceptional, we also know that it's common sense. The future of business is a vast increase in community business. If you're a motivated citizen wanting to change your neighbourhood, community business is a ready-made solution. If you're a Mayor, political leader or helping to run a newly established combined authority, community businesses will be vital in helping you deliver your vision of inclusive growth. If you're a patient investor looking for your money to both do good and generate returns then community businesses are ready and waiting.

I'm proud to be at the heart of an organisation with this ambition for community business and for the country. The thousands of community businesses working hard across the country all deserve both our thanks and support. My thanks too to the Power to Change team, trustees and staff, who have made 2024 such a memorable year in repurposing our work to make a continuing real world impact in 2024 and into the future.

Message from our Chief Executive Tim Davies-Pugh



2024 was a pivotal year for the country and Power to Change. We witnessed a significant shift in government, with the Labour Party securing power after a 14-year hiatus. New metro mayors were elected across the nation, and inflation rates began to decline from their peak at the start of 2023. However, wars abroad continued to rage, impacting communities in various ways.

In parallel to these national developments, Power to Change underwent its own transformative journey. We embraced new working practices, expanded our thinking on supporting community businesses, and transitioned to become a think-do tank. A refreshed brand aligned our visual identity with these evolving approaches.

Furthermore, we strengthened our governance by welcoming three exceptional individuals from diverse backgrounds to our Board. Claire Spencer, Daniel Hill, and Fin Irwin have brought boundless energy and innovative ideas to the organisation, and we are thrilled to have them on board.

2024 marked the commencement of our articulation of the transformative change we envision for the future. With the right conditions, community businesses can play a pivotal role in contributing to an economy that benefits people and the planet. They can empower communities to have greater influence in decision-making processes that affect them and foster meaningful connections within their communities. Our mission now is to create the enabling environment for community businesses to thrive and realise this vision.

To achieve this, we initiated crucial work to articulate the unique economic contribution of community businesses. This contribution can be measured in both tangible national growth terms and local supply chains, savings to the public purse, and a generative rather than extractive form of economic activity. In essence, it encompasses the business and the community that community businesses represent.

All this important work was undertaken with an eye on 2025, our 10th anniversary. This pivotal moment in our journey provides us with further scope to look to the future and envision the state of our communities in another decade. It also inspires us to delve deeper into our definition of community business.

While this year has undoubtedly been marked by transition, change, and a focus on the future, it has also been a year of remarkable achievements across the organisation. New demonstrator projects exploring community-led high street transformation have been launched. Influential policy

research has been published, covering a range of topics from department stores to community cohesion. Significant partnerships with combined authorities, such as in the West Midlands, have delivered tangible change for community businesses. Policy change has been secured in manifestos.

It's been a busy year, filled with many reasons to celebrate, but there's still much more to be done. I'm thrilled about all this, and most importantly, about collaborating with community businesses.

A year of evolution

This year Power to Change has continued its work to back community businesses throughout England, both as a funder and as we have progressed our think-do tank approach.

We have focused our efforts throughout the year to support our vision which remains consistent with previous years.

Our vision

More communities in England run businesses that give them power to change what matters to them. They create more resilient places that are better to live and work in for everyone.

In 2024, we renewed our purpose and ambitions to more closely align to our think-do approach and we have continued to evolve our activities to support these ambitions.

Our purpose

Our purpose, the reason Power to Change exists, is to shape the conditions for community business to thrive.

Our ambitions

Communities fully utilise their power

Through community business, communities have a greater say in the decisions that affect them.

Communities contribute to an economy that works for people and planet

Through community business, communities balance enterprise and purpose to build prosperous local economies.

Communities achieve their aspirations and are resilient in the face of challenges

Through community business, communities make meaningful connections and build their social capital.

Repositioning and rebranding

Power to Change was originally set up in 2015 with a spend down endowment trust from The National Lottery Community Fund, operating largely as a funder which backed community business through grant funding.

In making the decision to transition to a think-do tank, we felt it was important to communicate clearly to our key stakeholders about the evolution of Power to Change.



One of the steps we took in 2024 to support our evolution was to refresh our brand and external positioning, informed by a period of inclusive engagement with trustee directors, staff, partners, and most importantly, community businesses.

We undertook a specific piece of work to test the understanding and brand recognition associated with our name and developed refreshed messaging and narratives that better reflected our new role as a think-do tank that backs community business.

In August 2024 we launched a new website to communicate the changes to our network of community businesses, partners, and collaborators. Throughout 2024 we had 47,000 visits to our website, with 28,799 followers across our social media channels and 9,445 newsletter subscribers.

To accompany these changes we reorganised our internal structure to better reflect our new direction of travel. Our teams now bring together expertise in policy and insight, practice and innovation, and operational support.

Grounded in community business

As we have evolved Power to Change we have made a commitment to remain grounded in community business. To ensure we achieve this we keep community businesses at the heart of all we do. We aim to nurture open, trusting and reciprocal relationships with a diverse range of community businesses and we include community businesses in our decision-making and governance.

In 2024 we commissioned an independent review of our practice to help audit our existing activity and inform our further action. This indicated a range of existing action including involving community businesses in the design of activities, when formulating policy proposals, and in our governance structures. It also noted that we procure directly from community businesses (e.g. venues, catering, support services) and remunerate community businesses for their time when they are working alongside us. The report was submitted in December 2024 so we will be continuing to work throughout 2025 and beyond to consider and action additional activity to ensure we remain grounded in community business.

Alongside staying directly connected to community business ourselves, we recognise the value of connecting community businesses to each other. For example, in 2024 we agreed to support the Mycelial Network (grant funding £150k over 3 years) to enable them to bring together a network of emerging and maturing community businesses driving neighbourhood transformation, often by acquiring and activating assets as Community Asset Developers (CADs).



Equity in our activity and impact

We seek to advance diversity, equity and inclusion throughout everything we do, from recruitment of our staff through to our grant making practices.

We take an equity based approach to our work as we know that not every community starts with the same resources and opportunities.

Looking at our funding support to community businesses in 2024, 60% of community businesses are based in the 30% most deprived areas (IMD 1-3). This represents an increase on the previous year (2023: 49%).

Our activity and impact

We have worked throughout the year to shape the conditions for community business to thrive. This has been achieved through our funding, through our practical demonstrator initiatives, and through our policy and influencing activity.

As we have shaped our focus throughout 2024, we have concentrated our activity on three thematic areas:

- Building community power
- Financing the future economy
- Taking back the high street

We provide below an overview of our key activity and impact in each of these, as well as updating on other significant areas of action throughout the year.

£645k in direct grant funding distributed to community businesses in 2024

97 community businesses directly supported in 2024



Collaborative funding partnerships in place with 3 combined authorities in 2024

Building community power

We believe communities should have the power to change what matters to them in their local area. Our work on building community power has achieved a number of positive outcomes in 2024 including influencing the developing UK devolution landscape and laying the groundwork for the English Devolution Bill.

We're Right Here

We have continued to back We're Right Here throughout 2024, putting community business leaders at the front of a campaign to achieve significant changes on community power. We have provided core funding to the campaign and been active participants in it. We worked alongside the community business leaders in the campaign team to engage key MPs as well as write policy briefings and campaign materials. We also contributed resource and expertise to the communications planning and implementation. The campaign has seen huge success during 2024, with the Labour Party picking up its core ask for a Community Right to Buy in their general election manifesto and subsequently including this in the first King's Speech of the new Government.

Community Right to Buy

We launched *Getting it right: Introducing and implementing a Community Right to Buy* in September. It aims to influence the direction of the English Devolution Bill and the implementation of the Community Right to Buy. It attracted keen interest among community business leaders, partners, and local and regional government to engage on the implementation of a Community Right to Buy, and this work has formed the basis of our ongoing advocacy to government to ensure the recommendations of the paper are adopted in the English Devolution Bill. In addition to the Community Right to Buy, we have expanded this work to also inform the Government's thinking on the community right to shape public services and community covenants.

Devolution to the neighbourhood level

In August 2024 we published *What powers where? Achieving the 'devolution revolution'* with think tank, Reform. The report sets out design principles for local systems and recommendations for whole regional systems to work together and distribute powers at every scale. It also sets out the notional distribution of powers for a much more devolved system. It builds on earlier work where Power to Change has consistently argued that devolution to the neighbourhood level is crucially important for communities to be empowered and feel the difference in their local areas.

Community covenants

Community covenants are neighbourhood-level arrangements that bring communities, community businesses and public sector partners together to share power and decision-making. In autumn 2024, we hosted a community covenants webinar to share the idea and explore interest in testing it in practice, with a range of community businesses and public sector partners being involved in the discussion. Following this, we have supported our first test and learn partnership, a community covenant led by community business leader (Charlotte Hollins of Fordhall Farm) in rural Shropshire. It works with a range of local partners, including the local town council, county council, and VCSE organisations. We hope to work alongside more community covenant partners in 2025.

Fixing the Foundations

In November, we published *Fixing the Foundations: A communities strategy for Britain*. The paper explored community cohesion, empowerment and growth in response to the riots which took place across the UK during the summer. Putting forward a series of recommendations as it shapes its communities strategy, our work called for the Government to:

- invest in community cohesion, with new and improved funding to support community ownership of places and spaces where people can connect and meet;
- empower communities, giving more control to local people over certain state spending decisions in their area;
- and support community-led growth, creating a new institution or an arms-length body to support community-led institutions' contribution to local growth.

Case study: Sherford Community Land Trust

Sherford Community Land Trust (CLT) was established as part of an agreement between the local planning authority and the builders to reduce the impact of development on communities (known as a section 106 agreement).

The pioneering development is part of a new town on the outskirts of Plymouth. Building work started in 2015 and the first phase has seen approximately 1,000 residents move into the new town. By the time it is completed, around 15,000 people will call Sherford home.

The initial s106 agreement, which was drafted at the outset of the development, included a mechanism whereby each household pays a £40 annual stipend to support the work of the Community Land Trust. Where most CLTs are about creating housing, this is focused on empowering communities to design and run their shared facilities.



The Trust now runs the community hub, the new town's first community asset, where they have toddler classes, a midwife unit and office space.

There are lots more community assets which are yet to be built – a multi-use town hall, health centre, children's centre, recycling centre, high street units and so on – and the CLT is involved in the conversations to design what this is and the role they could play going forward.

The CLT is currently powered by one paid member of staff, Judy, and around 30 volunteers. It's early days but over the coming years Sherford CLT hopes to employ more staff, take on more assets, get more residents involved, and nurture a well thought-out and properly resourced cohesive community in the new town.



"It's unusual that embedding community power forms part of these agreements…it mostly relates to things like creating green space and building schools – which has happened here – but someone in the council added in the requirement to set up a CLT. We need to thank whoever that was and encourage more councils to include this in their section 106 agreements."

- **Ed Whitelaw, Real Ideas Organisation (who supported the CLT to get up and running)**

Financing the future economy

Our work on financing the future economy is about making visible the contribution community businesses make to supporting a fairer economy that works for people and planet as well as ensuring community businesses have the affordable, flexible and accessible finance they need to thrive. This year, we have sought to achieve change through practical initiatives, research, and influencing decision-makers to grow the social economy and shape finance that works for everyone.

Financing the future economy research

In May 2024, we published our research report on *Financing the future economy: How community businesses can access the right finance to achieve their ambitions*. This report drew on what Power to Change had learned from funding, supporting and advocating for community business since 2015. It addresses the challenges community businesses face in accessing the right types of finance, at the right time, to sustain and grow their businesses. It highlighted the range and complexity of the sources of finance used by community businesses to start up, grow and sustain their businesses, and the relative challenges and opportunities that these present. It also situated access to finance within the wider policy context and provided recommendations on how funders, investors and government at all levels can unlock finance for this vital sector to create a fairer and more sustainable economy.

Growing and investing in regional social economies

Power to Change has continued its impactful regional partnerships with Combined Authorities in the West Midlands, Liverpool City Region, and the North East of England. Our work aims to embed growth of community business as a priority within regional economic development plans, improve access to appropriate finance for community business and support the community business sector at a regional scale. During 2024, key highlights of this work include:

- The launch of a pilot Flexible Social Finance fund in the North East Combined Authority area, combined with on-the-ground work to build the community business pipeline for the fund, delivered by our jointly funded post at the Combined Authority. The first phase of the fund was launched in September 2024 with £1.5m, delivered in partnership with Big Issue Invest.

- The agreement of a further two-year partnership with the West Midlands Combined Authority, to continue a jointly funded post to grow the social economy ecosystem in the region and to co-fund two community business clusters within the region's social economy clusters programme. We actively participated in their Social Economy Drive in November

2024, raising the profile of the sector and championing community businesses, including at events attended by the new Mayor.

- We continued to support Kindred, providing repayable, interest-free money to community businesses and other socially trading organisations in the Liverpool City Region. We have also invested in development work on a new Social Investment Pathfinder, which aims to bring more capital into Kindred and the community business sector in the region.

Trade Up and Trading for Good

We have continued to invest in innovative forms of finance for community business, partnering with the Dulverton Trust and the School for Social Entrepreneurs to deliver matched trading finance under the final round of the Community Business Trade Up programme. This financial support is coupled with a learning programme designed to develop trading income streams and build a resilient community business, delivered by the School for Social Entrepreneurs.

The follow-on programme to this, Trading for Good, launched for applications this year in partnership with the Dulverton Trust, The National Lottery Community Fund, and the School for Social Entrepreneurs. The programme received 150 applications, with 57 awarded a place on the first year of the Trading for Good programme, showing strong demand for this kind of funding.

Community Shares Booster

We have continued to work with Cooperatives UK to offer the Community Shares Booster programme and to raise the profile of community shares and grow the market. The Booster Fund supports new and existing community businesses in England that are at all stages of a community share issue, offering both development grants and equity match investment. The Booster programme made 10 equity awards, 12 grant awards and 15 pre-grant awards in 2024.

Influencing access to finance

All of our work under this thematic area of work has sought to influence the nature of finance available to community businesses. This year, we have sought to influence the policy landscape and the role that community business can play, including calls to support and expand the Government-backed Community Ownership Fund. We have also begun work to explore how to unlock long-term, institutional investment at a community business level.

Spotlight: West Midlands Combined Authority Partnership

Power to Change has been working in partnership with the West Midlands Combined Authority (WMCA) for the last couple of years with the goal to double the social economy in 10 years. This includes co-funding a Social Economy Growth Lead, Charles Rapson — a new way of working with the combined authorities. This approach is already having an impact in facilitating a strong and reciprocal partnership between our organisations.



In 2024 we co-funded a range of activities including the Social Economy Drive, a week-long series of events designed to celebrate, promote and connect those organisations that are working to address social or environmental issues whilst also making a contribution to the local economy.

This year we sponsored and participated in a full programme of events from 18-22 November through our partnership with the WMCA. This included our Deputy Chief Executive contributing to a panel discussion, Understanding the Social Economy in the West Midlands, at the opening breakfast event for the Social Economy Drive.

We concluded our involvement with the Social Economy Awards Gala Dinner, where our trustee Léonie Austin presented the Award for Community Business or Cooperative of the Year to the winners CitySave Credit Union.



Taking back the high street

We want communities to have the power to create vibrant and resilient high streets that work for them. But to do so, local people must have a seat at the table. They need the opportunities and resources to take ownership of the spaces and places that matter to them. This year, our work focused on building the evidence base and finding innovative demonstrators of community-led practice on the high street as a basis for reimagining what is possible and laying a foundation for future advocacy.

Department stories

In December we published *Department stories: How communities are reimagining a national institution*. This research, undertaken by Power to Change, published in December 2024, reveals how communities across the country are developing their own solutions to the decline of department stores, tackling both high street vacancy and the loss of these important social spaces. It showed how they are part of a wider movement of communities taking back their high streets, bringing new life to old buildings to strengthen their communities and keeping money circulating in their local economies.

Through case studies and interviews with four community businesses managing department stores and town centre shopping spaces, supplemented by insights from other high street stakeholders, the report explored the opportunities of community reuse of department stores, as well as the challenges entailed in running them for broad community benefit.

The report also called on government to adopt policies to make community ownership on the high street more accessible, including creating a Civic High Streets Accelerator, channelling more local growth and regeneration funding towards community-led high streets initiatives, and more policies to support community ownership on the high street.

Giving evidence on our high streets work

We have taken the opportunity to give evidence on the findings and recommendations of our high streets work during the year.

In March 2024 we gave oral evidence to the Built Environment Committee inquiry on high streets in towns and small cities. We also provided supplementary written evidence, which was cited in the Committee's report *High streets: Life beyond retail?* (November 2024). In particular, the report explores our practice on Community Improvement Districts and makes a recommendation that BIDs should be expanded to include community voices.



Later in the year we visited City Hall to give evidence to the London Assembly Economy, Culture and Skills Committee's high streets inquiry, alongside other placemaking experts. There was strong consensus among the panel on the need for high streets to become civic spaces once again.

Community-led High Street Innovators

This year we launched Community-led High Street Innovators, a call for collaboration from community businesses working in innovative ways to renew their local high streets and town centres. As part of our new think-do approach, we were interested in shaping a demonstrator which would allow us to work alongside community businesses and other local stakeholders who are working to either enable communities to take space on the high street or town centre (e.g. through meanwhile use, lease or community ownership) or who are enabling communities to have a greater say in the governance of their high street or town centre.

Each community business taking part in the demonstrator works collaboratively with Power to Change, and each other, over 12-month period. They also receive between £25,000 and £50,000 in funding to support their engagement and activity. The call closed in December 2024, attracting over 100 expressions of interest. This work is continuing into, and throughout, 2025.



Case study: Haven Community Hub

Westcliff-on-Sea is a suburb of the popular seaside city of Southend-on-Sea. Westcliff is undergoing an exciting transformation, emerging as a thriving hub for businesses and a vibrant destination for the Southend community. Central to this is the community-led revival of a historic department store.

Once known as the Bond Street of Essex, the main shopping area of Westcliff-on-Sea is Hamlet Court Road. The much-loved department store Havens, selling homewares, housewares, gifts, perfumes, cutlery and glassware, established a home here for almost 100 years. But Westcliff declined during the economic recessions of the 1970s and 1980s. When Havens closed in 2018, it was the only independent department store remaining in Southend – an all too familiar story for many of the UK's changing high streets. But Mike Nicholson from local charity Age Concern Southend was determined to make sure this Grade II listed building did not remain empty. Mike said: "We had this idea of creating a one-stop hub, housing all of the facilities and services needed by local older people, their families and the whole community. "Nigel and Paul Havens, the owners of Havens, who we have a very good ongoing supportive relationship with, told us they were planning to close because they were earning more from the internet business than the store. Havens wanted to do something good for the community, so that's how Haven Community Hub was born."

The Hub experienced delays with obtaining planning consent to convert the listed building for community use but eventually opened in 2019, rented to the charity from the Havens family on a 20-year lease. Serving the community through a diverse offer The Hub is open to all ages and offers a huge range of activities, including free counselling for older people, choirs, coffee and conversation sessions, tai chi, therapy treatments, and even a charity shop. The Hub generates income through a range of services, including a dementia day care centre which is open five days a week. The large cafe is rented out to a local business and offers affordable meals for the community. Council services are also hosted in the building, including additional practical and emotional support as well as signposting for people living with dementia and their carers.

With around 3,600 people visiting the former department store each month, the rest of Hamlet Court Road has benefited from increased footfall.



"Westcliff is following other parts of Southend, it's really changing. We believe the Hub is pivotal to this happening and that it has already made a huge impact to the area. A lot of people have said that while they're at the Hub, they visit other shops, cafes, restaurants and pubs along Hamlet Court Road. There used to be quite a lot of empty shops here when the area started declining. There are now very few, if any."

- **Mike Nicholson, Haven Community Hub Age Concern Southend**

Additional areas of activity

Beyond the thematic areas of work outlined above we have undertaken a number of additional initiatives throughout the year.

Community energy

We have continued to support a range of initiatives on community-led energy building on our earlier support through the CORE partnership to facilitate five community businesses to take ownership of eight solar farms in England and Wales. Together they have a collective capacity of 36MWp and, as a result of the transfer of community energy assets, see 20% more solar capacity in the hands of local communities. The solar farms have been transferred to the CORE groups via a portfolio-based multi-stage refinancing process. This year we provided grant funding of £85,000 to Community Energy Together to develop a new financial model to inform their work which will be finalised in 2025.

The Energy Resilience Fund offers blended finance to enable community business to retrofit energy generating or saving technology on community owned or managed buildings. Power to Change awarded £1m to the initiative contributing to a total fund of £5m, developed and delivered by Key Fund in partnership with Better Society Capital and Access Foundation. Our investment in the Energy Resilience Fund began disbursing funding this year and the goal is to demonstrate new ways of financing community business energy resilience projects.

We have drawn on the learning from our practical initiatives to inform the development of Labour's new Local Power Plan which will see substantial funding being made available for community energy. We have also developed a research partnership with Common Wealth, Locality and Ashden to further shape the Local Power Plan so that it works for communities and community business.

Social infrastructure

Power to Change has been making the case for investment in the social fabric of places, in what is called social infrastructure, for a number of years with our previous work with the British Academy, the Bennett Institute and the Institute for Community studies.

This year we undertook additional research in collaboration with the Bennett Institute looking at the role of the private sector and social infrastructure. The report, *Private Space, Public Good*, explores how partnership with the private sector can unlock access to underutilised and vacant spaces – often in desirable locations like the high street – with this often being financially mutually beneficial. However, the report found for these partnerships to succeed, communities need to be able to access spaces on terms that work for them. Sometimes this may be social value or

peppercorn rent, or long term leases that enable a genuine sense of local ownership and control of a space.

Community tech

This year we completed our grant funding and support on Community Tech. Power To Change's Discovery Fund sought to help community businesses develop ideas, digital skills and exploration of community owned technologies, with the fund running from October 2023 - April 2024. 20 grantees received money, support with open working from Third Sector Lab and a free place on a digital design programme run by CAST.

Launched in October 2022, the Power to Change Makers & Maintainers Fund was designed to support community businesses in sustaining and strengthening community tech. The two-year programme provided £40,000 in funding to 10 organisations, enabling them to maintain, develop, and adapt existing community technologies. We also worked with Promising Trouble to organise an event for the Makers and Maintainers cohort, ensuring they have the support they need and shared learning and reflections about the impact of the programme through a 'most significant change' workshop.

Building capacity through Powering Up

Power to Change launched Powering Up in November 2021**,** a programme offering targeted support to community businesses and their teams to enable them to navigate challenges strengthen their capacity over a 12-month period. The programme ended in summer 2024.

Over the lifetime of the Powering Up programme:

- 69 community businesses were supported
- 249 tailored support packages were provided
- 169 providers were brought in to deliver the support packages
- £570,200 was awarded as flexible grants
- £605,800 was awarded in technical support
- £204,000 was awarded as professional development and wellbeing support

- 5 Community Business Connectors, 3 Digital Leads, 4 Climate Leads and 4 Digital Advisors worked closely with the community businesses

By providing access to specific technical expertise, professional development opportunities, and wellbeing support, the programme aimed to equip community businesses with the tools and resources needed to not only survive but thrive.

Each support package was tailored to address the unique circumstances and needs of each community business, ensuring that they received the most relevant and impactful assistance in order to meet their own individual objectives. The programme offered specialist support around two themes – digital transformation and climate action and sustainability.

> "In conclusion, the Powering Up programme represents a pioneering approach to supporting community businesses, marked by emphasis on devolving power and tailoring support to meet the diverse needs of participating organisations. Through a unique funding model and collaborative decision-making processes, the programme has demonstrated its ability to drive tangible improvements in community businesses' operations, digital proficiency, and leadership capacity."
>
> **- Renaisi Evaluation Report, August 2024**

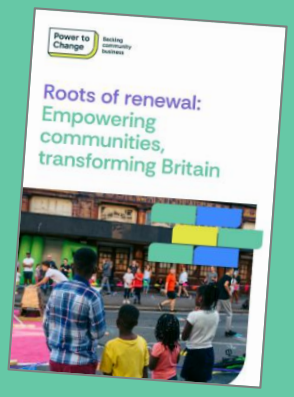


Spotlight: Power to Change at the Party Conferences

During September and October 2024, we attended the political party conferences to meet with our political stakeholders, including new MPs, and make the case for community business.

We also distributed our refreshed manifesto, Roots of Renewal, with policy recommendations on how the new Government can help shape the conditions for community business to thrive:

- to build community power, the Government should introduce new community rights through the English Devolution Bill.
- to enable communities to take back their high streets, the Government should extend, expand and improve funding for community ownership.
- to finance the future economy, the Government should establish a Community Growth Network.



At Liberal Democrat party conference, we met new MPs who, with experience in the charity sector, civil society and social enterprise, have the potential to be valuable allies to community business in Parliament. At Conservative party conference we listened to the priorities of the candidates for new party leader, considering where there was backing and potential support for community business. At Labour party conference, we heard renewed pledges from MHCLG (Ministry of Housing, Communities and Local Government) ministers Jim McMahon and Alex Norris to empower communities, support community ownership and enable them to play a greater role in building local growth. Alex Norris and the Small Business Minister Gareth Thomas also met community businesses at our event at Baltic Creative.

Financial review and reserves policy

Power to Change supports community businesses using an expendable endowment provided by The National Lottery Community Fund, income generated from this endowment, and additional restricted and unrestricted income.

Expenditure

Total expenditure in 2024 was £4.68m (2023: £9.04m), in line with our projected expenses for the year but at a lower level of spend than previous years due to Power to Change developing and refining our strategy and business model.

Our 2024 expenditure was entirely in relation to charitable activities with no fundraising element in this year. 63% of our charitable spending (£2.91m) was on existing programmes and the amount of spend related to closing programmes was 37% (£1.74m). This was similar in amount and higher in percentage terms to our previous year's activity (2023: £1.99m or 22%) as we continued the closure of programmes as part of our organisational transition to a think-do approach.

Note 3 to the accounts shows a detailed analysis of our expenditure. The total value of grants awarded decreased by 39% from £2.40m in 2023 to £0.92m in 2024. This is primarily due to fewer new programmes in 2024 as well as some grant programmes not awarding new grants. Note 6 to the accounts provides detail of grant expenditure by programme in each year. Support to the sector also reduced in absolute value but similar when viewed as a percentage of total expenses (from 10% in 2023 to 12% in 2024), demonstrating the support we provide to the community business sector.

Direct staff costs reduced in 2024 (from £1.68m to £1.07m) as we decreased our staff numbers in line with our new organisational approach while programme delivery costs decreased by 31% (2023: 55%) over the same period (from £0.48m to £0.33m) reflecting our reduced reliance on delivery partners.

Research and evaluation direct costs decreased between 2023 and 2024 (from £0.45m to £0.23m), representing 5% (2023: 5%) of our total expenses as we continued to monitor the impact of our activities on the community business sector and share the lessons learnt.

Support costs in 2024 of £1.28m (2023: £2.47m) included support staff, rent and organisation costs, IT, legal, training, depreciation and governance. They represented 27% of total expenditure (2023: 28%).

The National Lottery Community Fund endowment funded c.38% of our expenditure in 2024, while the rest was mostly covered through restricted funds (including the £20m grant from TNLCF).

Income

Restricted funds represented 66% of our income in 2024 (2023: 94%) and included £2.06m of grant income from The National Lottery Community Fund to cover core costs, which is our final grant payment with regards to this grant. Note 2 to the accounts details our various sources of income in 2024 including the £0.51m of Subsidiary Income from PTC Renewable Energy as a result of the loan agreement put in place upon the sale of the Solar Farm assets to the Community Partners.

Investment policy

In 2023, the strategy review and refinement of our business model removed the time limited nature of the organisation. Our investment policy has remained unchanged since this decision which is solely cash at bank and deposits (outside of our social investment in CORE) and the Trustee Directors consider that keeping the Charity's assets in cash is the most prudent option. The objectives stated in the investment policy remain "to produce the best financial return within an acceptable level of risk and with capital preservation as a key criteria".

In 2024, investments were still held in short term cash deposits. To limit credit risk, cash deposits are managed to ensure that no more than 33% of them are held with any one financial institution. To limit liquidity risk, our investment policy states a minimum amount of budgeted programmatic and total operating expenses should be kept in cash or low risk liquid investments. This clause was modified by the Trustee Directors in February 2022 from "18 months' worth" to "12 months' worth" to reflect the declining size of the endowment fund and the fact that a significant share of our expenses is financed through a grant from The National Lottery Community Fund drawn down every quarter based on projected expenses.

Cash and deposits held at 31 December 2024 amounted to £14.92m (2022: £17.46m). Together they represent more than 12 months' worth of budgeted programmatic and total operating expenses.

In addition, the Trust made a social investment in Community Owned Renewable Energy LLP (CORE LLP), a joint venture between Power to Change and Big Society Capital. CORE LLP worked alongside

local community energy groups to support, develop and refinance solar farms with a view to maximising the benefit for these communities over the life of the investment venture. The creation of a portfolio of assets under CORE LLP was completed in 2019 and in December 2023 the assets were sold to local community groups who have formed an alliance “Community Energy Together” (CET). As part of the sale of the assets Power to Change and Big Society Capital (now Better Society Capital) provided loan finance to CET.

The investment in CORE LLP was made through the Trust’s 100% subsidiary company PTC Renewable Energy Ltd (PTCRE). The investment in PTCRE is held in the Trust at cost (£5,226k). In 2024 this represents the loan from PTCRE to CET. In addition, the loan from PTCRE to CET of £5,662k at current value is recognised as a social investment loan in debtors.

Funds

Retained funds and movements in the funds are shown in note 13 to the accounts. Income generated from the expendable endowment provided by The National Lottery Community Fund (the “Capital Fund”) is added to The National Lottery Community Income Fund (the “Income Fund”) on an ongoing basis. When required, money from the Capital Fund is also transferred to the Income Fund to meet our ongoing expenditure requirements not met through other funding.

During 2024, £0.69m was transferred from the Capital Fund (2023: £0.66m). The balance on the Capital Fund at 31 December 2024 was £19.64m (2023: £20.47m). In addition to The National Lottery Community Fund endowment which funded c.38% of our 2024 expenditure, we used restricted funds to fund most of our remaining expenditure.

Our main source of restricted funding and related expenditure in 2024 was grant funding from The National Lottery Community Fund: £2.89m was spent (2023: £6.07m) to cover core costs related to our five-year strategy (£2.06m was received in 2024 as the final part of a five-year grant of £20m).

Reserves and ongoing concerns

The Trustee Directors manage our reserves in line with the reserves policy, which is reviewed annually. In line with Charity Commission guidance on expendable endowments, the reserves policy does not stipulate a specific level of endowment or unrestricted reserves that are required. The Trustee Directors reviewed in December 2024 the cash position forecast for the Trust at the end of 2025 and determined that free reserves of £13,687m was sufficient to meet the needs of the organisation. The trustees also determined that it would be to the benefit of the community business sector to use some of our reserves to support community businesses seeking to unlock long-term finance and wanted to retain provision within its reserves for this to be taken forward in



subsequent years. The reserves policy will continue to be reviewed and updated as the charity's think-do approach and new business model is developed and embedded.

The budget is reviewed annually and was last reviewed in December 2024. As such there are no material uncertainties surrounding the Trust's ability to continue as a going concern and the financial statements have been prepared on that basis.



Structure, governance and management

Legal structure

Power to Change Trust (the "Trust" or the "Charity") is a charitable trust registered in England and Wales (Charity Commission registration number 1159982) and is constituted under a revised Trust Deed dated 28 September 2016. The Trust came into existence on 21 January 2015 upon receipt of a £149,204,000 endowment from The National Lottery Community Fund (formerly the Big Lottery Fund). Power to Change Trustee Limited is the sole corporate Trustee. It is a private company (company number 8940987 – England and Wales) limited by guarantee and incorporated on 17 March 2014.

Power to Change has one subsidiary company: PTC Renewable Energy Ltd. The Trustee Directors approve the appointment of directors of PTC Renewable Energy Ltd. PTC Renewable Energy Ltd owns 50% of Community Owned Renewable Energy LLP (CORE LLP, company number OC418078), which is a joint venture with Better Society Capital that brings existing solar farms into community ownership to deliver lasting community benefits. At the end of 2023, CORE LLP successfully transferred 36mw of solar farms into community ownership and CORE LLP will be wound up in 2025.

Charitable objects

The charitable objects of the Power to Change are set out in the Trust Deed and include the following (which do not limit the Trust's overriding general charitable object):

- relief of poverty and unemployment
- advancement of education
- promotion of the voluntary sector
- advancement of citizenship or community development
- promotion of sustainable development
- development of the capacity and skills of disadvantaged groups in society

- urban and rural regeneration in areas of social and economic deprivation
- promotion of social and economic inclusion

Funding is only granted where a charitable purpose can be identified.

Public benefit

Power to Change backs community businesses so that communities have the power to change what matters to them, creating more resilient places that are better to live and work in for everyone.

The Trustee Directors have referred to the public benefit requirement and sought to outline throughout the sections of the annual report details of the charity's purposes and objectives and the significant activities undertaken by the charity to carry out its charitable purposes for the public benefit.

The Trustee Directors confirm they have referred to the Charity Commission's guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities and that they have had due regard to the Commission's guidance when exercising any powers or duties to which the guidance is relevant.

Governance

Trustee Directors

Board members are directors of Power to Change Trustee Limited and are referred to as Trustee Directors throughout this report. The Trustee Directors are listed below.

New Trustee Directors are sought by open advertisement and undergo a rigorous interview process. The ultimate decision on selection is a matter for the Trustee Directors already in post. A strategic, operational and governance induction programme is in place.

All Trustee Directors are given current information on the legal duties and expectations of being a Trustee Director and are invited, on an ongoing basis, to attend relevant training events paid for by the Charity. Trustee Directors are also invited to attend key internal meetings, and sector events hosted and/or sponsored by the Charity.



New Trustee Directors are initially appointed to serve for a three-year term after which they will be eligible for reappointment. The Articles of Power to Change Trustee Limited provide for a minimum of five Trustee Directors and up to a maximum of thirteen. The Trustee Directors agree the broad strategy and areas of activity for the Charity including consideration of grant making, investment, reserves and risk management policies and performance. The programmatic activities of the organisation, including the administration of grants is delegated to the Chief Executive and his team.

The Board met four times in 2024. All Trustee Directors give their time freely and no Trustee Director was paid remuneration. In 2024, the Trustee Directors claimed £1,749 of expenses (2023: £708) in connection with the Trust's business.

The Trustee Directors in post during the year and up to the date of signing of this report were:

Name	Role
Anthony Burton CBE	Chair
Léonie Austin	Vice Chair
Anne-Marie Harris	Chair of the Finance and Risk Committee
Deepa Shah	Chair of the People and Governance until 11 March 2024
Ian Hempseed	
Melissa Mean	
Dr Jess Steele OBE	
Claire Spencer	Appointed 25 September 2024
Daniel Hill	Appointed 25 September 2024
Fintan Irwin-Bowler	Appointed 25 September 2024
Tim Davies-Pugh	Company Secretary

The following Trustee Directors were in post during 2024 but stood down before the date of signing of this report:

Name	Role
Sarah Gorman	until 25 September 2024
Dai Powell OBE	deceased 07 February 2024
Hardev Virdee	until 06 July 2025

Sub-Committees

The Charity changed its sub-committee structure during 2024 following a governance review.

Between September 2023 and February 2024, the People and Governance Committee conducted, on behalf of the Board, a review of the governance of Power to Change. The outcome of the review led to the following changes being made to the governance of the Charity, effective from 11 March 2024:

(i) the **People & Governance Committee** was disbanded, with its duties either being transferred to the Board or delegated to the Chief Executive and his team.

The People and Governance Committee (until disbanded on 12 March 2024) oversees all people and governance matters including composition of the Board, all policy and people related matters, diversity and adherence to the Trust's values.

Members (until 12 March 2024): Deepa Shah (Chair), Léonie Austin, Sarah Gorman. Members met once in 2024.

(ii) the Finance and Audit Committee was renamed the **Finance and Risk Committee**, with its duties widened to include scrutiny of risk management effectiveness and overseeing business development and income generation activities, to enable it to make recommendations to the Board for the purposes of improving the efficiency and effectiveness of the Trust's financial and risk governance.

The Finance and Risk Committee (from 12 March 2024, previously named Finance and Audit Committee) oversees financial aspects of the Charity including budgeting, financial and management reporting, risk management, business development and income generation activities. It also oversees all systems of control, including the annual external audit and the internal controls processes.

Members: Anne-Marie Harris (Chair), Dai Powell OBE (until 07 February 2024), Hardev Virdee, Tony Burton (from 11 March 2024), Deepa Shah (from 11 March 2024), Sarah Gorman (form 11 March 2024 to 25 September 2024). Members met four times in 2024.

In memory of Dai Powell

Trustee Director of Power to Change

We remember Dai Powell with deep gratitude and respect. As a dedicated trustee director of Power to Change, Dai brought vision, integrity, and unwavering commitment to strengthening communities through social enterprise. His leadership and passion for community empowerment left a lasting legacy, inspiring those around him and shaping a better future for many.

Dai's work lives on in the organisations and lives he touched. He will be deeply missed but never forgotten.

Management

Management personnel

The board delegates day-to-day management of the organisation to the Executive Team, led by the Chief Executive. The Executive Team all attend board meetings. During the year the Executive Team comprised:

Executive Team Member	Position
Tim Davies-Pugh	Chief Executive

Nicola Fuschillo	Chief Operating Officer (until July 2024)
Ailbhe McNabola	Deputy Chief Executive (until December 2024)
Nicola Steuer	Deputy Chief Executive (from September 2024)

Fundraising practices

The Charity did not undertake any fundraising activities or involve any professional third-party fundraisers or commercial participators during the year. Given this, we did not receive any complaints and do not have anything to disclose about fundraising practices under the provisions of the Charities (Protection and Social Investment) Act 2016.

Grant-making policy

Grant making remains a key activity of the Charity. Our grant making processes are governed by the Grants Policy Framework which was revised in 2022, approved by the Board and given the consent of the Protector.

The Board has appointed the Executive Grants Committee (EGC) as an executive decision-making body of the Charity with delegated authority to award, reject or withdraw grants in accordance with the Charity's objectives and to ensure that all grants are awarded in line with the Grants Policy Framework. The EGC reports directly to the Board. Grants over £500k require approval of the Board.

The EGC has the power to delegate grant decisions to sub-committees. These sub-committees, which are often run in conjunction with the Trust's delivery partners, have terms of reference which include membership, voting and a maximum grant value they can award.

Risk management

The Trustee Directors recognise that the effective management of risks is central to the Charity's ability to achieve its objectives, and aims to anticipate and, where possible, manage risks rather than dealing with their unforeseen consequences. The Charity has a five-step approach to risk:



clarify objectives, identify risks to achieving objectives, assess and rate the risks according to a scoring formula (Likelihood x Impact + Impact), determine the appropriate response to each risk and then finally review and report on those risks.

The Charity has also prepared and agreed a risk appetite statement that identifies its appetite for risk across all its areas of activity. For example, investments in programmes and our grant making have a different appetite for risk (high) compared to legal/regulatory and trust compliance where risk tolerance is low.

The key risk review and reporting mechanisms at Power to Change are:

- **Risk register.** The risk register forms the Charity's primary mechanism for considering long-term risks, set in the context of our statement for risk appetite. It identifies all known long-term risks and assigns them for management to an individual member of the Executive Team. They are reviewed quarterly by the Executive Team and annually by the Board (additionally red risks are reviewed by the Board every six months).

- **Management accounts and budgets**. Management accounts measure financial performance against financial objectives and they identify the risks of not achieving these objectives. Management accounts are prepared monthly, detailed reviews are carried out with budget holders at least quarterly, and budgets are produced annually. Management accounts are reviewed against budget on a quarterly basis by the Finance and Risk Committee and shared with the Board.

The last formal full review and update by the Trustee Directors of the risk management framework and the statement of risk appetite was in March 2024, and the risk register was last reviewed by Trustee Directors in September 2024.

The most significant areas of risk (after considering mitigating actions) are summarised below together with a summary of the mitigations.

Summary of significant risks

Area of risk	Mitigations
Financial Failure to transition our financial model and achieve our income generation targets.	Our revised financial model removes the immediate impact of generating additional income and while realising the full value of the capital and interest repayments on the loan made by our wholly owned subsidiary, PTC

	Renewable Energy Ltd, to Community Energy Together members is a risk, it is low given the value of the assets financed. Work to embed an approach to business development that delivers the sustainable income for Power to Change will be completed during 2025.
External Fraudulent behaviour, poor-quality and/or failure to deliver services or other inappropriate activity by grantees, suppliers and delivery partners undermine our reputation	Close performance and relationship management of suppliers and delivery partners and contractors to ensure potential reputational risks flagged. Whistleblowing policy in place and a communications protocol in place for managing negative situations.
Operational Major IT systems failure or cyber security attack	All systems are cloud based and regularly backed-up. Single Sign-on features enabled on main applications. All staff required to complete cyber security training during probation and regular refresher sessions and re-validation of Cyber Essentials achieved in September 2024.

Statement of responsibilities of the Trustee Directors

The Trustee Directors are responsible for preparing a Trustee Directors' annual report and financial statements in accordance with applicable law and FRS 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

The law applicable to charities in England and Wales require the Trustee Directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing the financial statements, the Trustee Directors are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the applicable Charities Statement of Recommended Practice
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures that must be disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Trustee Directors on 9 July 2025 and signed on their behalf by:



Anthony Burton CBE
Chair

Protector's statement

Background

I was appointed as Protector of the Power to Change Trust ('the Trust') by The National Lottery Community Fund on 1 November 2018 for a period of three years. My term of office was renewed for a further five years on 1 November 2021. The Trust is a UK registered charity set up for broad charitable purposes, with a corporate trustee controlling its affairs. The corporate trustee is Power to Change Trustee Limited, which in turn is controlled by a board of directors (the Board) who meet regularly. The Board delegate the day to day running of the Trust to the Chief Executive.

The founder of the Trust is The National Lottery Community Fund ('the Fund'), previously known as the 'Big Lottery Fund', which invested £149 million in setting up and endowing the Trust with a view to making 'community-led enterprise across England a sustainable solution to local social and economic needs and opportunities'.

Function of the Protector

The function and powers of the Protector are set out in the Trust Deed dated 3 November 2014 and subsequent thereto supplemental deeds dated 6 January 2015 and 28 September 2016. The fiduciary duty of the Protector as stated in the Trust Deed is to 'ensure the integrity of the administration of the Charity and the propriety of its procedures'. The Protector is not involved in the decision making and is not a trustee director of the Charity but is entitled to receive notice and accompanying papers in relation to all meetings of the Trustee, committees of trustee directors and members of the Trustee, to speak at such meetings and to table items for discussion. If necessary, the Protector must report matters of serious concern to the Fund or to the Charity Commission. The function of the Protector therefore is to ensure the Trustee Directors administer the Trust properly and to act as a 'watch-dog', monitoring the Trustee and preventing it from overreaching its powers or breaching its duties. More positively, the Protector must seek to ensure, as far as possible, that the Trust is administered in accordance with the terms of the Trust Deed and give or withhold consent or approval to the exercise of certain powers by the Trustee.

I am required under the Trust Deed to prepare a statement for publication by the Trustee in its annual report, explaining the Protector's function, how the function has been exercised and, if appropriate, identifying any areas of administration that require improvement and steps to be taken by the Trustee to affect such improvement.



Aims of the Trust

The Fund established the Trust to bring about a widespread recognition of the economic and social benefits of community-led enterprise and asset ownership so that more local people are enabled to improve the places where they live. The principal objectives of the Trust are set out in the Structure, Governance and Management section (p34) of this document.

The permitted methods of achieving the objectives are widely drawn within the Trust Deed and the Fund sets out the key supporting interventions that it wishes the Trust to use in exercising its powers and duties. The Fund's desired outcome is that the Trust should encourage and develop sustainable community businesses and help to bridge the gaps in market infrastructure, including intermediaries, while increasing the understanding of the key variables that drive community business creation and sustainability. The Fund expects the Trust to do this by working in partnership with others in the public, private and voluntary sectors and building an evidence base that demonstrates how community businesses become sustainable and deliver better outcomes for people and communities most in need.

Administration of the Trust

The Board holds all of its meetings in person at locations operated by not for profit or community businesses. Meetings of Board Committees are usually held on line in order to facilitate full attendance for those Trustee Directors and executives with demanding roles or busy portfolios. During the year I have attended all of the meetings of the Board of Trustee Directors, one meeting of the People and Governance Committee before the Committee was disbanded and five meetings of the Finance and Risk Committee (F&RC). I have participated in the Board strategy events and away days and on site visits to Community Businesses that are beneficiaries of the Trust's work. In addition I have met three times during the year with the Chair and monthly with the Chief Executive as part of my ongoing responsibility to keep matters under regular review.

I have met with representatives of the Fund on four occasions to provide regular assurance on the effective governance oversight and management of the endowed fund including specific assurance on the attention to risk, governance and oversight of PTC Renewable Energy by Power to Change Trustee Directors.

There have been no requests for Protector consent during the year and no matters of significant concern that I determined required raising with TNLCF or the Charity Commission. Throughout the year the Trustee Directors and executive have sought my views on matters relating to the organisation's forward strategy, to the governance and resourcing of the Trust and on matters related to the use of endowed funds to support demonstrators and innovative forms of finance for

community asset developers. The Trust continues to incorporate my comments and guidance into its decision making and I am grateful for their inclusive approach.

I am satisfied that the Trust has been administered in accordance with the terms of the Trust Deed for the period 1 January 2024 to 31 December 2024.

The year under review

This year has been marked by the ever growing reach of social media in both mobilising communities and in creating fractures in communities. Policy debates have focused on the economically excluded, cost of living pressures, increasing demand on public services, controls on public spending and a renewed commitment to devolving power to local communities. The core purpose of Power to Change is to nurture the conditions in which community led enterprise can deliver economic and social benefit and to support community led innovation that builds sustainable social value. Power to Change has evolved from being a largely grant giving organisation towards a greater focus on field building, policy influencing and brokering partnerships and coalitions that are able to shape those conditions where community businesses can thrive. The Trustee Directors have given considerable time over the year to formulating the strategic ambition for Power to Change over the next five years, building on the extensive evidence and research base and learning accumulated since the Trust's inception in 2015 as well as engaging directly with Community Businesses to test and verify the design of Power to Change as a think-do tank.

The Trust has therefore refined and reframed its strategy whilst staying true to its original purpose and legacy goals – resilient community business that drive community ownership and vest the power to change their communities for the better in the people who live and work there. There have been notable policy shaping successes during the year which are detailed in this report and the Board has supported a number of test and learn programmes aimed at capacity building in the community business sector. Thought leadership through published papers, acting as a convenor of interested but disparate stakeholders and connecting to policy makers in existing and new devolved structures has positioned Power to Change as a trusted, independent source of ideas, evidenced solutions and working demonstrators for public, private and not for profit funders to back community businesses with ongoing investment.

I have observed that the internal changes in operating practices and culture to reposition Power to Change to deliver its refreshed ambition has been well managed with the necessary time spent on ensuring the organisation downsizing and restructuring of roles is fair and transparent. There have been resulting changes in executive leadership and a proportionate shift in layers of internal governance as the larger grant funding programmes come to an orderly close. The Board has encouraged organisational agility and greater pace in decision making whilst seeking assurance that appropriate due diligence, options appraisals and risk mitigations are in place to support new and innovative programmes. The organisation is gradually becoming less dependent upon external

programme delivery partners as new skills come into the Trust at both executive and Trustee Director levels and as it moves to co-create initiatives directly with community businesses.

The areas outlined above serve to demonstrate that the Trust continues to pursue the aims of the Funder as set out in the Trust Deed, to seek to secure a sustainable legacy from its work and to add value to the community business sector.

Board of Trustee Directors and Executive changes

The Trust Chair, Tony Burton, has been keen to align the skills of incoming Trustee Directors with the future direction of Power to Change as well as right sizing the governance structure. Disbanding the People and Governance Committee and reshaping the Finance and Risk Committee has reduced the number of meetings whilst extending the time for full Board meetings to spend more time on strategic issues. The three new Trustee Directors joining the Board during the year bring a broad set of experience from the public and community business sector to compliment the skills and corporate memory of the long serving Trustee Directors. I was invited to comment on skills profile of the Board, providing assurance to the Fund on the open recruitment and appointment process and had induction sessions with incoming Trustee Directors to explain the role and functions of the Protector.

Attendance at Board and Committee meetings is good and the commitment of the Trustee Directors has been notable although the understandable demand pressures on most Board members from their full time executive roles presents challenges to attendance. Scrutiny of some new programmes; the detailed governance and financial oversight of PTC Renewable Energy as CORE has transitioned to Community Energy Together (CET); and the detailed examination of pay and reward proposals and the oversight of new Trustee Director recruitment and appointment following the disbanding of the People and Governance Committees have fallen to task-limited Board Sub Groups but with a clear assurance and reporting line to the Board and a full audit trail of key decisions.

The Board continues to operate in a challenging and collegiate manner. The Chair encourages inquiring and informed contribution from all attendees during meetings and Trustee Directors engage with and challenge appropriately the issues brought to them. Board papers for decisions, presentations and background briefings are comprehensive and financial reports have been streamlined to provide clarity on the use of restricted funds and the residual endowment, including the repayments of the loan and interest into the endowment from the investment in CET. The expanded terms of reference for the Finance and Risk committee has provided more time for scrutiny and assurance on the management of key risks and assessing income generation opportunities to ensure future financial sustainability. From my observations at Board meetings there appears to be an appropriate division between the strategy setting, oversight and monitoring role of the Board and the day to day responsibilities of the executive team. I am satisfied that the



Board has had due regard to the risks and opportunities facing the Trust as it aligns its resources to the delivery of a new strategy and to achieving the aims and objectives set out in the Trust Deed.

The changes in the senior executive team during the year have been well managed by the CEO, Tim Davies-Pugh and he has ensured a seamless transition between outgoing and incoming or newly promoted executive members with no lapse in the information flows or governance support to the Board. Power to Change has lost two long serving executive members from the team but it is reassuring to see that the organisation has remained focused on delivering its plan and that the Trustee Directors have leaned in to support the CEO and assisted in the recruitment of a Deputy CEO who has made an immediate positive impact in the organisation. I have observed a constructive and supportive relationship between the Board and the executive team which is built on trust, candour and mutual respect.

Governance

As noted the Trust has reshaped its committee structure this year and this simplification appears to be working well and to be both appropriate and proportionate at this stage of the Trust's operations. In compliance with the Trust Deed and reflecting the wishes of the Fund, I have particularly noted the following:

- Membership of the Finance and Risk Committee has been increased to ensure future quoracy for all meetings; onward succession planning as other Trustee Directors step down in 2025; skills coverage of the areas transferred from the People and Governance Committee; and to bring wider perspectives to the issues under discussion. The Chair of the F&RC initiated a light touch review of the Committee effectiveness towards the end of the year.

- Detailed examination of the legal and financial implications of moving CORE into sustainable community ownership. The F&RC has ensured the governance structure for PTC Renewable energy and reporting into the Power to Change Board is strengthened and the accounting treatment of repayments by PTC Renewable Energy to Power to Change is compliant with Charity Commission and HMRC regulations.

- A thorough review of financial delegations, operating and financial manuals and a clear audit trail of the responsibilities and timetable for the review of core policies. As the organization continues to downsize the F&RC will seek assurance on the robustness of the internal controls framework and the appropriate segregation of duties.

- The Trust has commissioned an external evaluation to capture learning from the CORE programme given the policy opportunities that are emerging through Great British Energy,

Local Energy Plans and regional devolved administrations where community owned clean energy infrastructure can play a role.

- Monitoring of the Trust's progress on its Equity, Diversity and Inclusion ambitions resides with the Board and continues to be a cross cutting theme in the evolving strategy.

- The measurement of impact as a think do tank is more complex and nuanced than the quantitative key performance indicators that have been used through large grant giving programmes. The Board is alive to this, particularly as it moves into income generation and the need to clearly articulate Power to Change's value proposition to potential funders. Work is underway with a number of partners from academia, think tanks, policy makers, funders and community business networks to develop a compelling narrative that explains the economic, social infrastructure and community benefits of the community business sector. This aims to meet the outcomes set out in the Trust Deed, particularly that Power to Change develops and supports community businesses in becoming mainstream economic contributors which help those most in need and in so doing to have a multiplier effect in the wider community.

From my observations of committee meetings and conversations with Trustee Directors and executives, I conclude that the Board applies a proportionate and appropriate level of scrutiny and challenge to operations.

Looking ahead

The year ahead looks both volatile and uncertain given the impact of wider economic and fiscal pressures on local communities, public services and all parts of the not for profit sector. Power to Change is somewhat buffered during this uncertainty with the residual endowment providing support for new test and learn programmes and core project delivery. There is much to celebrate as the Trust approaches its 10th anniversary and its place in the community business ecosystem has been defined by its willingness to take risks and not just back the safe ideas; addressing infrastructure gaps; leveraging funding into the sector; advocating, learning and sharing with others in order to grow the community business sector - exactly how the Fund and Founder envisaged. I am assured that the Trust continues to stay true to the original purpose and aims upon which it was established.

There is already a worthwhile legacy and evidence base from Power to Change's work over ten years which has created a broader and deeper awareness of the collateral, reach and impact of the sector. Policy and decision makers are actively seeking out Power to Change to help them shape national and local community led programmes. The Board is ambitious for the future of the Trust but new sources of income are slow to materialise and may be difficult to secure given the uncertainties outlined above. A compelling narrative and value proposition to TNLCF and other

funders is in development although the internal entrepreneurial, business development skills needed to explain and exploit this is currently limited. The Board has rehearsed the timescale to ramp income generation alongside the flight path for spend down of the endowment. Trustee Directors also recognise that the organisation's risk appetite will inevitably change depending on the viable lifespan of the Trust.

I will continue to assure the Fund of the robustness of the fiduciary oversight and administration of the Trust by the Board. As I reported last year as the endowed fund is spent down the Trust and the Lottery will need to agree how it operates within the parameters of the Trust Deed and what criteria would need to be met for the Deed conditions to fall away. I remain fully engaged in these ongoing discussions.



Susan Johnson OBE
Protector, Power to Change Trust
May 2025

Independent auditors report

Opinion

We have audited the financial statements of Power to Change Trust for the year ended 31 December 2024 which comprise the Consolidated Statement of Financial Activities, the Consolidate and Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charity's affairs as at 31 December 2024, and of its incoming resources and application of resources, 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 Charities Act 2011.

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 charity 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.

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 charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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 course of 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 themselves. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:



- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we required for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 42, the trustees 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144[1] of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charity.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charity and considered that the most significant are the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.
- We obtained an understanding of how the charity complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.



There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees 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 any party other than the charity and charity's trustees as a body, for our audit work, for this report, or for the opinion we have formed.

Jonathan Aikens (Senior Statutory Auditor)

For and on behalf of Moore Kingston Smith LLP Date:

6th Floor

9 Appold Street

London

EC2A 2AP

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

Financial statements

Consolidated Statement of Financial Activities

Table 1. Consolidated statement of financial activities for the year to 31 December 2024

	Notes	Endowment funds £'000	Restricted funds £'000	2024 total funds £'000	2023 total funds £'000
Income from:					
Subsidiary	2	513	-	513	-
Charitable activities	2	-	2,062	2,062	6,445
Interest and investments	2	447	-	447	375
Total income		**960**	**2,062**	**3,023**	**6,820**
Expenditure on:					
Raising funds		-	-	-	-
Existing programmes		1,117	2,170	3,288	7,043
Closing programmes		667	721	1,388	1,993
Total expenditure	3, 6, 7	**1,784**	**2,891**	**4,676**	**9,036**
Net gains / (losses) on investments	10	**-**	**-**	**-**	**1,647**
Net (expenditure) / income	4	**(824)**	**(829)**	**(1,653)**	**(570)**
Transfers between funds	14	**-**	**-**	**-**	**-**
Net movement in funds		**(824)**	**(829)**	**(1,653)**	**(570)**
Reconciliation of funds					
Total funds brought forward		20,467	829	21,296	21,866
Total funds carried forward	14	**19,643**	**-**	**19,643**	**21,296**

All gains and losses are included in the statement of financial activities.

The accompanying notes on pages 60 to 82 form part of these financial statements.

Consolidated and Charity Balance Sheets

Table 2. Consolidated and Charity Balance Sheets as at 31 December 2024

	Notes	2024		2023	
		Group £'000	Charity £'000	Group £'000	Charity £'000
Fixed assets					
Intangible assets	8	0	0	15	15
Tangible assets	9	2	2	10	10
Investments	10	5,954	5,226	933	5,226
		5,956	**5,227**	**958**	**5,251**
Current assets					
Cash at bank and in hand		15,452	14,915	17,482	17,482
Debtors	11	598	664	6,315	454
		16,049	**15,579**	**23,797**	**17,936**
Current liabilities					
Creditors: amount falling due within one year	12	(2,363)	(2,363)	(3,302)	(3,085)
Net current assets		**13,687**	**13,216**	**20,495**	**14,850**
Total assets less current liabilities		**19,643**	**18,443**	**21,453**	**20,101**
Creditors: amount falling due after one year	12	0	0	(157)	(157)
Net assets		**19,643**	**18,443**	**21,296**	**19,944**
The funds of the charity					
Endowment funds	14	19,643	18,443	20,467	19,115
Restricted funds	14	0	0	829	829
Total funds		**19,643**	**18,443**	**21,296**	**19,944**

Approved by the Corporate Trustee.

Authorised for issue on 9th July 2025 and signed on behalf of the Trustee Directors:



Anthony Burton

Chair

The accompanying notes on pages 60 to 82 form part of these financial statements.

Consolidated Cash Flow Statement for the year to 31 December 2024

Table 3. Cash flow

	2024 £'000	2023 £'000
Cash outflow from operating activities		
Net expenditure	(1,661)	(570)
Share of joint venture (gain) / loss	0	0
Net expenditure before share of joint venture gain / loss	**(1,661)**	**(570)**
Depreciation/Amortisation of tangible and intangible fixed assets	26	45
Decrease / (Increase) in current asset investments	0	0
Decrease / (Increase) in debtors	5,718	(4,844)
(Decrease) / Increase in creditors	(1,100)	(1,649)
Net cash flow from operating activities	**2,990**	**(7,018)**
Cash inflow from investing activities		
Decrease / (Increase) in fixed asset investments	(5,022)	4,215
Payments to acquire tangible and intangible fixed assets	2	0
Net cash flow from investing activities	**(5,020)**	**4,215**
(Decrease) / Increase in cash in the period	**(2,030)**	**(2,804)**
Analysis of changes in net funds		
Cash balance at the beginning of the period	17,482	20,286
Increase in cash in the period	(2,030)	(2,804)
Cash balance at 31 December	**15,452**	**17,482**
Cash and cash equivalents / Investment		
Cash in hand	15,452	17,482
Total cash and cash equivalents / Investment	**15,452**	**17,482**

Table 4. Reconciliation of cash equivalents and net debt

	2023 £'000	Cashflow £'000	2024 £'000
Cash in hand	17,482	(2,030)	15,452
Total cash and cash equivalents / Investment	**17,482**	**(2,034)**	**15,452**

Note 1. Accounting policies

Introduction

The Trustee Directors are pleased to present the consolidated financial statements for the Group and for Power to Change Trust ("the Charity"). The consolidated Group financial statements include the results of all material subsidiaries on a line-by-line basis and all material joint ventures on an equity accounting basis, after the elimination of relevant intercompany balances and transactions.

Note 9 lists all group companies and joint ventures.

The financial statements have been prepared to give a true and fair view and follow 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 (Charities SORP FRS 102) effective 1 January 2019.

In the application of the Charity's accounting policies and the applicable charity laws and regulations in England and Wales, the Trustee Directors are required to make judgements, estimates and assumptions about the carrying values of the assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. In the view of the Trustee Directors, no assumptions concerning the future or estimation of uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Power to Change Trust meets the definition of a public benefit entity under FRS 102.

Consolidated financial statements are prepared under historical cost convention in pounds sterling, which is the functional currency of the Charity.

Going concern

The Trustee Directors considered the 2025 budget and the cash balance forecast for 31 Dec 2025 alongside the available reserves (described on page 67) and are satisfied that the funds available then are sufficient to cover existing commitments and planned spending through to 2028.

As such there are no material uncertainties surrounding the Trust's ability to continue as a going concern and the financial statements have been prepared on that basis.

Income and endowments

Income is recognised in the period where the Charity becomes entitled to the funds, receipt is probable, and the amount can be measured reliably. Income is deferred only when the Charity must fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Grant income is recognised in the statement of financial activities when received or when the Charity becomes entitled to receipt. Grants that have been received are treated as deferred income where there are specific requirements in the terms of the grant that the income recognition is dependent on certain activities being completed in a future accounting period.

Fund accounting

Endowment funds represent capital gifted in 2015 by The National Lottery Community Fund (formerly the Big Lottery Fund). Any unspent income arising from the Capital Fund is added to The National Lottery Community Income Fund and the Trustee Directors may transfer amounts from the Capital Fund to the Income Fund to cover any shortfalls in that fund.

Restricted funds are funds that have been given for particular purposes and projects. Restricted funds must be used in accordance with the funders' or donors' wishes.

Unrestricted funds are available to spend on activities that further any of the purposes of the organisation.

Expenditure

Expenditure is included on an accruals basis for the charitable activities, cost of raising funds and governance. Resources expended are allocated to a particular activity where the cost relates directly to that activity.

Grants payable are recognised, in line with our internal grant recognition policy, on a legal and constructive obligations principle basis. Grants payable are accounted for in full as liabilities as soon as the criteria for a constructive obligation has been met (specific commitment communicated directly to grant recipients) and there are no conditions attached which limits recognition.

Grant commitments requiring pre-conditions outside the control of the Trust to be met are recognised in full as liabilities when it is probable that these preconditions will be met. If it is possible that these pre-conditions might be met, the grant commitments are considered as contingent liabilities.

The cost of those staff whose responsibility was the direct management and administration of an activity are apportioned based on time spent in undertaking that activity. All charitable activities are classified in alignment with those undertaken in 2024.

Allocation of support costs

Support costs are those costs which enable the generation of funds and which enable charitable activities to be carried out. These costs include governance costs, finance, human resources, legal, information technology, office and organisation costs. Support costs are allocated to each of the activities in the same proportions as the direct staff allocations above.

Raising funds

The costs of raising funds are the costs incurred in business development activities for income generation.

Governance costs

Governance costs are the costs associated with the governance arrangements of the Charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the Charity's activities. Governance costs include an element of staff time based on the proportional allocation described under the expenditure policy above.



Pension

The Charity operates a group personal pension scheme. The pension cost charge represents contributions payable under the scheme by the Charity to the fund and are recognised in the Statement of Financial Activities in the period to which they relate. The Charity has no liability under the scheme other than the payment of the contributions.

Intangible fixed assets

Website development costs and customer relationship management software have been capitalised within intangible assets as they can be identified with a specific project anticipated to produce further benefits. Amortisation is provided to write off assets on a straight-line basis over their estimated useful economic life of three years.

Amortisation charges begin in the month of purchase and are included in charitable activities expenditure.

Tangible fixed assets

All assets costing more than £1,000 are capitalised and are carried at cost. Depreciation is provided to write off assets on a straight-line basis over their estimated useful economic life of three years. The depreciation charge begins in the month of purchase and is included in charitable activities expenditure.

Fixed asset investments

Fixed asset investments represents the charities investment in joint venture net assets (disclosed further in Note 9).

Cash and cash equivalents

Cash and cash equivalents represents cash balances and short term deposits which are accessible within a period of 100 days.

In the prior year, the accounting policy for cash and cash equivalents stated that "Cash and cash equivalents represents cash balances and short term deposits which are accessible on demand".



This has been updated to the policy shown above. Had this not been updated, the prior year amount would have been reduced by 11,846k which would have been included in current asset investments and an amount of £9,103k for 2024 would have been included in current asset investments.

Financial instruments

The Charity has financial assets and liabilities of a kind that qualify as basic financial instruments.

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective-interest method. Financial assets held at amortised cost comprise cash at bank and in hand, current asset investments, cash held as fixed asset investments, and trade and other debtors. Financial liabilities held at amortised cost comprise of trade and other creditors.

Instruments other than cash, held as part of a portfolio, are stated at fair value at the balance sheet date with gains and losses being recognised within income and expenditure.

Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straightline basis over the lease term.

Contingent liabilities

Contingent liabilities are recognised when possible obligations may arise as a result of uncertain future events that are not wholly within the control of the Charity, for example an agreement with an intermediary to fund future onward grants that have not been recognised at the balance sheet date.

Joint venture investment

Joint ventures are those entities over whose activities the Group has joint control. Investments in joint ventures are accounted for by the equity method of accounting and are initially recognised at



cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss after the date of acquisition. If the Group's share of the loss exceeds the carrying amount of its investment, the Group discontinues recognising its share of further losses. Additional losses are recognised as a provision only to the extent that the Group has a legal or constructive obligation to make payments on behalf of the joint venture. The Group only resumes recognising its share of profits after they equal the share of losses not recognised. Loans to joint ventures are included in fixed asset investments.

Note 2. Income

Table 5. Income

	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	2024 total £'000	2023 total £'000
Income from Subsidiary	**513**	**-**	**-**	**513**	**-**
Income from charitable activities					
The National Lottery Community Fund - funding for the new five year strategy	-	2,062	-	2,062	6,442
Other	-	-	-	-	3
Subtotal	**-**	**2,062**	**-**	**2,062**	**6,445**
Income from interest and investments					
Income from investments		-	-	-	-
Bank interest	447	-	-	447	375
Subtotal	**447**	**-**	**-**	**447**	**375**
Total income	**960**	**2,062**	**-**	**3,023**	**6,820**

Note 3. Expenditure allocation

Table 6. Expenditure allocation

£'000	Raising funds	Existing programmes	Closing programmes	2024 total	2023 total
Expenditure from Subsidiary	-	46	-	46	20
Grants Awarded	-	359	564	922	2,402
Programme delivery costs	-	93	238	331	478
Support to sector	-	81	506	587	882
Direct staff costs	-	905	160	1,065	1,677
Research and evaluation direct costs	-	158	70	228	454
Other direct costs	-	202	10	212	672
Support costs	-	1,091	193	1,284	2,452
Total	**-**	**2,935**	**1,740**	**4,676**	**9,036**

Note: Programme delivery costs include the management of grants awarded in prior years.

Table 7. Breakdown of support costs

	2024 £'000	2024 £'000	2023 £'000	2023 £'000
Staff costs - governance	117		299	
Direct costs - governance	41		44	
Governance		158		343
Staff costs - finance, operations and HR		571		887
Rent and organisation costs		327		801
Training costs		39		129
IT costs		154		132
Legal		9		135
Depreciation		26		45
Total		**1,284**		**2,472**

Table 8. Prior year expenditure allocation

	Raising funds £'000	Existing programmes £'000	Closing programmes £'000	2023 total £'000
Expenditure from Subsidiary	-	20	-	20
Grants Awarded	-	1,372	1,029	2,402
Programme delivery costs	-	310	168	478
Support to sector	-	678	204	882
Direct staff costs	-	1,040	637	1,677
Research and evaluation direct costs	-	255	199	454
Other direct costs	-	301	371	672
Support costs	-	1,513	938	2,452
Total	**-**	**5,490**	**3,547**	**9,036**

Note 4. Net expenditure

Table 9. Net expenditure for the year

	2024 £'000	2023 £'000
This is stated after charging:		
Operating lease rentals (rent)	78	89
External audit fees	18	38
Internal audit fees	-	9
Depreciation/Amortisation	26	45
Total	**122**	**181**

Note 5. Trading Subsidiary

Power to Change Trust has one wholly owned subsidiary, PTC Renewable Energy Limited, which gifts its taxable profit to the Trust. A summary of the results of the subsidiary are shown below:

Table 10. Activities of Subsidiary

	2024 £'000	2023 £'000
Income from:		
Interest and Investments	513	-
Total Income	**513**	**-**
Expenditure on:		
Administrative Expenses	46	20
Total Expenditure	**46**	**20**
Net gains / (losses) on Investments	**-**	**1,566**
Net (Expenditure) / Income	**467**	**1,546**
Tax on Profit	-	(188)
Total Funds Carried Forward	**467**	**1,359**

Note 6a. Staff costs and numbers

Table 11. Staff costs

	2024 £'000	2023 £'000
Wages and salaries	1,509	2,437
Social security costs	152	240
Employer pension contributions	77	117
Other employee benefits	16	34
Subtotal	**1,754**	**2,828**
Training (support costs)	39	129
Training (direct costs)	-	7
Contractor costs	19	276
Recruitment costs	29	55
Total staff costs	**1,841**	**3,294**

The average number of employees (excluding contractors) during the year was as follows: 23

Table 12. Number of employees

	2024	2023
Charitable expenditure	15	14
Support and governance	8	25
Total	**23**	**39**

The number of employees who received remuneration (this includes termination payments set out below) of more than £60,000 in the year was as follows:



Table 13. Employees who receive remuneration

	2024	2023
£60,000 - £69,999	4	5
£70,000 - £79,999	3	3
£80,000 - £89,999	-	-
£90,000 - £99,999	-	2
£100,000 - £109,999	-	1
£110,000 - £119,999	1	-
£120,000 - £129,999	-	1
£130,000 - £139,999	-	1
£140,000 - £149,999	2	-

Total key management personnel costs for the year were £482k (2023: £580k).

Details of key management personnel are set out on page 38.

Included in the wages and salaries costs are termination payments of £84k (2023: £240k).

Note 6b. Trustee Directors

Trustee Directors received no remuneration during the year (2023: £nil). In total 5 Trustee Directors received reimbursement for travel and subsistence expenses of £1749 during the year (2022: 4 Trustee Directors – £708).

The Protector received remuneration of £15k for the year (2023: £15k) representing their fee as stipulated by the Trust Deed. The Protector also received reimbursement of travel and subsistence expenses of £457 (2021: £220).



Note 7. Grants awarded

Table 14. Grants awarded

	2024 £'000	2023 £'000
Capabilities		
Powering Up	-	72
Other	-	53
Enabling Conditions		
Making the Case	-	79
Local and Regional	345	301
New Economic Models		
Community Business Trade Up	-	265
Community Shares	232	438
Crowdfunding	-	20
Democratic Ownership	-	40
Empowering Places	-	-8
Market Opportunities		
Climate Action Programme	-	1000
Community Tech	-	265
CORE and Next Gen	85	324
Others		
Impact and Learning	-	25
Communications	-	25
Programme Management	-	10
Portfolio Management	226	0
Policy and Insight	65	0
Grant Withdrawals	(30)	(506)
	922	**2,402**
Grants to Delivery Partners for Delivery Costs	324	0
Total	**1,246**	**2,402**

Note 8. Intangible Fixed Assets

Table 15. Intangible Fixed Assets

	Software £'000	Website £'000	2024 £'000	2023 £'000
Cost				
Brought forward	87	82	168	168
Additions	-	-	-	-
Disposals	-	-	0	0
Carried forward	**87**	**82**	**168**	**168**
Amortisation				
Brought forward	87	67	153	126
Charges for the year	-	15	15	27
Disposals	-	-	0	0
Impairment	-	-	-	-
Carried forward	**87**	**82**	**168**	**153**
Net book value				
Brought forward	0	15	15	42
Carried forward	**0**	**0**	**0**	**15**

Note 9. Tangible Fixed Assets

Table 1610. Tangible Fixed Assets

	IT equipment £'000	Fixtures and fittings £'000	2024 £'000	2023 £'000
Cost				
Brought forward	95	39	133	133
Additions	2	-	2	-
Disposals	-	-	-	0
Carried forward	**97**	**39**	**135**	**133**
Depreciation				
Brought forward	92	31	123	106
Charges for the year	3	8	10	17
Disposals	-	-	-	0
Carried forward	**95**	**39**	**134**	**123**
Net book value				
Brought forward	2	8	10	28
Carried forward	**2**	**-**	**2**	**10**

Note 10. Fixed Assets Investments

Table 17. Fixed Assets Investments

	2024		2023	
	Group £'000	**Charity £'000**	**Group £'000**	**Charity £'000**
Social investment				
PTC Renewable Energy	-	5,226	-	5,226
Share of joint venture net assets	-	-	933	
Debtors				
Social Investment: loan to Community Energy Together Ltd	5,954		5,862	
Total investments	**5,954**	**5,226**	**6,794**	**5,226**

The social investment of £5,225k in 2024 (2023: £5,225k) relates to PTC Renewable Energy Ltd (a wholly owned subsidiary of the Trust).

The value of the loan to Community Energy Together Ltd is shown within in the Group accounts.

Table 118. Movement in Year

	2024		2023	
	Group £'000	**Charity £'000**	**Group £'000**	**Charity £'000**
Social investment				
Movement in share of joint venture net assets	(840)	0	1,647	-
Decrease / (increase) in investments	**(840)**	**0**	**1,647**	**0**
Brought forward investments	6,794	5,226	5,147	5,226
Total investments at the end of the year	**5,954**	**5,226**	**6,794**	**5,226**

Note 11. Debtors

Table 19. Debtors (Group)

	2024 £'000	2023 £'000
Prepayments	31	49
Advances to intermediaries	558	404
Trade Debtors	-	-
Other debtors	9	-
Total	**598**	**454**

Table 20. Debtors (Charity)

	2024 £'000	2023 £'000
Prepayments	31	49
Advances to intermediaries	558	404
Trade Debtors	-	-
Other debtors	75	-
Total	**664**	**454**

PTC Renewable Energy owed £66,312 to the charity at Year End

Note 12. Creditors

Table 21. Creditors

	2024 £'000	2023 £'000
Due within one year		
Trade creditors	490	552
Grants payable	1,749	2,283
Accruals	70	154
Other creditors	54	313
	2,363	**3,302**
Due after one year		
Grants payable	-	157
Total	**-**	**157**

Grants payable amounts are summarised below:

Table 22. Grants payable

	2024 £'000	2023 £'000
Balance brought forward	2,440	3,991
External grants awarded	922	2,402
Amounts defrayed	(1,613)	(3,953)
Balance carried forward	**1,749**	**2,440**
Balance carried forward due within one year	1,749	2,283
Balance carried forward due after one year	-	157
Total	**1,749**	**2,440**

Note 13. Related party transactions

Related Party Transactions with regards to PTC Renewable Energy are disclosed within the Financial Review.

During the year Lauriston Farm Limited (a grant recipient of Power to Change) engaged Hempsons LLP to give legal advice relating to their Powering Up activities. Lauriston Farm Limited had transactions equalling 2024: £2,600 (2023: £Nil). Ian Hempseed is a trustee of Power to Change and an employee of Hempsons LLP. These services were provided on an arms length basis and there were no balances due at year end.

Note 14. Group funds

Table 123. Allocation of assets by fund

	2024			2023			
	Endowment funds £'000	**Other restricted funds £'000**	**Total £'000**	**Endowment funds £'000**	**Other restricted funds £'000**	**Unrestricted funds £'000**	**Total £'000**
Intangible assets	0	-	0	15	-	-	15
Tangible assets	2	-	2	10	-	-	10
Investments	5,954	-	5,954	-	-	-	-
Share of joint venture net assets	-	-	-	933	-	-	933
Current assets	16,049	-	16,049	22,968	829	0	23,797
Current liabilities	(2,363)	-	(2,363)	(3,302)	-	-	(3,302)
Liabilities falling due after one year	-	-	-	(157)	-	-	(157)
Total	**19,643**	**-**	**19,643**	**20,467**	**829**	**0**	**21,296**

Table 134. Movement in 2024

	Balance b/f £'000	Income £'000	Expenditure £'000	Investment gains £'000	Transfers £'000	Balance c/f £'000
Expendable endowment						
The National Lottery Community Fund "Capital Fund"	20,467	-	-	-	(832)	19,635
The National Lottery Community Fund "Income Fund"	-	960	(1,792)	-	832	-
Total endowment funds	**20,467**	**960**	**(1,792)**	**-**	**-**	**19,635**
Restricted funds						
TNLCF - 5 year strategy from 2021	829	2,062	(2,891)	-	-	(0)
Total restricted funds	**829**	**2,062**	**(2,891)**	**-**	**-**	**(0)**
Total funds	**21,296**	**3,023**	**(4,683)**	**-**	**-**	**19,635**

Table 145. Movement in 2023

	Balance b/f £'000	Income £'000	Expenditure £'000	Investment gains £'000	Transfers £'000	Balance c/f £'000
Expendable endowment						
The National Lottery Community Fund "Capital Fund"	21,124	-	-	-	(657)	20,467
The National Lottery Community Fund "Income Fund"	-	375	(2,678)	1,647	657	-
Total endowment funds	**21,124**	**375**	**(2,678)**	**1,647**	**-**	**20,467**
Restricted funds						
TNLCF - 5 year strategy from 2021	452	6,442	(6,065)	-	-	829
Open Society Foundations	255	-	(255)	-	-	-
Other research and HSC work	-	-		-	-	-
Total restricted funds	**707**	**6,442**	**(6,320)**	**-**	**-**	**829**
Unrestricted funds	35	3	(38)	-	-	0
Total funds	**21,866**	**6,820**	**(9,036)**	**1,647**	**-**	**21,296**



Note 15. Operating leases

At the end of the period, the group had future minimum commitments under operating leases (related to our three office locations) as follows:

Table 26. Operating leases

	2024 £'000	2023 £'000
Payment due:		
Within one year	44	49
Within two to five years	62	-
Over five years	-	-
	107	**49**

Note 16. Contingent Liabilities

At the end of the period, the group had future contingent liabilities in relation to two programmes of activities (Community Shares and Powering Up) amounting to £363,804. These relate to possible obligations which may arise as a result of uncertain future events that are not wholly within the control of the Charity, for example future onward grants.

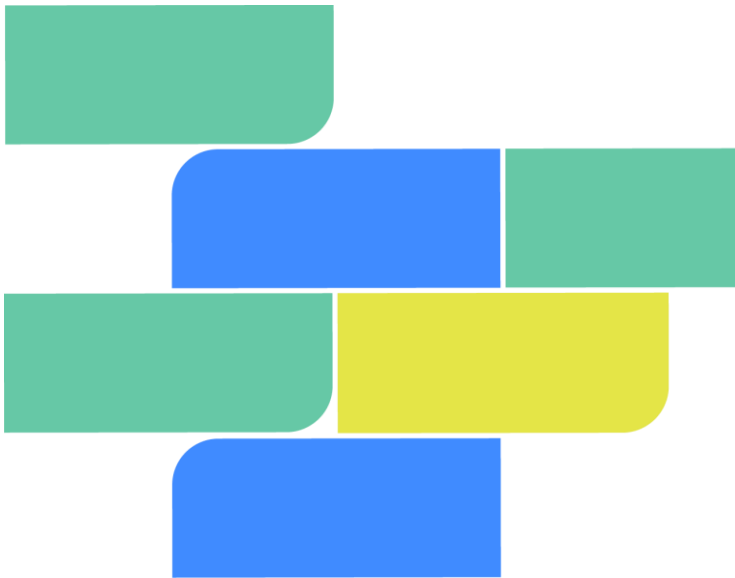
Note 17. Status of the Charity

Power to Change Trustee Ltd (Company No. 8940987) is the corporate trustee of Power to Change Trust. The Charity came into existence on 21 January 2015 upon receipt of the endowment of £149,204,000 from The National Lottery Community Fund.

Note 18. Prior year statement of financial activities

Table 157. Consolidated statement of financial activities for the year to 31 December 2023

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	2023 total funds £'000	2022 total funds £'000
Income from:						
Donations	2	-	-	-	-	-
Charitable activities	2	-	6,442	3	6,445	7,046
Interest and investments	2	375	-	-	375	115
Total income		**375**	**6,442**	**3**	**6,820**	**7,161**
Expenditure on:						
Raising funds		-	-	-	-	80
Existing programmes		1,689	5,316	38	7,043	11,224
Closing programmes		989	1,004	-	1,993	525
Total expenditure	3, 5, 6	**2,678**	**6,320**	**38**	**9,036**	**11,829**
Net gains / (losses) on investments	9	**1,647**	**-**	**-**	**1,647**	**512**
Net (expenditure) / income	4	**(657)**	**122**	**- 35**	**(570)**	**(4,156)**



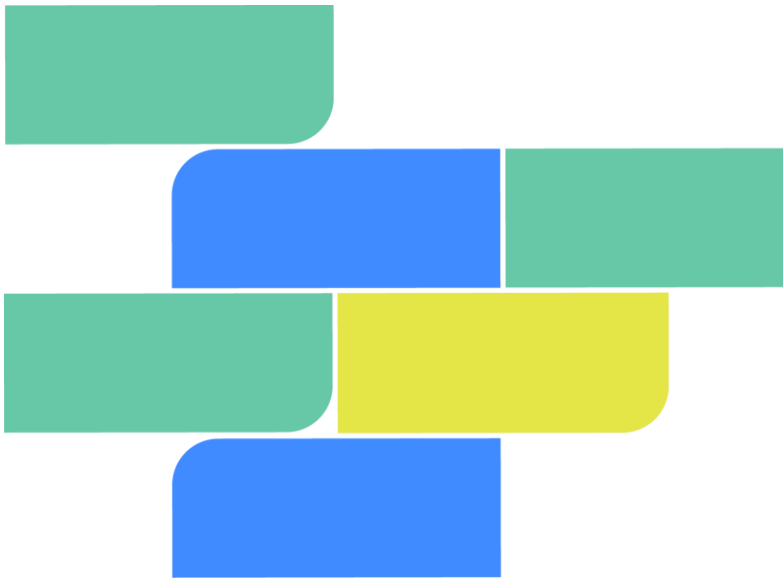
Transfers between funds	13	-	-	-	-	-
Net movement in funds		**(657)**	**122**	**- 35**	**(570)**	**(4,156)**
Reconciliation of funds						
Total funds brought forward		21,124	707	35	21,866	26,022
Total funds carried forward	13	**20,467**	**829**	**0**	**21,296**	**21,866**

All gains and losses are included in the statement of financial activities.

The accompanying notes on pages 60 to 82 form part of these financial statements.

Reference details and details of advisers

Registered office	**The Clarence Centre** 6 St George's Circus London SE1 6FE
Charity Commission number	**1159982**
Trustee	**Power to Change Trustee Limited** Company number 8940987 – England & Wales (The Directors of the Trustee company are listed on page 36)
Protector	**Susan Johnson OBE**



Auditor	**Moore Kingston Smith** 9 Appold Street London EC2A 2AP
Banker	**Lloyds Banking Group** 25 Gresham Street London EC2V 7HN
Solicitor	**Wrigleys Solicitors LLP** 19 Cookridge Street Leeds LS2 3AG



Power to Change
The Clarence Centre
6 St George's Circus
London SE1 6FE

020 3857 7270

info@powertochange.org.uk
powertochange.org.uk
Bluesky: @powertochange.org.uk

Registered charity no. 1159982

We back community business from the ground up. We turn bold ideas into action so communities have the power to change what matters to them.

We know community business works to build stronger communities and better places to live. We've seen people create resilient and prosperous local economies when power is in community hands. We also know the barriers that stand in the way of their success.

We're using our experience to bring partners together to do, test and learn what works. We're shaping the conditions for community business to thrive

POWER TO CHANGE TRUST

England & Wales - Charity number 1159982

Accounts

Power to Change

Annual Report

For the year ended
31 December 2023

Backing community business from the ground up



Contents

About us 4

Message from the Chair and Chief Executive Officer 5

Our vision, purpose and values 8
- Our vision 8
- Our purpose 8
- Living our values 8
- Principles 9

Our 2024 priorities 10
- Living our purpose 11
- What these themes mean in practice 11

Our impact 12
- Priorities 12
- The year in numbers 13

Our impact: community businesses at the heart of a fairer economy 14
- Making the Case for community business 14
- Taking back the high street 16
- Reflecting on our work in places 17

Our impact: making community businesses more resilient 18
- Building resilience through Trade Up 18
- Growing community tech 19

Our impact: a more diverse, equitable and inclusive sector 20
- Boosting community share offers 20
- Powering Up community businesses 21
- Leading the Way in the North East and Yorkshire and the Humber 22
- Equity in our research and impact 23

Our pay gap reporting 24
- Disability Pay Gap 25
- Ethnicity Pay Gap 25
- Gender Pay Gap 25

Financial review 26
Expenditure 26
Income 27
Investment policy and strategy 27
Funds 28
Reserves and Going Concern 28
Legal structure 29
Charitable objects 29

Structure, governance and management 29
Governance 30
Key management personnel 33
Fundraising 34
Grant Making Policy 34

Risk Management 35
Summary of significant risks 36
Focus of the activities 37
Responsibilities of the Trustee Directors 37

Trustee Directors' statement of responsibilities 37

Protector Statement 38

Independent Auditor's Report to the Members of Power to Change 44

Notes to the accounts

About us

We back community business from the ground up. We turn bold ideas into action so communities have the power to change what matters to them.

We know community business works to build stronger communities and better places to live. We've seen people create resilient and prosperous local economies when power is in community hands. We also know the barriers that stand in the way of their success.

We're using our experience to bring partners together to do, test and learn what works. We're shaping the conditions for community business to thrive.

Message from the Chair and Chief Executive Officer

During 2023, we took stock of our investment to date in community businesses and the financial leverage that has enabled. We are proud to report that, **since 2015, £45m of Power to Change funding has contributed to bringing in an additional £209m to community business in England. This has been in the form of additional grants, community shares, crowdfunding, government funds, refinanced debt, social investment and co-funding. This means that for every £1 invested by Power to Change, an additional £4.68 has been leveraged into the community business sector**. In 2023, we continued to deliver varied and impactful direct support to community business, all the while reorienting our organisation, so it is fit for the future.

Supporting and backing community business in 2023

Looking back over 2023, it's clear that, while community businesses and the communities they serve were coming out of the challenges of the Covid period, the global energy crises and associated cost of living squeeze in the UK were still very much impacting day to day lives and business prospects. For Power to Change, this meant focusing on how we support community businesses to transition and rebuild, and working alongside them to showcase and demonstrate their impact.

In late 2022, we launched our Resilient Communities Fund, providing immediate support to alleviate the energy and cost of living crises for community businesses. During 2023, we followed this with a longer-term investment in the Energy Resilience Fund, funded in partnership with the Access Foundation, Big Society Capital and Barrow Cadbury Trust. This Fund provides finance to enable community businesses to future proof their buildings by retrofitting energy generating or energy saving technologies.

Our Powering Up programme offered flexible and targeted support to community business leaders and their teams, aiming to strengthen their capabilities over a 12-month period. The programme provided access to specific technical expertise as well as professional development and wellbeing support, with each support package tailored to address the unique circumstances and needs of each community business. Crucially, this support was brokered and supported by experienced community business peers, an approach that we have seen work well over the years.

We continued to provide innovative, tailored finance options for community business. Our partnership with the Dulverton Trust saw us jointly funding Trade Up, a successful programme that helps to build resilience through incentivising trading activity. We made our final investments in Crowdmatch, a programme that enabled community businesses to raise funding and garner support from local communities. Every £1 Power to Change invested in a Crowdmatch campaign resulted in community businesses leveraging over £5 in additional funding, and we have been sharing our learning about this approach with others. The Community Shares Booster Fund supported 80 community businesses during 2023, with every £1 invested by the Booster Fund leveraging £9.30 from community investors. We were also pleased to see that the pre-grant support we offered as part of the Booster Fund has helped to develop a more diverse pipeline, bringing in marginalised community businesses.

Across 2023, we began to shift our focus towards making the case for community businesses, working alongside them to shape the conditions for them to thrive. We continued to back the community business-led *We're Right Here* campaign, which has secured support from across the political spectrum for legislative changes that would enable greater community ownership of assets and community powers over decisions that affect people's lives. Two new reports during the year highlighted the role that communities want to play in the Government's levelling up agenda, and in driving high street revival. We piloted the first Community Improvement Districts in England, drawing lessons from the success of the Scottish model and directly working with community businesses, local authorities and Business Improvement Districts in England to trial this new approach to community involvement in town centre renewal, and share our experiences with policymakers at all levels of government.

Our partnerships with regional authorities in North of Tyne and the West Midlands were further strengthened in 2023 through the creation of jointly-funded posts that have brought vital capacity to our work developing and implementing growth strategies and regional investment funds, in partnership with community businesses. For example, in the West Midlands Combined Authority area, we secured £2million from the Commonwealth Legacy Fund to fund social economy growth activities, including community business clusters, while in North of Tyne £4million of flexible repayable finance has been unlocked for community businesses in the region. In Liverpool City Region, where our joint venture Kindred continues to go from strength to strength, we worked with the combined authority and other partners to scope a social investment Pathfinder for the region.

At the close of the year, we were thrilled to complete the much-anticipated transfer into community ownership of 8 solar farms to 5 community businesses. These solar farms were first purchased by Power to Change as part of Community-Owned Renewable Energy (CORE), an innovative joint venture with Big Society Capital in 2017 in order to secure these assets for community ownership in the longer term. Now, 36MW of solar energy production is in community ownership, adding 20% to the total of community-owned solar production in England and Wales. Like many other community businesses, these community-owned assets are generating economic and social benefit. These assets will generate around £20m of surplus funds over the lifetimes of the solar farms, which will be invested back into local community projects.

Evolution and a look ahead

Alongside all of this vital work, we consulted wide and deep with community businesses and the external world to see whether and how we should continue to back community business. This process led us to conclude that we are sticking around for the long-term, that we need to re-ground ourselves in community business and work alongside them to achieve change. It led us to refresh our purpose, with our focus now on shaping the conditions for community business to thrive.

2024 will be the year we put this into practice. We know community business works to build stronger communities and better places to live. We've seen people create resilient and prosperous local economies when power is in community hands. We also know the barriers that stand in the way of their success. So, we will focus using our experience to bring partners together to do, test and learn what works and use this to back community business from the ground up.

Tony Burton



Tim Davies-Pugh



Our vision, purpose and values

Our vision

More communities in England run businesses that give them power to change what matters to them. They create more resilient places that are better to live and work in for everyone.

Our purpose

Our purpose is to shape the conditions for community business to thrive.

This will mean using the experience and connections we have built up to push for change that will help community businesses overcome the barriers to their success and help communities to start and grow community businesses.

We want to shape the conditions that will deliver an impact larger than that which we could achieve through direct funding or support. We will do this in a way that both delivers benefits for individual community businesses that we work with, through demonstrator projects or joint advocacy work, and benefits the wider movement of community business as we draw on these individual businesses to make a strong case.

Living our values

Open

We will seek partners and allies beyond the community business sector to better help the community business model go mainstream. And we will be open about our learnings as we test and discover new approaches to community-led resilient places.

Informed

We will continue to work closely with community businesses and be informed by their lived experience and needs. We will approach new challenges with fresh eyes and take an evidence-led approach before rolling out solutions.

Collaborative

We will continue to work with existing partners, and identify new ones, drawing on each other's skills to achieve what we cannot do alone.

Bold

Our plans are ambitious. We will continue to enter markets where we see community businesses could thrive and speak boldly to decision makers on their behalf.

Authentic

We integrate the priorities that we have for community businesses into our own practice. We aim to advance dignity, justice and belonging in our own organisation. We aim to become climate positive, we are actively embracing digital transformation, and we are continuously building our own capabilities in many areas.

Principles

How we work at Power to Change is driven by our principles. We believe in backing innovative and exciting approaches, and we are committed to learning and reflection. We believe in openness and working with others, and this is demonstrated through our commitment to diversity, equity and inclusion.

Most importantly, we believe in being grounded in community business, which helps us stay true to our purpose of shaping the conditions for community business to thrive. To ensure we remain grounded in community business we keep community businesses at the heart of all we do; we nurture open, trusting and reciprocal relationships with a diverse range of community businesses; and we include community businesses in our decision-making and governance.



Our 2024 priorities



Living our purpose

In the second half of 2023, we worked to develop and refine our business model so that we can continue to support community businesses now and in the future. We were established in 2015 with an endowment from the National Lottery Community Fund – since then we've directly supported hundreds of community businesses across England.

We've also developed a strong track record of using our funding and interventions to shape the conditions in which community businesses operate. We have worked to achieve policy change, partner with local and regional authorities and shape the funding and finance available to community businesses.

With a refreshed purpose focused on shaping the conditions for community businesses, we have built on that track record and continued our evolution to become the organisation we are today.

This year and beyond, we will seek to have impact across three themes –build community power, finance the future economy and take back the high street. These exciting workstreams bring together our 'doing' and 'thinking' – on-the-ground interventions alongside community businesses and our work to shape the conditions in which community businesses operate.

What these themes mean in practice

Build community power

We know community businesses are often working in spite of the system and they need to be given the powers to realise their ambitions. This theme continues work we have been leading for a number of years, working alongside community business leaders. There is a focus on policy and legislative change, such as through our work with the We're Right Here campaign, but we will also be developing ideas for demonstrators (e.g. building on our successful Community Improvement District pilots).

Finance the future economy

We know the current finance landscape doesn't meet community business needs and we have the track record and knowledge to convene others and make the case to change it. This theme brings together our history of innovation in finance for community business (Community Shares, incentivised grants, blended finance, social economy funds like Kindred) and the knowledge we have gained through that work, with newly developed clear finance-related recommendations for funders and central and regional government.

Take back the high street

We were instrumental in creating this opportunity area for community business. We know they can and do transform high streets and town centres, driving regeneration. This theme builds on our existing reputation, in an area where we can use the lens of the high street to make arguments about empowering communities, putting assets in community hands, and the economic contribution that community business makes.

Our impact

Since 2015, £45m of Power to Change's funding has contributed to bringing in an additional £209m into the community business sector. This has been in the form of additional grants, community shares, crowdfunding, government funds, refinanced debt, social investment and co-funding. This means that for every £1 invested by Power to Change, an additional £4.68 has been leveraged into the sector.

Priorities

Our 2021-5 strategy sets out our three priorities:

- Putting community businesses at the heart of a fairer economy
- Making community businesses more resilient
- Ensuring a more diverse, equitable and inclusive sector

These priorities have helped focus and shape our work in 2023.



The year in numbers

182

community businesses directly supported in 2023

£1.3m

paid in direct grant funding to community businesses in 2023.

£4.68

For every £1 invested by Power to Change, an additional £4.68 has been leveraged into the sector.

3,000+

new followers across our social media channels

36MW

of solar farms transferred into community ownership through CORE, adding 20% to the total of community owned solar assets in England and Wales.

40

new research, policy, and evaluation reports

57,000+

visits to our website

61

pieces of media coverage

49%

of all community businesses funded in 2023 are based in the 30% most deprived areas (IMD 1-3).

11,000

community businesses in England, with a combined total income of just under £1 billion, employing 41,800 people and working with 126,000 volunteers.*

** 2022 Community Business Market Report*

Our impact: community businesses at the heart of a fairer economy

Making the Case for community business

Our manifesto at the party conferences

In autumn 2023, Power to Change published its Manifesto for the Age of Localisation. This was designed to coincide with a strong presence at the Conservative, Labour and Liberal Democrat Party conferences. At these events, both Power to Change staff and community business leaders made the case for policy to support the community business sector. At one such event, referring to Annoushka Deighton, community business leader at Stretford Public Hall, the Shadow Minister for Devolution Paula Barker MP said: "I've shared a panel with many people this week, but you have really touched my heart." The Manifesto continues to frame our influencing with community businesses in the run up to forthcoming General Election.

We're Right Here campaign

At the beginning of the year, the Leader of the Opposition announced a Take Back Control Bill containing much of the campaign's language as testament to how the campaign has kept community power high on the agenda. The campaign's presence, and the focus it brings to the community sector with shared policy calls, helped to assist with a Community Right to Buy remaining Labour Party policy despite a change in the Shadow Levelling Up team. Alongside this the campaign has had success with Conservative-led councils and received a warm reception from Liberal Democrat frontbenchers and the team who wrote the party's manifesto.

New original research with More in Common

During spring and summer 2023, we undertook a major new piece of research with More in Common, combining focus group work, polling and policy research. The work made the case for putting communities in the driving seat of levelling up, and secured coverage on the BBC News Website and Radio 4's Westminster Hour.

Growing regional social economies

In 2023 we continued working in partnership to support the growth of thriving regional social economies.

Our jointly-funded roles at combined authorities in the North of Tyne and West Midlands brought vital capacity to our working in partnership with local community business. In the West Midlands, Power to Change's investment in this joint capacity helped secure £2million from the Commonwealth Legacy Fund to fund social economy growth activities, including community business clusters. In the North of Tyne, £4million of flexible repayable finance has been unlocked for community businesses in the region.

We are also collaborating with the combined authority and other partners in the Liverpool City Region to scope a social investment Pathfinder for the region, building on the pioneering work of Kindred. 2023 saw the launch of research co-funded by Power to Change proposing a Liverpool Assets Holding Company within the Pathfinder to support increased community ownership of assets in the region.



> Without community buy-in, our town centres cannot thrive. Indeed, I am a fan of ideas such as the creation of a high street buy-out fund to help communities to purchase empty property on high streets, along with a specific business rates relief for regulated socially trading organisations.
>
> **– Jo Gideon, MP for Stoke-on-Trent Central**

Taking back the high street

Community improvement districts

In 2023, Power to Change continued to support the development of the Community Improvement District model in seven places across England, including two places in London in partnership with the Greater London Authority's High Streets for All Challenge. Funding and support was provided to local partnerships, enabling them to explore collaborative ways of working and developing a shared vision for their town centres. We published interim and final reports outlining the lessons drawn from the programme, which we believe helped shape the government's approach to its High Streets Accelerators and their £1bn Long-Term Plan for Towns.

Platform Places

We continued to work with Platform Places, an organisation we helped found. In 2023 we provided grant funding to support work focused on building new Local Property Partnerships in places across England, with significant progress made in Wandsworth, Bristol and Kilburn.

New research and policy recommendations

In May 2023, we published new and original research on high streets. Our Community-Powered High Streets research looked at international approaches to high street regeneration and laid out new policy solutions to support community-led high street renewal. The contents of this research have since been used by MPs in parliamentary debates on high street renewal.



Reflecting on our work in places

Our groundbreaking Community Life Survey Hyperlocal Booster report utilised an innovative and robust evaluation approach with a view to conducting three waves of boosted samples of the Community Life Survey in the six hyperlocal places that make up our Empowering Places programme. The results showed that the Covid-19 pandemic and subsequent economic challenges have had a significant impact on people's health and wellbeing, employment, and volunteering opportunities, as well as their perspectives on their local areas. However, between 2018 and 2022, residents in places supported by Power to Change's Empowering Places programme experienced greater resilience and less adverse impact on their wellbeing compared to similar areas across the country.

Our publication combined the results from the statistical difference-in-difference analysis by Verian Group with insights and real-life examples from community businesses involved in the programme. One community business said: "It [the report] looks really good! The additional data analysis and insight brings [the findings] to life and highlights some really positive aspects." A member of the Community Ownership Fund Evaluation Steering group shared feedback that "this will be really useful in informing our thinking".



Our impact: making community businesses more resilient

Building resilience through Trade Up

Trade Up is a grant and learning programme that helps to build organisational resilience by increasing trading income and building the entrepreneurial mindset of community businesses. In 2023, the programme was co-funded by The Dulverton Trust. This partnership was a success, and by the end of 2023 there was an agreement in principle between Power to Change, The Dulverton Trust and The National Lottery Community Fund to support community businesses in 2024 and beyond. This helps to ensure there are more funders supporting community businesses and reduces dependency of the programme on PTC funding alone.

Investing in community climate action

In 2023 Power to Change invested in community climate action. Community businesses are crucial agents of change in combatting the climate challenge. Despite the barriers they face, these enterprises are already at the forefront of climate action, while simultaneously bolstering and building resilience in local economies and fostering improved social outcomes in their communities.

> Trade Up allowed us to think outside the box, step back and consider how we could serve more people in our community, more efficiently
>
> **– Nikki Casey, Creating Community Space Co CIC (2022 participant)**

CORE & Next Generation Innovation

CORE is a social investment partnership that brings existing solar farms into community ownership to deliver lasting community benefits. At the end of 2023, CORE successfully transferred 36MW of solar farms into community ownership. Adding 20% to the total of community owned solar in England and Wales, CORE is the largest ever transfer of community assets in the UK. The solar farms are set to generate around £20m surplus funds over their lifetimes which will be invested back into local community projects, providing long-term benefits to help fight climate change.

Power to Change continued to provide support to the five community energy groups involved, as they raised significant funds from individual investors across the UK and established a new collaborative partnership under the name Community Energy Together.

Energy Resilience Fund

Developed after the success of our Resilient Communities Fund in 2022, the Energy Resilience Fund provides blended finance for community businesses to retrofit their community assets, reducing both environmental impact and energy costs. Power to Change provided part of the grant element, and the fund is also funded by Access, Big Society Capital and Barrow Cadbury. There were 23 energy audit grant awards in 2023 and one investment made. The majority of the £1,000,000 of investments are anticipated to be awarded in 2024.

Growing community tech

More and more community businesses are creating their own technology. From adapting existing digital products, to building brand new hardware and software, community businesses are making technology that local people can hold to account, delivers local benefits, and that fully meets their needs. Through two programmes, Power to Change supported community business develop the skills and access the tools needed to develop in this space.

The Makers and Maintainers programme enabled and encouraged community businesses to develop their own software (and hardware) to help them meet community needs. The programme offered a £40,000 grant and support to develop a community of practice and open working.

The Discovery Fund supported 20 community businesses to explore a challenge they'd identified, and learn the processes and skills needed to think about how to design a community tech solution. The grantees were offered free training on working in the open (sharing your learning so that others can benefit) and a place in our community tech community of practice.



Our impact: a more diverse, equitable and inclusive sector

Boosting community share offers

The Community Shares Booster Fund supported 80 community businesses in running community share offers. Support was provided at various stages of the pipeline, with pre-grant support, development grants and equity all being available through the Booster Fund. The pre-grant support in particular – 21 awardees in 2023 – helped to develop a pipeline of more diverse and marginalised community businesses in the community shares market.

For every £1 invested by the Booster Fund, £9.30 was leveraged from community investors. 27 community shares practitioners were trained in 2023, ensuring there are more advisors in the sector to support share offers.

> "Having the investment and support from the Booster Fund to help make the first acquisition has been transformative. We're really grateful for that support."
>
> **– Stokes Croft Land Trust, received grant and matched investment on the Booster Fund (2023)**

> Up until this point, we'd done things on a shoestring and were relying on money the committee had loaned to the operation. Getting the development grant meant we could pay for professional help to make sure the share offer document was as good as it could be
>
> **– York Supplies, received grant and matched investment on the Booster Fund (2023)**

Powering Up community businesses

Powering Up offered flexible and targeted support to community business leaders and their teams, aiming to strengthen their capabilities over a 12-month period. The programme provided access to specific technical expertise as well as professional development and wellbeing support. Each support package is tailored to address the unique circumstances and needs of each community business, ensuring that they receive the most relevant and impactful assistance in order to meet their own individual objectives.

Grantees worked with Community Business Connectors who are experts in the community business sector, with extensive experience working within the sector themselves. Community Business Connectors were supported by Leads – either experts in digital technology or climate and sustainability. The three parties – community businesses, connectors, and leads – worked together to find the most effective solutions to the challenges facing the community, and found providers suited to support and deliver the necessary support or solution.

> "This programme has given us a leap forward and the confidence to push on, leading to sustained improvements in how we operate."
>
> **– Powering Up grantee**



> [Connector] Steve Conway played an instrumental role during our Powering Up journey, demonstrating exceptional business insight and cultural sensitivity from the outset [....] Steve's contribution to our organisation has been nothing short of transformative, underscoring his unparalleled commitment to fostering growth and change within underserved communities
>
> **- George Imafidon MBE, CEO of Motivezcic**

Leading the Way in the North East and Yorkshire and the Humber

A leadership-focused learning and grant programme, Leading the Way was funded in partnership with Virgin Money Foundation. It supported people running community businesses in the North East & Yorkshire and the Humber.

In June 2023 round one of Leading the Way concluded, having supported 18 community business leaders across an 18-month programme comprising in-person learning and networking, mentorship, coaching, and a flexible and tailored personal and organisational development budget.

In July 2023 round two of the programme launched to support 18 community business leaders. Offering a compressed 9-month programme, it retains in-person learning, mentorship, and a flexible and tailored grant for personal and organisational development.



> Previously I didn't see myself as a leader, I thought this was someone wearing a suit, sitting in a big office. Leading the Way has not only helped me view myself as a leader but also helped shape the type of leader I want to be.
>
> **– Leading the Way grantee**

Equity in our research and impact

From our grant practices, recruitment of staff, through to the language we use to describe the people we support, we have been actively working to become more diverse, equitable and inclusive. One crucial step we have taken is to get a wider picture and robust evidence base of the diversity of the community business sector including those we support and other organisations we work with.

We commissioned Spark Insights, with Locality, to research and explore the experiences of community businesses and organisations led by and/or supporting people experiencing marginalisation, in terms of their barriers as well as potential solutions to accessing funding and support. This research gave us important and significant insight about how we, and others, can do better in removing barriers to supporting these community businesses. One of the recommendations was for us to provide more grants to early-stage organisations and look at being more flexible with our definition of 'community' and being 'locally rooted'.

Two of our funding programmes, Community Business Trade Up and Makers and Maintainers, part of our Community Tech offer, recently outlined how they addressed these and other recommendations directly by loosening our community business definition to include applicants showing the right 'direction of travel', targeting early-stage organisations, simplifying applications, and providing flexible funding without asking grantees to commit to a delivery plan from the outset.



Our pay gap reporting



Not only do we have organisational values at Power to Change, but we also live by them. This means that everything we do is Bold, Authentic, Informed, Collaborative and Open. In line with our values, we believe that it is important for organisations to understand their pay gaps so that we can be one step closer to a more diverse, equitable and inclusive sector.

The government requires organisations with more than 250 employees to publish details of their gender pay gap. However, the government does not require any organisations to publish details of their ethnicity or disability pay gaps. We are very proud to be a small organisation that shares our reporting on our gender, ethnicity and disability pay gaps by choice. We encourage all community businesses to do the same as a commitment to reducing inequalities in all areas.

We are committed to working together to make a positive and lasting impact for all, however we need to be sure that we do not breach confidentiality of our staff members' protected characteristics. We will commit to continuing to share our disability, ethnicity and gender pay gaps in 2024 if we are able to do so without breaching confidentiality.

Since 2023, we have implemented various changes to our internal processes to promote diversity, equity and inclusivity. We are pleased to share that we were recognised as a Disability Confident Leader, the highest tier achievable under the Disability Confident scheme, which allows us to offer advice to community businesses and partner organisations that are interested in better supporting their disabled employees, volunteers or service users. We have also revamped our recruitment approach by transitioning to the Applied platform (known for its ethical practices that reduce bias and increase diversity) and by advertising our vacancies on job boards that prioritise equity and inclusivity.

Although we are making improvements to our processes, we do not always see significant improvements in our pay gaps. We know that it is difficult to make significant change with such an entrenched issue, but we will continue to live our values and work collaboratively with other organisations to tackle this issue as a sector.

Please see below for our disability, ethnicity and gender pay gap details as of April 2023.

Disability Pay Gap

Our median disability pay gap was -11.56% and our mean disability pay gap was -8.99%. 27.50% of the organisation identified as disabled and 72.50% identified as non-disabled.

Ethnicity Pay Gap

Our median ethnicity pay gap was -11.42% and our mean ethnicity pay gap was -1.67%. 27.50% of the organisation identified as Black, Asian, mixed race, or another ethnicity and 72.50% identified as white.

Gender Pay Gap

Our median gender pay gap was 12.77% and our mean gender pay gap was 15.07%. In our organisation, 64.10% identified as female and 35.90% identified as male.

Financial review

Since 2015, Power to Change has supported business communities, using an expendable endowment provided by The National Lottery Community Fund, income generated from this endowment as well as additional restricted and unrestricted income received from time to time.

Expenditure

Total expenditure in 2023 was £9.04m (2022: £11.83m), in line with our projected expenses for the year but at a lower level of spend than previous years due to Power to Change developing and refining our strategy and business model.

Our 2023 expenditure was entirely in relation to charitable activities with no fundraising element in this year. 78% of our charitable spending (£7.04m) was on existing programmes and the amount of spend related to closing programmes (£1.99m or 22%) was significantly increased (2022: £0.53m or 4%) as programmes came to a natural close within the year, fitting nicely with the restructure.

Note 3 to the accounts shows a detailed analysis of our expenditure. The total value of grants awarded decreased by 47% from £4.53m in 2022 to £2.40m in 2023. This is primarily due to fewer new programmes in 2023 as well as some grant programmes not awarding new grants. Note 6 to the accounts provides detail of grant expenditure by programme in each year. Support to the sector also reduced in absolute value but only slightly reduced as a percentage of total expenses (from 11% in 2022 to 10% in 2023), demonstrating the support we provide to the community business sector.

Direct staff costs stayed steady between 2022 and 2023 (from £1.69m to £1.68m) while programme delivery costs decreased again by 55% (2022: 61%) over the same period (from £0.87m to £0.48m) reflecting our reduced reliance on delivery partners.

Research and evaluation direct costs decreased between 2022 and 2023 (from £0.75m to £0.45m), representing 5% (2022: 6%) of our total expenses as we continued to monitor the impact of our activities on the community business sector and share the lessons learnt.

Support costs in 2023 of £2.47m (2021: £1.76m) included support staff, rent and organisation costs, IT, legal, training, depreciation and governance. They represented 28% of total expenditure (2021: 15%). Part of this increase is due to redundancy costs for several support staff members, as well as a large liability relating to unpaid tax for CORE. The increase in support costs in percentage terms also reflects the fact that our total expenses decreased by 24% year-on-year.

The National Lottery Community Fund endowment funded c.29% of our expenditure in 2023, while the rest was mostly covered through restricted funds (including the £20m grant from TNLCF).

Income

Restricted funds represented 94% of our income in 2023 (2022: 98%) and included £6.44m of grant income from The National Lottery Community Fund to cover core costs. Note 2 to the accounts details our various sources of income in 2023.

Investment policy and strategy

Since 2019, the investment portfolio has become solely cash at bank and deposits (outside of our social investment in CORE) as Power to Change prepared to close, with its funds fully committed by the end of 2022. Following the launch of a new strategy in 2020/2021, the lifetime of the Trust was extended; its length will be confirmed following the current review of the Trust's business model but it is anticipated to last beyond 2025. In 2023, the strategy review and refinement of our business model removed the time limited nature of the organisation.

The objectives stated in the investment policy remain "to produce the best financial return within an acceptable level of risk and with capital preservation as a key criteria". Given the anticipated review of the business model, the Trustee Directors considered that keeping the Trust's assets in cash is the most prudent option at the end of 2023.

In 2023, investments were still held in short term cash deposits. To limit credit risk, cash deposits are managed to ensure that no more than 33% of them are held with any one financial institution.

To limit liquidity risk, our investment policy states a minimum amount of budgeted programmatic and total operating expenses should be kept in cash or low risk liquid investments. This clause was modified by the Trustee Directors in February 2022 from "18 months' worth" to "12 months' worth" to reflect the declining size of the endowment fund and the fact that a significant share of our expenses is financed through a grant from The National Lottery Community Fund drawn down every quarter based on projected expenses.

Cash and deposits held at 31 December 2023 amounted to £17.46m (2022: £20.29m). These funds are split in the balance sheet between fixed assets (£11.83m) and current assets (£5.64m). Together they represent more than 12 months' worth of budgeted programmatic and total operating expenses.

In addition, the Trust made a social investment in Community Owned Renewable Energy LLP (CORE LLP), a joint venture between Power to Change and Big Society Capital. CORE LLP worked alongside local community energy groups to support, develop and refinance solar farms with a view to maximising the benefit for these communities over the life of the investment venture. The creation of a portfolio of assets under CORE LLP was completed in 2019 and in December 2023 the assets were sold to local community groups who have formed an alliance "Community Energy Together" (CET). As part of the sale of the assets Power to Change and Big Society Capital provided loan finance to CET.

The investment in CORE LLP was made through the Trust's 100% subsidiary company PTC Renewable Energy Ltd (PTCRE). The investment in PTCRE is held in the Trust at cost (£5,225k). In 2023 this represents the loan from PTCRE to CET; in 2022 this represents the cost of investment in CORE LLP. The group financial statements show the Trust's 50% share of the net assets of CORE LLP of £933k (2022: £5,147k). In addition, the new loan from PTCRE to CET of £5,862k is recognised as a social investment loan in debtors.

CORE LLP will be wound up in 2024 and the remaining net assets will be transferred to the joint venture partners.

Funds

Retained funds and movements in the funds are shown in note 13 to the accounts.

Income generated from the expendable endowment provided by The National Lottery Community Fund (the "Capital Fund") is added to The National Lottery Community Income Fund (the "Income Fund") on an ongoing basis. When required, money from the Capital Fund is also transferred to the Income Fund to meet our ongoing expenditure requirements not met through other funding. During 2023, £0.66m was transferred from the Capital Fund (2022: £3.39m). The balance on the Capital Fund at 31 December 2023 was £20.47m (2022: £21.12m).

In addition to The National Lottery Community Fund endowment which funded c.29% of our 2023 expenditure, we used restricted funds to fund most of our remaining expenditure. Below is a list of our main sources of restricted funding and related expenditure in 2023:

- Grant funding from The National Lottery Community Fund: £6.07m was spent (2022: £6.85m) to cover core costs related to our five-year strategy (£6.44m was received in 2023 as part of a five-year grant of £20m);
- Grant funding from the Open Society Foundations to enable work on Alternative Ownership initiated by the Open Society Foundations: £0.26m was spent (2022: £0.94m) on this initiative.

Reserves and Going Concern

The Trustee Directors manage our reserves in line with the reserves policy, which is reviewed annually. In line with Charity Commission guidance on expendable endowments, the reserves policy does not stipulate a specific level of endowment or unrestricted reserves that are required. The Trustee Directors reviewed in December 2023 the cash position forecast for the Trust at the end of 2024 which indicated the Capital fund more than covers fixed annual operating expenses and can therefore support the organisation without additional income until the end of 2026. The budget is reviewed annually and was last reviewed in December 2023.

As such there are no material uncertainties surrounding the Trust's ability to continue as a going concern and the financial statements have been prepared on that basis.

Structure, governance and management

Legal structure

Power to Change Trust (the "Trust" or the "Charity") is a charitable trust registered in England and Wales (Charity Commission registration number 1159982) and is constituted under a revised Trust Deed dated 28 September 2016. The Trust came into existence on 21 January 2015 upon receipt of a £149,204,000 endowment from The National Lottery Community Fund (formerly the Big Lottery Fund). Power to Change Trustee Limited is the sole corporate Trustee. It is a private company (company number 8940987 – England and Wales) limited by guarantee and incorporated on 17 March 2014.

Charitable objects

The charitable objects of the Trust are set out in the Trust Deed and include the following (which do not limit the Trust's overriding general charitable object):

- relief of poverty and unemployment
- advancement of education
- promotion of the voluntary sector
- advancement of citizenship or community development
- promotion of sustainable development
- development of the capacity and skills of disadvantaged groups in society
- urban and rural regeneration in areas of social and economic deprivation
- promotion of social and economic inclusion.

The Trust's overall vision of "powerful communities, better places" is delivered through a mission to strengthen community businesses to tackle some of society's biggest challenges at a local level, including climate change, digital transformation and social inequalities. Funding is provided where a charitable purpose can be identified.

The Trustee Directors have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities. They have concluded that the Trust meets the definition of a public benefit entity under FRS 102.

Governance

Board members are directors of Power to Change Trustee Limited and are referred to as Trustee Directors throughout this report. The Trustee Directors are listed below.

The Charity Governance Code (as updated in 2020) has been reviewed and Trustee Directors have chosen to adopt and apply this code. The Principles, Outcomes and Recommended Practices have been discussed and have been applied. With regard to the review of the Board's performance, the Board and each of the committees engaged in and undertook a thorough review of their performance and effectiveness with an external provider, Social Minds in March to June 2023. Social Minds found that the Board and committees were compliant with the Charity Governance code and that meetings were well chaired, had appropriate agendas and documentation, were inclusive of participants and supportive.

Power to Change has one subsidiary company: PTC Renewable Energy Ltd. The Trustee Directors approve the appointment of directors of PTC Renewable Energy Ltd.

PTC Renewable Energy Ltd owns 50% of Community Owned Renewable Energy LLP, which is a joint venture with Big Society Capital. The joint venture is governed by an LLP Partnership Agreement dated 1 August 2017. Day-to-day management is through a Management Board that has terms of reference agreed by both parties. Each joint venture partner has an appointed member to the Management Board.

New Trustee Directors are sought by open advertisement and undergo a rigorous interview process. The ultimate decision on selection is a matter for the Trustee Directors already in post and overseen by the Nominations Committee. A strategic, operational and governance induction programme is in place.

All Trustee Directors are given current information on the legal duties and expectations of being a Trustee Director and are invited, on an ongoing basis, to attend relevant training events paid for by the Trust. Trustee Directors are also invited to attend key internal meetings, and sector events hosted and/or sponsored by the Trust.

New Trustee Directors are initially appointed to serve for a three-year term after which they will be eligible for reappointment. The Articles of Power to Change Trustee Limited provide for a minimum of five Trustee Directors and up to a maximum of thirteen. The Trustee Directors agree the broad strategy and areas of activity for the Trust including consideration of grant making, investment, reserves and risk management policies and performance. The programmatic activities of the organisation, including the administration of grants is delegated to the Chief Executive Officer (CEO) and his/her team.

The Board met four times in 2023. All Trustee Directors give their time freely and no Trustee Director was paid remuneration. In 2023, the Trustee Directors claimed £708 of expenses (2022: £962) in connection with the Trust's business.

Composition of the Board

The Trustee Directors in post during the year and up to the date of signing of this report were:

Name	Role
Anthony Burton CBE	Chair, Appointed 1 January 2023
Léonie Austin	Vice Chair from 1 April 2023
Anne-Marie Harris	Chair of the Finance and Audit Committee from 1 January 2023
Deepa Shah	Chair of the People and Governance from 1 January 2023 to 11 March 2024
Sarah Gorman	
Ian Hempseed	
Melissa Mean	
Dr Jess Steele OBE	
Hardev Virdee	
Tim Davies-Pugh	Company Secretary of Power to Change Trustee Limited from 24 July 2023

The following Trustee Directors were in post during 2023 but stood down before the date of signing of this report:

Name	Role
Christopher Stephens	Trustee Director until 31st March 2023
Dai Powell OBE	Trustee Director, deceased 07 February 2024
Samantha da Soller	Served as Company Secretary of Power to Change Trustee Limited until 24 July 2023

Sub-Committees

Two Sub-Committees reported to the full Board of Trustee Directors during 2023:

The Finance and Audit Committee oversees financial aspects of the Trust including budgeting, financial and management reporting. It also oversees all systems of control at the Trust, including the annual external audit and the internal audit process.

Members: Anne-Marie Harris (Chair from 1 January 2023), Dai Powell OBE (until 07 February 2024), and Hardev Virdee. The following additional members were appointed on 11 March 2024 – Tony Burton, Deepa Shah and Sarah Gorman.

Members met four times in 2023 and four meetings are scheduled in 2024.

The People and Governance Committee oversees all people and governance matters at the Trust including composition of the Board, all policy and people related matters, diversity and adherence to the Trust's values.

Members: Christopher Stephens (Chair – until 31 December 2022), Deepa Shah (Chair from 1 January 2023), Léonie Austin, Sarah Gorman (from 6 March 2023)

Members met three times in 2023.

Between September 2023 and February 2024, the People and Governance Committee conducted, on behalf of the Board, a review on the governance of Power to Change. The outcome of the review led to the following changes being made to the governance of the Trust, effective from 11 March 2024:

(i) the People & Governance Committee was disbanded, with its duties either being transferred to the Board or delegated to the Chief Executive Officer and his team.

(ii) the Finance and Audit Committee being renamed the Finance and Risk Committee, with its duties widened to include scrutinising risk management effectiveness, overseeing business development and income generation activities; to enable it to make recommendations to the Board for the purposes of improving the efficiency and effectiveness of the Trust's financial and risk governance.

Members: Anne-Marie Harris (Chair), Tony Burton, Hardev Virdee, Deepa Shah, Sarah Gorman.

Key management personnel

The Chief Executive and the Executive Directors comprise the key management personnel in charge of directing and controlling the Trust on a day-to-day basis and are referred to as the Leadership Team (until 31 August 2023, and the Executive Team from 01 September 2023).

The Leadership Team is comprised of the following:

Current members

Name	Role
Tim Davies-Pugh	Chief Executive Officer
Nicola Fuschillo	Director of People and Governance until 31 July 2023 Chief Operating Officer from 01 August 2023
Ailbhe McNabola	Director of Policy and Communications until 31 July 2023 Deputy Chief Executive from 01 August 2023

Previous members

Name	Role
Samantha da Soller	Director of Finance and Operations until 26 July 2023
Stephen Miller	Director of Impact and Learning until 31 December 2023

Leadership Team pay is reviewed annually by the People and Governance Committee (and by the Board from 11 March 2024). Their remuneration, and the remuneration of all our staff, is benchmarked with similar organisations to ensure that our pay ranges are aligned with our comparators. These organisations might not be similar to Power to Change in terms of staff size or expenditure, but we view these comparators as organisations that we would struggle to recruit from or lose staff to if our pay was not competitive.

Fundraising

The Trust did not employ professional fundraisers (as consultants or staff members) and therefore the Trust has nothing to disclose under the provisions of section 13 of the Charities (Protection and Social Investment) Act 2016.

Grant Making Policy

Grant making remains a key activity of the Trust. Our grant making processes are governed by the Grants Policy Framework which was revised in 2022, approved by the Board and given the consent of the Protector. This was part of a review and update to our grant making approach to better reflect our structure and strategy as well as changes to Subsidy Control Rules.

The Board has appointed the Executive Grants Committee (EGC) as an executive decision-making body of the Trust with delegated authority to award, reject or withdraw grants in accordance with the Trust's objectives and to ensure that all grants are awarded in line with the Grants Policy Framework. The EGC reports directly to the Board. Grants over £500k require approval of the Board.

The EGC has the power to delegate grant decisions to sub-committees. These sub-committees, which are often run in conjunction with the Trust's delivery partners, have terms of reference which include membership, voting and a maximum grant value they can award.

The Trust invites applications for these grants through its website, through its partner websites, news boards, email bulletins and other relevant publications.

Some grants are made to other organisations, for example to develop a new programme or conduct research relevant to the community business sector. The process and authority levels for approving all grants follow the same processes.

Risk Management

The Trustee Directors recognise that the effective management of risks is central to the Trust's ability to achieve its objectives, and aims to anticipate and, where possible, manage risks rather than dealing with their unforeseen consequences. The Trust has a five-step approach to risk: clarify objectives, identify risks to achieving objectives, assess and rate the risks according to a scoring formula (Likelihood x Impact + Impact), determine the appropriate response to each risk and then finally review and report on those risks.

The Trust has also prepared and agreed a risk appetite statement that identifies its appetite for risk across all its areas of activity. For example, investments in programmes and our grant making have a different appetite for risk (high) compared to legal/regulatory and trust compliance where risk tolerance is low.

The key risk review and reporting mechanisms at Power to Change are:

- **Risk register**. The risk register forms the Trust's primary mechanism for considering long-term risks, set in the context of the Trust's statement for risk appetite. It identifies all known long-term risks and assigns them for management to an individual member of the Executive Team. They are reviewed quarterly by the Executive Team and annually by the Board (additionally red risks are reviewed by the Board every six months).
- **Management accounts and budgets**. Management accounts measure financial performance against financial objectives and they identify the risks of not achieving these objectives. Management accounts are prepared monthly, detailed reviews are carried out with budget holders at least quarterly, and budgets are produced annually. Management accounts are reviewed against budget on a quarterly basis by the Finance and Risk Committee and recommended for approval to the Board.

The last formal full review and update of the risk management framework, the statement of risk appetite, and the risk register by the Trustee Directors was in March 2024.

The most significant areas of risk (after considering mitigating actions) are summarised below together with a summary of the mitigations.



Summary of significant risks

Area of risk	Mitigations
Financial Failure to meet our income generation targets.	Our financial model allows us to operate at current (2024) budget levels for 4 years, and while realising the full value of the capital and interest repayments on the loan made by our wholly owned subsidiary, PTC Renewable Energy Ltd, to Community Energy Together members is a risk, it is low given the value of the assets financed.
Operational Failure to foster the behavioural changes necessary to foster the changes needed to our culture, including in the recruitment and onboarding of new staff	The behaviours have been identified and embedded in performance development processes so that personal objectives are aligned with organisational ambitions. The Strategy & Culture team leads the work to embed the cultural changes required, overseeing a programme of internal communications to reinforce the behaviour changes we want to see.
Financial Inadequate controls lead to fraud and misuse of resources	Policies and procedures covering all internal controls are in place and available for all staff. These include a scheme of delegation, robust banking controls and sign-off procedures, and appropriate segregation of duties in place for authorisations. Monthly management accounts reported against board approved budgets and reviewed by Finance & Risk Committee.
External Fraudulent behaviour, poor-quality services or other inappropriate activity by grantees and delivery partners undermine our reputation	Close performance and relationship management of delivery partners and contractors to ensure potential reputational risks flagged. Whistleblowing policy in place and a communications protocol in place for managing negative situations.
Operational Major IT systems failure or cyber security attack	All systems are cloud based and regularly backed-up. Single Sign-on features enabled on main applications. All staff required to complete cyber security training during probation and regular refresher sessions and re-validation of Cyber Essentials Plus achieved in June 2023.

Trustee Directors' statement of responsibilities

in respect of the Trustee Directors' annual report and the financial statements.

Focus of the activities

The Trustee Directors have given due consideration to the Charity Commission guidance on the operation of the public benefit requirement and are satisfied that the work of Power to Change Trust meets that requirement. The public benefit requirement is demonstrated through the charitable activities undertaken by the Charity as described on pages 8 to 23.

Responsibilities of the Trustee Directors

The Trustee Directors are responsible for preparing a Trustee Directors' annual report and financial statements in accordance with applicable law and FRS 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

The law applicable to charities in England and Wales require the Trustee Directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing the financial statements, the Trustee Directors are required to:

- select suitable accounting policies and then apply them consistently.
- observe the methods and principles in the applicable Charities Statement of Recommended Practice.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable accounting standards have been followed, subject to any material departures that must be disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Trustee Directors on 03 July 2024 and signed on their behalf by:



Anthony Burton CBE
Chair

Protector Statement

Background

I was appointed as Protector of the Power to Change Trust ('the Trust') on 1 November 2018 for a period of three years. My term of office was renewed for a further five years on 1 November 2021. The Trust is a UK registered charity set up for broad charitable purposes, with a corporate trustee controlling its affairs. The corporate trustee is Power to Change Trustee Limited, which in turn is controlled by a board of directors (the Board) who meet regularly. The Board delegate the day to day running of the Trust to the Chief Executive.

The founder of the Trust is the National Lottery Community Fund ('the Fund'), previously known as 'The Big Lottery Fund', which invested £149 million in setting up and endowing the Trust with a view to making 'community-led enterprise across England a sustainable solution to local social and economic needs and opportunities'.

Function of the Protector

The function of the Protector is set out in the Trust Deed dated 3 November 2014 and subsequent thereto supplemental deeds dated 6 January 2015 and 28 September 2016. The fiduciary duty of the Protector as stated in the Trust Deed is to 'ensure the integrity of the administration of the Charity and the propriety of its procedures'. The Protector is not involved in the decision making and is not a trustee of the Charity. If necessary, the Protector must report matters of serious concern to the Fund or to the Charity Commission. The function of the Protector therefore is to ensure the Trustees administer the Trust properly and to act as a 'watch-dog', monitoring the Trustee and preventing it from abusing its powers or breaching its duties. More positively, the Protector must seek to ensure, as far as possible, that the Trust is administered in accordance with the terms of the Trust Deed and give or withhold consent or approval to the exercise of certain powers by the Trustee.

I am required under the Trust Deed to prepare a statement for publication by the Trustee in its annual report, explaining the Protector's function, how the function has been exercised and, if appropriate, identifying any areas of administration that require improvement and steps to be taken by the Trustee to affect such improvement.

Aims of the Trust

The Fund established the Trust to bring about a widespread recognition of the economic and social benefits of community-led enterprise and asset ownership so that more local people are enabled to improve the places where they live. The objectives of the Trust include:

- The relief of poverty and unemployment
- The advancement of education
- The promotion of the voluntary sector
- The advancement of citizenship or community development
- The promotion of sustainable development
- The development of the capacity and skills of disadvantaged groups in society
- Urban and rural regeneration in areas of social and economic deprivation
- The promotion of social and economic inclusion

The permitted methods of achieving the objectives are widely drawn within the Trust Deed and the Fund sets out the key supporting interventions that it wishes the Trust to use in exercising its powers and duties. The Fund's desired outcome is that the Trust should encourage and develop sustainable community businesses and help to bridge the gaps in market infrastructure, including intermediaries, while increasing the understanding of the key variables that drive community business creation and sustainability. The Fund expects the Trust to do this by working in partnership with others in the public, private and voluntary sectors and building an evidence base that demonstrates how community businesses become sustainable and deliver better outcomes for people and communities most in need.

Administration of the Trust

The Board has returned to holding its meetings in person whilst continuing with hybrid meetings for Committees in order to facilitate full attendance for those Trustees with demanding executive roles or busy portfolios. During the year I have attended all but one of the meetings of the Board of Trustees, all meetings of the People and Governance Committee and three of the four Finance and Audit Committee, providing verbal feedback on the papers for the prior to the November meeting. In addition I have met quarterly with the Chair and monthly with the Chief Executive as part of my ongoing responsibility to keep matters under regular review. I have met with representatives of the Fund on three occasions to discuss the Trust's proposed new strategy and provided assurance on the effective governance oversight and management of the endowed fund. Following a request, I have also provided assurance to the Fund on the tax liability for PTC Renewable Energy. There have been no requests for Protector consent during the year and no matters of significant concern to raise with TNLFC or the Charity Commission. Throughout the year the Trustees and executive have also incorporated my comments and guidance into their decision making and I am grateful to them for their inclusive approach.

I am satisfied that the Trust has been administered in accordance with the terms of the Trust Deed for the period 1 January 2023 to 31 December 2023.

The year under review

This year has seen ongoing uncertainty in the UK economy caused by geopolitical volatility. Economic shocks have demonstrated that community businesses can be more agile and responsive to local needs even when their own financial sustainability is under threat. Power to Change is seen as a facilitator and enabler, with a managed risk appetite that works with community businesses to navigate and lead through this uncertainty.

The Trust continues to refine and reframe its new strategy whilst staying true to its original purpose and legacy goals – resilient community business that drive community ownership and vest the power to change their communities for the better in the people who live and work there.

Building upon the evaluation and evidence created from many years of grant funded programmes, Power to Change has successfully levered additional funding into the sector. Community business is still a relatively nascent delivery model and the Trust is working with policy makers to build the collateral, reach and impact of the sector. The Trust continues to invest resources to test new ideas and disseminate the learning, helping to de-risk the investment decisions for follow on funders. This evidence led approach has created a body of knowledge that is free to access and expertise that is in high demand as decision makers from all points on the political spectrum grapple with how to harness community power as they shape their manifestos.

PTC has actively sought the views of its many stakeholders on its future role and how it adds value to the community business ecosystem. This listening exercise concluded that the Trust is valued, plays an important role in advocating for the sector and is uniquely placed to shape and influence the conditions within which community businesses can thrive.

This year also saw the successful transition of the CORE renewable energy project to community ownership. This project will prove the viability of community ownership in the energy market and create direct community benefit, demonstrating the value of PTC's test and learn investment model.

The areas outlined above serve to demonstrate that the Trust continues to pursue the aims of the Funder as set out in the Trust Deed; to seek to secure a sustainable legacy from its work; and to add value to the community business sector.

Board of Trustee Directors and Executive Changes

This was the first year in office for the Trust's new Chair, Tony Burton, who has brought extensive experience into the organisation from his tenure on the Board of The National Lottery Community Fund. Tony initiated the first external Board effectiveness and governance review of the Trust which concluded that the governance is sound and highlighting opportunities to streamline governance structures and processes as the organisation becomes a smaller, more strategic enabler. These changes are now being implemented.

Another long serving Trustee, Chris Stephens, retired from the Board in March and with the sad loss of Dai Powell has left just two of the original trustees remaining on the Board. The Chair will reflect on the Board size and skills needed in new trustees to complement the existing broad range of experience and to support the executive team as it continues to shape its future role and direction.

Attendance at Board and Committee meetings is excellent and the commitment of the Trustee Directors (all of whom are unpaid and have other demanding roles) has been notable, particularly during the transition of CORE to community ownership, scrutiny of new programme streams, withdrawal from large grant funding projects and assurance of legacy impact and evaluation.

The Board continues to operate in a challenging and collegiate manner. There is open and constructive discussion facilitated by comprehensive and clear Board papers, presentations and background briefings. The administration of the Trust is efficient and effective. The disbanding of the People and Governance Committee is timely and places accountability and responsibility for core HR policies and decisions with the executive, with clear assurance and exception reporting to the Board. The expanded terms of reference for the Finance and Risk committee enables more time for scrutiny and assurance on the management of key risks and assessing income generation opportunities to ensure future financial sustainability. I am satisfied that the Board has had due regard to the risks and opportunities facing the Trust as it aligns its resources to the delivery of a new strategy and to achieving the aims and objectives set out in the Trust Deed.

Under the dedicated and experienced leadership of Tim Davies-Pugh, the staff team has responded well to maintaining business as usual and retaining the support of key partners as the organisations pivots towards a new operating model. Tim has focused on developing or recruiting the new skills required to work alongside community businesses to shape those support programmes that PTC is uniquely placed to deliver. The size of the executive team has reduced, reflecting a smaller organisation, but the team continues to provide expert support to the Board and its committees. Decision and information papers are clear and comprehensive and financial and programme performance reporting enables effective scrutiny by trustees.

Governance

The Trust has an effective committee structure and I have attended all but one of their meetings during the year. In compliance with the Trust Deed and reflecting the wishes of the Fund, I have particularly noted the following:

a. The Finance and Audit Committee has closely examined the available options and financial returns from the transition of CORE into community ownership. The Chair of the Committee is to be commended for the advice and guidance she provided to the executive and the Board on the option that would secure the greatest community benefit and realize the return, in full, of the Trust's original investment. The Committee members were diligent in their assessment of risk, asset liabilities, FCA compliance and management of stakeholder expectations throughout the negotiations. The Committee has sought and received assurance on the proposal to pursue primary purpose trading to ensure compliance with the Trust Deed and the Charities Act. The Committee has a clear line of sight on expenditure from the remainder of the endowed funds and how these funds will support a lasting and practical legacy that brings community business into the economic mainstream . Internal governance structures and accompanying delegations have been updated to reflect the changes from large grant giving programmes. Members have also given early consideration to how PTC can broker access to finance initiatives for community businesses without exposing the charity to undue risk.

b. The People and Governance Committee have provided strong oversight of the organizational reshaping and downsizing, with particular attention to fairness, equity and legal compliance as staff have been moved to new contracts. Members have provided advice and challenge on the governance review, recommending a leaner committee structure that reflects the review recommendations. The Committee has championed the Trust's work to embed diversity, equity and inclusion throughout its programmes and has encouraged the team to raise awareness of their DEI approach to delivery partners and beneficiaries. The Trust Deed envisaged that PTC would 'ensure that promoting equalities is at the heart of everything the Charity does, and that its work reaches the most disadvantaged people and communities' and it is particularly pleasing to see how this has been achieved.

From my observations of committee meetings and conversations with trustees and executives, I conclude that the Board applies a proportionate and appropriate level of scrutiny and challenge to operations.

Looking Ahead

The year ahead is likely to be dominated by political and economic uncertainty as the country prepares for a new Government. The campaigns developed by the Trust to amplify the contribution of community business to national economic and social policy are evidenced, achieving critical mass and convincing. The Trust has built solid foundations over the last eight years and has earned the trust and support of the community business sector by being pragmatic, innovative and taking measured risks. The Board is ambitious for the sector and energised by what community businesses can achieve with the right support. Power to Change is uniquely placed to position the sector with an incoming administration and directly influence national policy measures aimed at harnessing community power to build better places from the ground up.

If it is to realize this ambition over the long term the Trust will need to identify new sources of income as the remaining endowment is spent down. Power to Change has built a solid reputation with the National Lottery Community Fund, local and national government and is doing so increasingly with large corporates, foundations and policy think tanks. The opportunity to leverage from this reputational collateral is significant. How this is positioned with future funders and strategic partners will determine the Trust's financial sustainability into the long term. If additional income is not secured the Trust will need to determine the rate of expenditure of the remaining endowment and how to optimise the contribution it can make to the success of the community business sector during its remaining life.

As the endowed fund is spent down the Trust and the Lottery will need to agree how it operates within the parameters of the Trust Deed and what criteria would need to be met for the Deed conditions to fall away. I remain fully engaged in these ongoing discussions.



Susan Johnson OBE
Protector, Power to Change Trust

May 2024

Independent Auditor's Report to the Members of Power to Change

Opinion

We have audited the financial statements of Power to Change for the year ended 31 December 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 December 2023 and of the group's income 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 Charities Act 2011.

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 group 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.

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 charity'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 contained within the annual report. 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 we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept by the parent charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustee directors

As explained more fully in the trustee directors' responsibilities statement set out on page 28, the trustees 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 group's and the parent charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustee and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London

Date:

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Financial statements

Consolidated Statement of Financial Activities
for the year to 31 December 2023

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	2023 Total funds £'000	2022 Total funds £'000
Income from:						
Donations	2	–	–	–	–	–
Charitable activities	2	–	6,442	3	6,445	7,046
Interest and investments	2	375	–	–	375	115
Total income		**375**	**6,442**	**3**	**6,820**	**7,161**
Expenditure on:						
Raising funds		–	–	–	–	80
Existing programmes		1,689	5,316	38	7,043	11,224
Closing programmes		989	1,004	–	1,993	525
Total expenditure	3, 5, 6	**2,678**	**6,320**	**38**	**9,036**	**11,829**
Net gains / (losses) on investments	9	**1,647**	**–**	**–**	**1,647**	**512**
Net (expenditure) / income	4	**(657)**	**122**	**(35)**	**(570)**	**(4,156)**
Transfers between funds	13	–	–	–	–	–
Net movement in funds		**(657)**	**122**	**(35)**	**(570)**	**(4,156)**
Reconciliation of funds						
Total funds brought forward		21,124	707	35	21,866	26,022
Total funds carried forward	13	**20,467**	**829**	**0**	**21,296**	**21,866**

All amounts are related to continuing activity, and all charitable activities are in relation to Power to Change programmes.

All gains and losses are included in the statement of financial activities.

The accompanying notes on pages 51 to 71 form part of these financial statements.

Consolidated and Charity Balance Sheets
as at 31 December 2023

	Notes	2023		2022	
		Group £'000	Charity £'000	Group £'000	Charity £'000
Fixed assets					
Intangible assets	7	15	15	42	42
Tangible assets	8	10	10	28	28
Investments	9	933	5,226	5,147	5,226
		958	**5,251**	**5,217**	**5,296**
Current assets					
Cash at bank and in hand		17,482	17,482	20,286	20,286
Debtors	10	6,315	454	1,471	1,471
		23,797	**17,936**	**21,757**	**21,757**
Current liabilities					
Creditors: amount falling due within one year	11	(3,302)	(3,085)	(3,952)	(3,952)
Net current assets		**20,495**	**14,850**	**17,805**	**17,805**
Total assets less current liabilities		**21,453**	**20,101**	**23,022**	**23,100**
Creditors: amount falling due after one year	11	(157)	(157)	(1,156)	(1,156)
Net assets		**21,296**	**19,944**	**21,866**	**21,944**
The funds of the charity					
Endowment funds	13	20,467	19,115	21,124	21,202
Unrestricted funds	13	0	0	35	35
Restricted funds	13	829	829	707	707
Total funds		**21,296**	**19,944**	**21,866**	**21,944**

Approved by the Corporate Trustee.
Authorised for issue on 3 July 2024 and signed on behalf of the Trustee Directors:



Anthony Burton
Chair

The accompanying notes on pages 51 to 71 form part of these financial statements.

Consolidated Cash Flow Statement
for the year to 31 December 2023

	2023 £'000	2022 £'000
Cash outflow from operating activities		
Net expenditure	(570)	(4,156)
Share of joint venture (gain) / loss	0	(512)
Net expenditure before share of joint venture gain / loss	(570)	(4,668)
Depreciation/Amortisation of tangible and intangible fixed assets	45	56
Decrease / (Increase) in current asset investments	0	(5)
Decrease / (Increase) in debtors	(4,844)	1
(Decrease) / Increase in creditors	(1,649)	(2,332)
Net cash flow from operating activities	**(7,018)**	**(6,948)**
Cash inflow from investing activities		
Decrease / (Increase) in fixed asset investments	4,215	6,141
Payments to acquire tangible and intangible fixed assets	0	(5)
Net cash flow from investing activities	**4,215**	**6,136**
(Decrease) / Increase in cash in the period	**(2,804)**	**(812)**

	2023 £'000	2022 £'000
Analysis of changes in net funds		
Cash balance at the beginning of the period	20,286	21,098
Increase in cash in the period	(2,804)	(812)
Cash balance at 31 December	**17,482**	**20,286**
Cash and cash equivalents / Investment		
Cash in hand	17,482	5,564
Total cash and cash equivalents / Investment	**17,482**	**5,564**

Reconcilation of cash equivalents and net debt

	2022 £'000	Cashflow £'000	2023 £'000
Cash in hand	5,564	(2,804)	2,760
Total cash and cash equivalents / Investment	**5,564**	**(2,804)**	**2,760**

Notes to the accounts

for the year to 31 December 2022

1. Accounting policies

Introduction

The Trustee Directors are pleased to present the consolidated financial statements for the Group and for Power to Change Trust ("the Charity"). The consolidated Group financial statements include the results of all material subsidiaries on a line-by-line basis and all material joint ventures on an equity accounting basis, after the elimination of relevant intercompany balances and transactions. Note 9 lists all group companies and joint ventures.

The financial statements have been prepared to give a true and fair view and follow 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 (Charities SORP FRS 102) effective 1 January 2019.

In the application of the Charity's accounting policies and the applicable charity laws and regulations in England and Wales, the Trustee Directors are required to make judgements, estimates and assumptions about the carrying values of the assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

In the view of the Trustee Directors, no assumptions concerning the future or estimation of uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Power to Change Trust meets the definition of a public benefit entity under FRS 102.

Consolidated financial statements are prepared under historical cost convention in pounds sterling, which is the functional currency of the Charity.

Going Concern

The Trustee Directors considered the 2024 budget and the cash balance forecast for 31 Dec 2024 alongside the available reserves (described on page 67) and are satisfied that the funds available then are sufficient to cover existing commitments and planned spending through to 2026.

As such there are no material uncertainties surrounding the Trust's ability to continue as a going concern and the financial statements have been prepared on that basis.

Income and endowments

Income is recognised in the period where the Charity becomes entitled to the funds, receipt is probable, and the amount can be measured reliably. Income is deferred only when the Charity must fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Grant income is recognised in the statement of financial activities when received or when the Charity becomes entitled to receipt. Grants that have been received are treated as deferred income where there are specific requirements in the terms of the grant that the income recognition is dependent on certain activities being completed in a future accounting period.

Fund accounting

Endowment funds represent capital gifted in 2015 by The National Lottery Community Fund (formerly the Big Lottery Fund). Any unspent income arising from the Capital Fund is added to The National Lottery Community Income Fund and the Trustee Directors may transfer amounts from the Capital Fund to the Income Fund to cover any shortfalls in that fund.

Restricted funds are funds that have been given for particular purposes and projects. Restricted funds must be used in accordance with the funders' or donors' wishes.

Unrestricted funds are available to spend on activities that further any of the purposes of the organisation.

Expenditure

Expenditure is included on an accruals basis for the charitable activities, cost of raising funds and governance. Resources expended are allocated to a particular activity where the cost relates directly to that activity.

Grants payable are recognised, in line with our internal grant recognition policy, on a legal and constructive obligations principle basis. Grants payable are accounted for in full as liabilities as soon as the criteria for a constructive obligation has been met (specific commitment communicated directly to grant recipients) and there are no conditions attached which limits recognition.

Grant commitments requiring pre-conditions outside the control of the Trust to be met are recognised in full as liabilities when it is probable that these preconditions will be met. If it is possible that these pre-conditions might be met, the grant commitments are considered as contingent liabilities.

The cost of those staff whose responsibility was the direct management and administration of an activity are apportioned based on time spent in undertaking that activity. All charitable activities are classified in alignment with those undertaken in 2023.

Allocation of support costs

Support costs are those costs which enable the generation of funds and which enable charitable activities to be carried out. These costs include governance costs, finance, human resources, legal, information technology, office and organisation costs. Support costs are allocated to each of the activities in the same proportions as the direct staff allocations above.

Raising funds

The costs of raising funds are the costs incurred in business development activities for income generation.

Governance costs

Governance costs are the costs associated with the governance arrangements of the Charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the Charity's activities. Governance costs include an element of staff time based on the proportional allocation described under the expenditure policy above.

Pension

The Charity operates a group personal pension scheme. The pension cost charge represents contributions payable under the scheme by the Charity to the fund and are recognised in the Statement of Financial Activities in the period to which they relate. The Charity has no liability under the scheme other than the payment of the contributions.

Intangible fixed assets

Website development costs and customer relationship management software have been capitalised within intangible assets as they can be identified with a specific project anticipated to produce further benefits. Amortisation is provided to write off assets on a straight-line basis over their estimated useful economic life of three years.

Amortisation charges begin in the month of purchase and are included in charitable activities expenditure.

Tangible fixed assets

All assets costing more than £1,000 are capitalised and are carried at cost. Depreciation is provided to write off assets on a straight-line basis over their estimated useful economic life of three years. The depreciation charge begins in the month of purchase and is included in charitable activities expenditure.

Fixed asset investments

Fixed asset investments represents the charities investment in joint venture net assets (disclosed further in Note 9).

Cash and cash equivalents

Cash and cash equivalents represents cash balances and short term deposits which are accessible on demand.

Financial instruments

The Charity has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective-interest method. Financial assets held at amortised cost comprise cash at bank and in hand, current asset investments, cash held as fixed asset investments, and trade and other debtors. Financial liabilities held at amortised cost comprise of trade and other creditors.

Instruments other than cash, held as part of a portfolio, are stated at fair value at the balance sheet date with gains and losses being recognised within income and expenditure.

Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

Contingent liabilities

Contingent liabilities are recognised when possible obligations may arise as a result of uncertain future events that are not wholly within the control of the Charity, for example an agreement with an intermediary to fund future onward grants that have not been recognised at the balance sheet date.

Joint venture investment

Joint ventures are those entities over whose activities the Group has joint control. Investments in joint ventures are accounted for by the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss after the date of acquisition. If the Group's share of the loss exceeds the carrying amount of its investment, the Group discontinues recognising its share of further losses. Additional losses are recognised as a provision only to the extent that the Group has a legal or constructive obligation to make payments on behalf of the joint venture. The Group only resumes recognising its share of profits after they equal the share of losses not recognised. Loans to joint ventures are included in fixed asset investments.

2. Income

	Endowment Funds £'000	Restricted Funds £'000	Unrestricted Funds £'000	Total 2023 £'000	Total 2022 £'000
Donations	–	–	–	–	–
Income from charitable activities					
The National Lottery Community Fund - funding for the new five year strategy	–	6,442	–	6,442	6,634
Open Society Foundations	–	–	–	–	411
GLA	–	–	–	–	(53)
WMCA	–	–	–	–	51
Other	–	–	3	3	2
	–	**6,442**	**3**	**6,445**	**7,046**
Income from interest and investments					
Income from investments	–	–	–	–	–
Bank interest	375	–	–	375	115
	375	**–**	**–**	**375**	**115**
	375	**6,442**	**3**	**6,820**	**7,161**

Interest income is in the Endowment Income shown in note 13.

3. Expenditure Allocation

£'000	Raising Funds	Existing Programmes	Closing Programmes	2023 Total	2022
Grants Awarded	–	1,372	1,029	2,402	4,532
Programme delivery costs	–	310	168	478	872
Support to sector	–	678	204	882	1,170
Direct staff costs	–	1,040	637	1,677	1,686
Research and evaluation direct costs	–	255	199	454	752
Other direct costs	–	301	371	672	1,054
Support costs	–	1,533	938	2,472	1,763
Total	**–**	**5,490**	**3,547**	**9,036**	**11,829**

Programme delivery costs include the management of grants awarded in prior years.

Breakdown of support costs	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Staff costs – governance	299		330	
Direct costs – governance	44		109	
Governance		343		439
Staff costs – finance, operations and HR		887		689
Rent and organisation costs		801		303
Training costs		129		132
IT costs		132		115
Legal		135		29
Depreciation		45		56
Total		**2,472**		**1,763**

Prior year expenditure allocation:

£'000	Raising Funds	Existing Programmes	Closing Programmes	2022 Total
Grants Awarded	–	4,669	(137)	4,532
Programme delivery costs (of which £330k via a grant)	–	542	330	872
Support to sector	–	1,079	91	1,170
Direct staff costs	40	1,581	65	1,686
Research and evaluation direct costs	–	746	6	752
Other direct costs (of which training £23k)	13	939	101	1,054
Support costs	27	1,667	69	1,763
Total	**80**	**11,224**	**525**	**11,829**

4. Net Expenditure for the year

This is stated after charging:

	2023 £'000	2022 £'000
Operating lease rentals (rent)	89	86
External audit fees	38	26
Internal audit fees	9	11
Depreciation/Amortisation	45	55
Total	**181**	**178**

5a. Staff costs and numbers

	2023 £'000	2022 £'000
Wages and salaries	2,437	2,231
Social security costs	240	254
Employer pension contributions	117	120
Other employee benefits	34	31
	2,828	**2,635**
Training (support costs)	129	132
Training (direct costs)	7	23
Contractor costs	276	279
Recruitment costs	55	98
Total staff costs	**3,294**	**3,168**

The average number of employees (excluding contractors) during the year was as follows:

	2023	2022
Charitable expenditure	14	27
Support and governance	25	16
Total	**39**	**43**

The number of employees who received remuneration (this includes termination payments set out below) of more than £60,000 in the year was as follows:

	2023	2022
£60,000 – £69,999	5	2
£70,000 – £79,999	3	0
£80,000 – £89,999	–	3
£90,000 – £99,999	2	1
£100,000 – £109,999	1	0
£110,000 – £119,999	–	0
£120,000 – £129,999	1	1
£130,000 – £139,999	1	0

Total key management personnel costs for the year were £580k (2022: £641k).

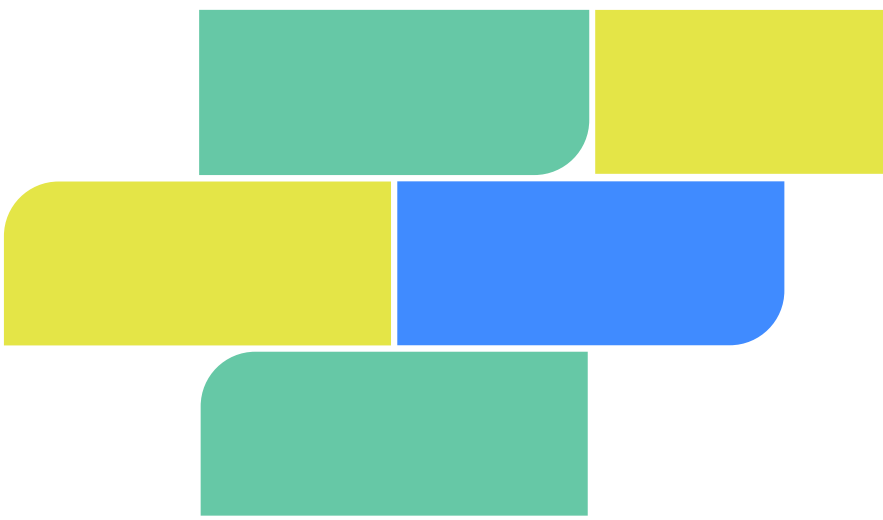
Details of key management personnel are set out on page 33.

Included in the wages and salaries costs are termination payments of £240k (2022: £19,300).

5b. Trustee Directors

Trustee Directors received no remuneration during the year (2022: £nil). In total 4 Trustee Directors received reimbursement for travel and subsistence expenses of £708 during the year (2022: 3 Trustee Directors – £962).

The Protector received remuneration of £15k for the year (2022: £15k) representing their fee as stipulated by the Trust Deed. The Protector also received reimbursement of travel and subsistence expenses of £220 (2021: £178).



6. Grants awarded

	2023 £'000	2022 £'000
Capabilites		
Powering Up	72	480
Other	53	19
Enabling Conditions		
Infrastructure	–	(11)
Making the Case	79	95
Local and Regional	301	619
New Economic Models		
Community Business Trade Up	265	245
Community Shares	438	189
Crowdfunding	20	237
Democratic Ownership	40	850
Empowering Places	(8)	58
Market Oppurtunities		
Climate Action Programme	1,000	1354
Community Tech	265	400
CORE and Next Gen	324	24
Health, Social Care and Wellbeing	–	(18)
Others		
DEI Crosscutting	–	75
Impact and Learning	25	74
Impact and Learning Legacy	–	(30)
Communications	25	0
Programme Management	10	(127)
Grant Withdrawals (included in net figure in PY)	(506)	
	2,402	**4,532**
Grants to Delivery Partners for Delivery Costs	0	330
	2,402	**4,862**
Grants awarded in PY are net of withdrawals	0	437

7. Intangible fixed assets (Group and Charity)

	Software	Website	2023	2022
	£'000	£'000	£'000	£'000
Cost				
Brought forward	87	82	168	449
Additions	–	–	–	–
Disposals	–	–	0	(281)
Carried forward	**87**	**82**	**168**	**168**
Amortisation				
Brought forward	87	39	126	380
Charges for the year	–	27	27	27
Disposals	–	–	0	(281)
Impairment	–	–	–	–
Carried forward	**87**	**67**	**153**	**126**
Net book value				
Brought forward	0	42	42	70
Carried forward	**0**	**15**	**15**	**42**

Software pertains to customer relationship management software.

8. Tangible fixed assets (Group and Charity)

	IT Equipment	Fixtures and Fittings	2023	2022
	£'000	£'000	£'000	£'000
Cost				
Brought forward	95	39	133	129
Additions	–	–	–	5
Disposals	–	–	–	0
Carried forward	**95**	**39**	**133**	**133**
Depreciation				
Brought forward	88	18	106	77
Charges for the year	5	13	17	28
Disposals	–	–	–	0
Carried forward	**92**	**31**	**123**	**106**
Net book value				
Brought forward	7	21	28	51
Carried forward	**2**	**8**	**10**	**28**

9. Fixed Assets Investments

	2023		2022	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Social investment				
Community Owned Renewable Energy LLP	–	5,226	–	5,226
Share of joint venture net assets	933		5,147	–
Debtors				
Social Investment: loan to Community Energy Together Ltd	5,862			
Total investments	**6,794**	**5,226**	**5,147**	**5,226**

The Social Investment Loan portion of £5,862k has been classified within the Debtors section of the Balance Sheet

Movement in year

	2023		2022	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Social investment				
Movement in share of joint venture net assets	1,647	0	(2,738)	(3,250)
Decrease / (increase) in investments	**1,647**	**0**	**(2,738)**	**(3,250)**
Brought forward investments	5,147	5,226	7,886	8,476
Total investments at the end of the year	**6,794**	**5,226**	**5,147**	**5,226**

The social investment of £5,225k in 2023 (2022: £5,225k) relates to PTC Renewable Energy Ltd (a wholly owned subsidiary of the Trust). The assets of PTC Renewable Energy Ltd represent its investment in Community Owned Renewable Energy LLP (CORE LLP), a 50%/50% joint venture between and Big Society Capital and a loan to Community Energy Together Ltd.

The Group accounts reflect the value of the Trust's 50% share in the assets of the joint venture. The value of the loan to Community Energy Together Ltd is shown within debtors (note 10) in the Group accounts. The difference between the total social investment in the Group accounts and in the Charity accounts represents gains made over the course of the investment.

10. Debtors (Group)

	2023 £'000	2022 £'000
Prepayments	49	109
Advances to intermediaries	404	1,304
Community Energy Together Loan	5,862	–
Trade Debtors	–	58
Other debtors	–	1
Total	**6,315**	**1,471**

10. Debtors (Charity)

	2023 £'000	2022 £'000
Prepayments	49	109
Advances to intermediaries	404	1,304
Trade Debtors	–	58
Other debtors	–	1
Total	**454**	**1,471**

11. Creditors (Group)

	2023 £'000	2022 £'000
Due within one year		
Trade creditors	552	528
Grants payable	2,283	2,835
Accruals	154	394
Other creditors	313	195
	3,302	**3,952**
Due after one year		
Grants payable	157	1,156
Total	**157**	**1,156**

Grants payable amounts are summarised below:

	2023 £'000	2022 £'000
Grants payable		
Balance brought forward	3,991	6,591
External grants awarded	2,402	4,532
Amounts defrayed	(3,849)	(7,132)
Balance carried forward	2,544	3,991
Balance carried forward		
due within one year	2,283	2,835
due after one year	157	1,156
Total	**2,440**	**3,991**

11. Creditors (Charity)

	2023 £'000	2022 £'000
Due within one year		
Trade creditors	552	528
Grants payable	2,283	2,835
Accruals	154	394
Other creditors	96	195
	3,085	**3,952**
Due after one year		
Grants payable	157	1,156
Total	**157**	**1,156**

12. Related party transactions

Related Party Transactions are disclosed within the Financial Review.

13. Group Funds

	2023				2022			
	Endowment funds	Other restricted funds	Unrestricted Funds	Total	Endowment funds	Other restricted funds	Unrestricted Funds	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Allocation of assets by fund								
Intangible assets	15	–	–	15	42	–	–	42
Tangible assets	10	–	–	10	28	–	–	28
Investments	–	–	–	–	11,780	–	–	11,780
Share of joint venture net assets	933	–	–	933	5,147	–	–	5,147
Current assets	22,968	829	0	23,797	9,235	707	35	9,977
Current liabilities	(3,302)	–	–	(3,302)	(3,952)	–	–	(3,952)
Liabilites falling due after one year	(157)	–	–	(157)	(1,156)	–	–	(1,156)
	20,467	**829**	**0**	**21,296**	**21,124**	**707**	**35**	**21,866**

Movement in 2023	Balance b/f	Income	Expenditure	Investment gains	Transfers	Balance c/f
	£'000	£'000	£'000	£'000	£'000	£'000
Expendable endowment						
The National Lottery Community Fund "Capital Fund"	21,124	–	–	–	(657)	20,467
The National Lottery Community Fund "Income Fund"	–	375	(2,678)	1,647	657	–
Total endowment funds	**21,124**	**375**	**(2,678)**	**1,647**	**–**	**20,467**
Restricted funds						
TNLCF – 5 year strategy from 2021	452	6,442	(6,065)	–	–	829
Open Society Foundations	255	–	(255)	–	–	–
Total restricted funds	**707**	**6,442**	**(6,320)**	**–**	**–**	**829**
Unrestricted funds	35	3	(38)	–	–	0
Total funds	**21,866**	**6,820**	**(9,036)**	**1,647**	**–**	**21,296**

Movement in 2022	Balance b/f	Income	Expenditure	Investment gains	Transfers	Balance c/f
	£'000	£'000	£'000	£'000	£'000	£'000
Expendable endowment						
The National Lottery Community Fund "Capital Fund"	24,513	–	–	–	(3,389)	21,124
The National Lottery Community Fund "Income Fund"	–	115	(4,016)	512	3,389	–
Total endowment funds	**24,513**	**115**	**(4,016)**	**512**	**–**	**21,124**
Restricted funds						
TNLCF – 5 year strategy from 2021	666	6,634	(6,848)	–	–	452
GLA – Boosting Community Enterprise	60	(52)	(8)	–	–	–
Open Society Foundations	783	411	(939)	–	–	255
Other research and HSC work	–	–		–	–	–
Total restricted funds	**1,509**	**6,993**	**(7,795)**	**–**	**–**	**707**
Unrestricted funds	**–**	**53**	**(18)**	**–**	**–**	**35**
Total funds	**26,022**	**7,161**	**(11,829)**	**512**	**–**	**21,866**

14. Operating Leases

At the end of the period, the group had future minimum commitments under operating leases (related to our three office locations) as follows:

	2023 £'000	2022 £'000
Payment due:		
Within one year	49	78
Within two to five years	–	45
Over five years	–	–
	49	**122**

15. Contingent Liabilities

At the end of the period, the group had future contingent liabilities in relation to three programmes of activities (Community Shares, Kindred and Power Up) amounting to £1,253,559. These relate to possible obligations which may arise as a result of uncertain future events that are not wholly within the control of the Charity, for example future onward grants.

16. Status of the Charity

Power to Change Trustee Ltd (Company No. 8940987) is the corporate trustee of Power to Change Trust. The Charity came into existence on 21 January 2015 upon receipt of the endowment of £149,204,000 from The National Lottery Community Fund.

17. Prior year statement of Financial Activities

Consolidated Statement of Financial Activities
for the year to 31 December 2022

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	2022 Total funds £'000	2021 Total funds £'000
Income from:						
Donations	2	–	–	–	–	21
Charitable activities	2	–	6,993	53	7,046	5,637
Interest and investments	2	115	–	–	115	49
Total income		**115**	**6,993**	**53**	**7,161**	**5,707**
Expenditure on:						
Raising funds		–	80	–	80	57
Existing programmes		4,153	7,052	18	11,224	9,386
Closing programmes		(137)	662	–	525	6,412
Total expenditure	3, 5, 6	**4,016**	**7,794**	**18**	**11,829**	**15,855**
Net gains / (losses) on investments	9	**512**	**–**	**–**	**512**	**148**
Net (expenditure) / income	4	**(3,389)**	**(802)**	**35**	**(4,156)**	**(10,000)**
Transfers between funds	13	–	–	–	–	–
Net movement in funds		**(3,389)**	**(802)**	**35**	**(4,156)**	**(10,000)**
Reconciliation of funds						
Total funds brought forward		24,513	1,509	–	26,022	36,022
Total funds carried forward	**13**	**21,124**	**707**	**35**	**21,866**	**26,022**

Power to Change



Power to Change
The Clarence Centre
6 St George's Circus
London SE1 6FE

020 3857 7270

info@powertochange.org.uk

powertochange.org.uk

@powertochange_

Power to Change Trustee LTD is a company limited by guarantee,registered in England and Wales, no. 08940987

Power to Change is a registered charity, no. 1159982

COMMUNITY FUND

POWER TO CHANGE TRUST

England & Wales - Charity number 1159982

Accounts

power to change

COMMUNITY FUND



ANNUAL REPORT

For the year ended
31 December 2022

Strengthening communities
through community business

About us

At Power to Change, we know community business strengthens local communities. We use our experience to bring partners together to fund, grow and back community business to make places thrive. We are curious and rigorous. We do, test, and learn. And we are here to support community business, whatever the challenge.

We know community business works to create thriving places when local people take ownership over spaces that matter and deliver services that communities need. Our 2021-25 strategy sets out how, using strategic funding, trusted partnerships, rigorous research, policy insight, and a strong network of remarkable community businesses, we will back the sector, creating the ideas, evidence, and exemplars that make the case for others to back them too.

Ultimately, we will amplify the efforts of community businesses and put them at the heart of a fair economy.

Nudge Community Builders

Front cover image: Walthamstow Toy Library, London



Contents

About us 2

Message from the Chair and Chief Executive 4

Our impact: The year in numbers 6

Our vision, mission and values 8

Our commitment to climate action and sustainability 9

Our priorities for 2022 10

- Our impact: Community businesses at the heart of a fairer economy 10
- Our impact: Making community businesses more resilient 15
- Our impact: A more diverse, equitable and inclusive sector 23

Pay gap reporting 26

2023 priorities 27

Our partners 28

Financial review 30

Structure, governance and management 34

Risk management 40

Trustee Directors' statement of responsibilities 42

Protector's statement 43

Independent auditor's report 49

Financial statements 53

- Notes to the accounts 56

Reference details and details of auditors 79

Message from the Chair and Chief Executive

Resilient community businesses are vital for a fair and prosperous economy. They increase community cohesion and social capital, and provide services based on community needs. Our work shows there are at least 11,000 community businesses in England. They employ 41,800 people, work with 126,000 volunteers, and contribute almost £1 billion to our economy.

During Covid, and now the cost of living and energy crises, community businesses continue to be the backbone of our communities. They take ownership of the spaces and places that matter to them, responding to local needs with agility, resourcefulness, and commitment. They are setting up warm banks, like The Bevy in east Brighton, and helping people escape food poverty, like Spring Community Hub in south east London.

Our research continues to demonstrate the huge economic, social, and environmental contribution of community businesses– as well as the challenges. Our Community Business Market Report revealed 77% of community businesses have seen an increase in demand for support related to food costs, and 79% for support related to increases in energy costs. Many are worried about their future - 37% are less confident in their financial prospects. We also know community businesses are needed now more than ever. Those offering public-facing support were nearly twice as likely to report increased demand for support with the cost of living. They are stepping up in a time of central and local government funding fragility.

In response to the cost of living and energy crises, Power to Change acted quickly and purposefully launched our new Resilient Communities Fund in October 2022. We provided essential funding and energy efficiency resources for community businesses adversely affected by the cost of living crisis (more on pgs 15 and 16). With the grant, West Midlands-based Dorothy Parkes Centre were able to continue to provide a safe place for the local and wider community, by supporting utility and staffing bills and investing in solar panels. A total of £1.35 million worth of grants went to 137 community businesses, with over 80% of grantees operating in the most economically deprived parts of the country.

We are hugely proud of our team for adapting resources and using our data to ensure this funding went to organisations that needed it the most.

But we know this is a drop in the ocean and more support and investment is needed. So we continue to advocate and make the case to government and policy makers on the specific challenges, needs and potential impact of a growing community business sector on reducing regional inequality. We continue to campaign on key issues such as high street regeneration (see page 12) and the increasing need to diversify community businesses so that they benefit and involve all members of our communities (see pgs 23 to 25 on our progress).

This year alone, we have leveraged **£3.6 million** into community businesses, as we know that our funding and programmes on their own will not solve the challenges our communities continue to face.

It was a highly productive year for our staff team. We ran nine innovative community business support programmes helping 357 community businesses with a total of £3 million of grant funding (see pgs 19 to 22). Our programmes are transformative in supporting community businesses in their journey to become resilient and create impact. For example, our Community Shares Booster Fund has helped East Marsh United in Grimsby raise over £0.5 million to convert derelict properties into decent, affordable homes for local people (see pgs 17 and 18).

Eight exciting programmes and campaigns were aimed at developing and influencing the social economy across England (see pgs 10 to 14). For example, we helped shape the development of social investment funds growth strategies in partnership with community businesses and combined authorities in North of Tyne and West Midlands. We have helped establish six Community Improvement District pilots aiming to keep money local, serve communities, and revitalise town centres.

Throughout our annual report you will notice how important partnerships are in all our work (see pgs 28 and 29 for our list of partners). We continue to advocate and work with partners – old and new – to bring further funding into the community business movement.



Power to Change Board of Trustees

The year has seen further changes in our leadership team. We said farewell to our long-standing Chair of Trustees, Stephen Howard and welcomed Tony Burton as our new Chair in December. We also welcomed three new trustees to our Board. We are confident our Board brings the necessary diversity of experience, passion and perspective into our organisation at this stage in our development.

2022 marked the second year of progress on our 2021-5 strategy and seven years of Power to Change's impact. But we must continue to look ahead and assess where and how our resources will have the greatest impact. In collaboration with our staff and key external stakeholders, our priority for 2023 is planning Power to Change's future beyond 2025. What will be our core purpose and focus? Where can we have the greatest impact? Despite this uncertainty, we know the difference community businesses make. And we remain determined to support and champion community businesses, whatever the challenge.



Tony Burton CBE
Chair



Tim Davies-Pugh
CEO

Our impact: The year in numbers

357
community businesses directly supported in 2022

280,570
local people benefited from the community businesses we support*

£3m
total grants to community businesses

£3.6m
additional money leveraged by Power to Change into community business sector

22%
Community Owned Renewable Energy's (CORE) portfolio of solar farms comprised 22% of community owned solar PV in England and Wales

£4.94
for every £1 Power to Change invested, the crowd and other partners raised £4.94 via Community Business Crowdmatch

£7.13
for every £1 invested by our Community Shares Booster Fund, £7.13 was raised from community investment

63%
of community businesses supported located in 30% most deprived areas (IMD 1-3)

11,000
community businesses in England with a combined total income of just under £1 billion**

41,800
people employed in community businesses**

126,000
volunteers working in community businesses**

170
we almost doubled compared to the previous year our engagements with policy makers and key influencers, from 96 to 170 compared to 2021

29
new research and evaluation reports

1.4m
impressions of our #MyCommunityBusiness campaign

48,252
people viewed our High Street Buyout Fund animation

60
national media articles

3.8%
we more than doubled our Twitter engagement rate, from 1.5% to 3.8%

*Based on average service user figures from our 2019 Community Business Market Report
** 2022 Community Business Market Report

Our vision, mission and values

Our vision: Powerful communities, better places
By 2025, we want to see more communities in England running community businesses that give them power to change what matters to them, creating places that are better to live and work in for everyone.

Our mission: Strengthen community businesses
Our mission is to strengthen community businesses to tackle some of society's biggest challenges at a local level and prepare them to face three of the biggest challenges of our time: climate change, digital transformation and social inequalities.

Living our values

Open.
We will seek partners and allies beyond the community business sector to better help the community business model go mainstream. And we will be open about our learnings as we test and discover new approaches to community-led resilient places.

Informed.
We will continue to work closely with community businesses and be informed by their lived experience and needs. We will approach new challenges with fresh eyes and take an evidence-led approach before rolling out solutions.

Collaborative.
We will continue to work with existing partners, and identify new ones, drawing on each other's skills to achieve what we cannot do alone.

Bold.
Our plans are ambitious. We will continue to enter markets where we see community businesses could thrive and speak boldly to decision makers on their behalf.

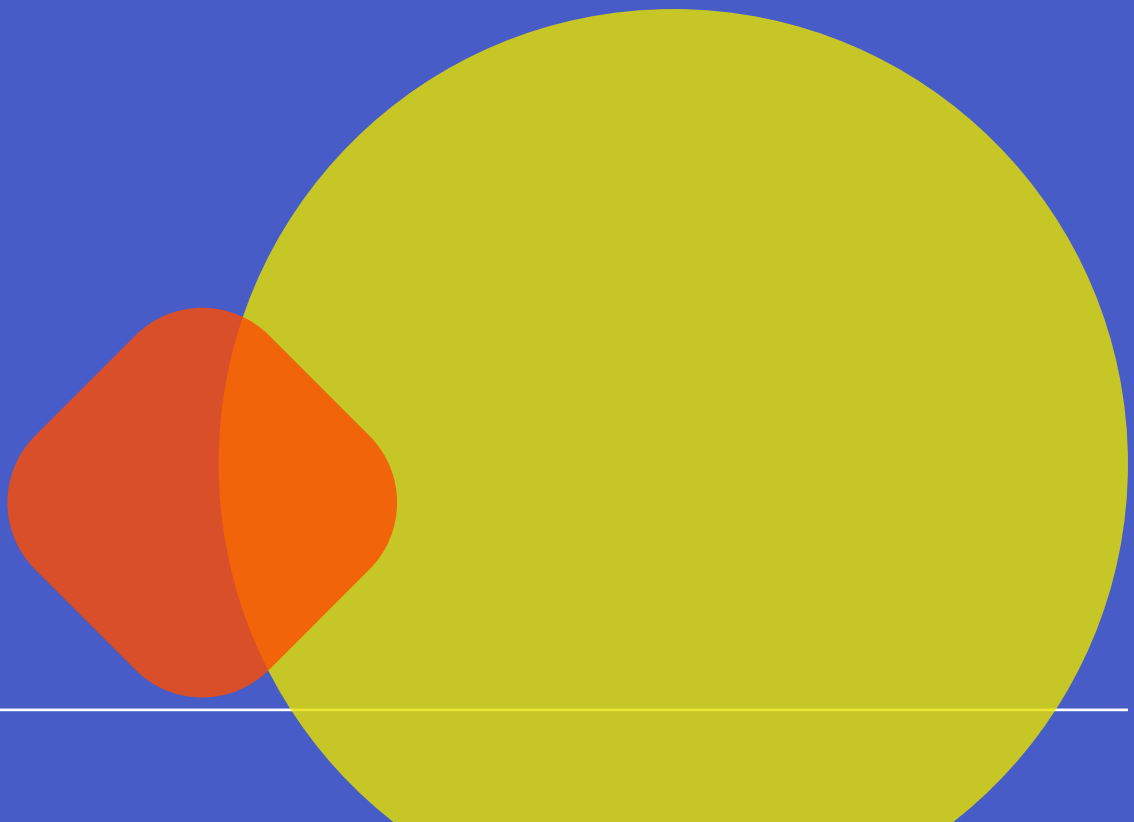
Authentic.
We integrate the priorities that we have for community businesses into our own practice. We aim to advance dignity, justice and belonging in our own organisation. We aim to become climate positive, we are actively embracing digital transformation, and we are continuously building our own capabilities in many areas.

Our commitment to climate action and sustainability

We support community businesses on their sustainability journey. But we are also committed to our own carbon neutral journey, which is why we signed the Funder Commitment on Climate Change.

In 2022 we established the organisation's baseline carbon footprint from our buildings (energy, water, waste, and recycling), business travel, and procurement. We pledged to reduce our carbon emissions by 5% each year as part of our Planet Mark certification.

We created an annual sustainability plan, which included actions needed to reduce our carbon footprint. We trialled Giki Zero to help staff reduce energy costs and carbon emissions from homeworking. We reviewed and updated our procurement policies, Grants Handbook and KPIs to integrate our climate action commitment across the organisation.



Our priorities for 2022

Our 2021-5 strategy sets out our three priorities:

1. Putting community businesses at the heart of a fairer economy

2. Making community businesses more resilient

3. Ensuring a more diverse, equitable and inclusive sector

These priorities have helped focus and shape our work in 2022. We are proud to share our achievements and progress with you at this mid-way point in our strategy.

Our impact: Community businesses at the heart of a fairer economy

Spotlight: Partnering to grow regional social economies

A thriving and growing social economy can transform a place. The key to making this a success is empowering communities and community businesses to have a real stake in their local economy.

We worked in partnership to help combined authorities understand the unique needs of their local social economy and community businesses. We helped shape the development of social investment funds and growth strategies in partnership with community businesses in North of Tyne and West Midlands. And we led consultations to identify regional priorities for investment and support.

We now have jointly funded roles in both places focused on growing the social economy. These roles will foster connections between the combined authorities, Power to Change, and the local social sector.



Community consultation c/o West Midlands Combined Authority

"Power to Change's strategic guidance has secured sector buy-in for our plan to grow the social economy in the West Midlands, ensuring this is inclusive and relevant to community businesses and the wider social sector."

Ed Cox, Executive Director
Strategy, Integration and Net Zero,
West Midlands Combined Authority



Spotlight: Campaigning for community power on the high street

In March 2022, we launched Take Back the High Street, a campaign that asks Government to establish a High Street Buyout Fund, Community Right to Buy, and to support the expansion of Community Improvement Districts.

The campaign launch involved a parliamentary event centred around our report on a High Street Buyout Fund, social media engagement using a unique brand identity and video featuring community businesses on the high street, and media engagement. Later in the campaign, we published a second report alongside a webinar, animation, and 'contact your MP' campaign to involve the national community business movement in advocating for our campaign asks.

The campaign has helped us develop relationships with ministers and the Opposition frontbench, and is helping us to achieve policy change which will benefit community businesses. Furthermore, learnings from our Community Improvement Districts and our High Street Buyout Fund modelling are informing current government policy on high streets. As a result, the Labour Party has announced that it would introduce a Community Right to Buy to help communities purchase important community assets, including those on the high street.



"In too many places, we see shuttered-up shops and empty buildings blighting high streets and town centres.

They are often left vacant by distant private landlords with little stake in places. Members will have stories about that from their constituencies, I have no doubt.

Introducing a Community Right to Buy would be a recognition that it is time for that to change. It would give communities new powers to take control of assets in their area and, where assets are in community ownership, we know that vacancy rates are lower, footfall is driven to other businesses, more money stays in the local economy and hiring is more diverse—certainly more than if they are unoccupied."

Alex Norris MP in support of a Community Right to Buy during a House of Commons debate on the Levelling-up and Regeneration Bill

Championing community business, community power and ownership

Summary of other key 2022 projects

Project	In a nutshell
Community Improvement Districts pilot With learning partner the Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University	What if community businesses and residents had more say in regenerating their town centres? Community Improvement Districts (CIDs) aim to create partnerships to do just that. We have been testing this model at seven locations in England. Partnership working through CIDs is powerful, giving rise to a range of activities to keep money local, serve communities, improve the look of town centres and revitalise them.
Democratic ownership Collaborators include: Centre for Local Economic Strategies, Common Wealth, Cooperatives UK, Employee Ownership Association, Stir to Action, New Economics Foundation, Preston City Council, Cooperative Councils Innovation Network	In 2022 we brought together a broad portfolio of grantees and partners, from the local to the national, who advocate for and create the enabling conditions for increased employee, worker, and community ownership. Together we are building a compelling vision for democratic business ownership, supporting a broader shared economy and the routes to achieving it.
Empowering Places In partnership with Cooperatives UK, New Economics Foundation and Centre for Local Economic Strategies	An innovative five-year programme that funds community anchor organisations in six areas of high deprivation in England. The aim is to 'catalyse' and support the growth of new community businesses, contributing to an overarching vision of more prosperous places, with more jobs and opportunities for local people. 2022 marked the fifth and final year of the programme. Our learning is captured in the Renaisi evaluation, with further insight to follow.
Platform Places With founding partners: the High Streets Task Force, British Property Federation, New Local, Radix and Shoosmiths	In 2022, we helped establish Platform Places, a social enterprise working to make it easier for community entrepreneurs to access town centre property. The organisation, led by Rebecca Trevalyan and Frances Northrop, is now establishing place-based partnerships to make this a reality.
We're Right Here campaign In partnership with New Local, the Cares Family, Locality, Local Trust, the Young Foundation, People's Health Trust, Friends Provident Foundation, and the Joseph Rowntree Foundation	The We're Right Here campaign is working to build a united movement for community power, spanning places and communities across the UK as well as the political spectrum. This campaign played a part in pushing the Labour Party towards community-powered politics and catalysing a movement of community organisations into creating national change.

Our impact: Making community businesses more resilient

Spotlight: Responding to the cost of living and energy crises

To support community businesses through the cost of living and energy crises, we launched the Resilient Communities Fund in October 2022, in partnership with Social Investment Business.

A total of £1.35 million worth of grants went to 137 community businesses, with over 80% operating in the most economically deprived parts of the country. Nearly three quarters (72%) of grants went to community businesses majority led by either women, people of minoritised ethnicities, people with disabilities, or from the LGBTQ+ community.

These flexible grants of up to £10,000 were vital to cover immediate needs from the impact of the crises, such as energy costs, and rising staff and food costs. As part of this programme, we provided free specialist energy support and advice to improve the sustainability of community buildings, in partnership with the Centre for Sustainable Energy.

Dorothy Parkes Centre



"These funds are crucial for us during this challenging time and will help us in our aim to continue the legacy of Dorothy Parkes and provide opportunities to bring people and organisations together in a spirit of friendship and equality, enabling our local community to thrive. This grant... will be used to support with utility bills, solar panels, and staffing."

The Dorothy Parkes Centre
Recipient of Resilient Communities Fund grant

Spotlight: Quality homes in Grimsby via community shares

East Marsh in Grimsby is one of the most deprived wards in England. In 2017, a group of residents created East Marsh United (EMU) – an organisation dedicated to regenerating the area through multiple community initiatives. One of those initiatives is East Marsh Community (EMC), set up to convert derelict properties into decent, affordable homes for local people.

In March 2022, EMC launched a community share offer. "It will enable us to buy ten houses, get them refurbished and provide quality homes for ten more families," said Director and local resident Billy Dasein.

The share offer exceeded their target of £250,000. They raised over £0.5million from 162 investors while running a parallel local membership offer for residents in East Marsh to ensure broad community accountability.



East Marsh Community

Community shares are an innovative way of amplifying our funding and supporting community ownership. For every £1 invested by the Community Shares Booster Fund, an incredible £7.13 was raised by community investors. As a pioneer of community shares in England, we invested £3.5 million in match-funding since 2015. The community shares market has raised £210 million since 2012.

"Our community share offer was a real rollercoaster, and it really kept our spirits up knowing we were guaranteed 10% of our minimum raise."

Billy Dasein,
East Marsh resident and EMC Director
Recipient of Community Shares Booster Fund

Supporting community business, whatever the challenge

Power to Change funding and support programmes have built resilience among community businesses. They improve confidence, strengthen skills and capabilities, and improve financial resilience.

Summary of our 2022 programmes

Programme	In a nutshell	Community businesses supported in 2022	Total grants awarded in 2022
Community Business Crowdmatch In partnership with Crowdfunder	Crowdfunding helps community businesses increase engagement with their community while unlocking much-needed investment. Emerging community businesses raising funds through Crowdfunder can apply for up to £10,000 in matched funding from Power to Change. For every £1 we pledged, £2.76 was raised from the local community.	35	£236,609
Community Business Trade Up Delivered by the School for Social Entrepreneurs	Transformative learning and grant programme that builds resilience, entrepreneurialism, and trading income of community businesses. The 2022 round of the programme focused on earlier-stage community businesses (less than four years old) to encourage applications from those led by younger people, and minoritised ethnicities, to make the programme more inclusive.	39	£245,000
Community Owned Renewable Energy (CORE) In partnership with Big Society Capital and supported by Finance Earth	Social investment partnership that aims to bring existing solar farms into community ownership and deliver lasting community benefits. CORE's portfolio of solar farms comprises 22% of the community owned solar panels in England and Wales. In 2022, CORE secured £31 million refinancing from Abrdn, the UK's largest asset manager. Power to Change made a grant to CORE Community Investments Ltd, with a board made up of community partners, to fund capacity building and legal advice in preparation for the transition of ownership to community organisations in 2023.	5	£37,972

Programme	In a nutshell	Community businesses supported in 2022	Total grants awarded in 2022
Community Shares Booster Delivered in partnership with Co-operatives UK, Locality, Plunkett Foundation, and Co-operative and Community Finance. Funded by Power to Change, Access – The Foundation for Social Investment and Architectural Heritage Fund	Innovative finance that supports community businesses who aim to launch a community share offer to raise funds and community ownership. For every £1 invested by the Booster Fund, it unlocks an additional £7.13 from community investors. Since 2016, £210 million has been invested to create or save vital assets or services across the UK using community shares.	38	£189,000
Community Tech: Makers and Maintainers Fund Supported by Promising Trouble	In the digital age, more and more community businesses are developing their own software (and hardware) to help them meet community needs. Programme funding aims to enable and encourage this process as well as help develop a community of practice.	10	£400,000
Financial Capabilities pilots Delivered by Locality and The Women's Organisation	Supports community businesses in managing their organisation's finances, with the hope of making them more resilient and sustainable in the long term.	30	n/a
Leading the Way In partnership with Virgin Money Foundation and supported by the School for Social Entrepreneurs	Aims to increase confidence and resilience of community business leaders to grow the impact of the organisation. By focusing on people running community businesses in the North East and Yorkshire and the Humber, we aim to create a strongly connected cohort.	19	n/a
Next Generation Supported by the Centre for Sustainable Energy	Our goal is to build capacity and harness the potential for community businesses in the energy space. This programme supports trials of alternative business models for community energy generation. It recognised the barriers at the time to the standard model of new community solar panel and wind turbine development and the reduced benefits available for communities.	5	£129,433

Programme	In a nutshell	Community businesses supported in 2022	Total grants awarded in 2022
Powering Up	Flexible and tailored support in digital growth, environmental sustainability, and financial resilience with a cross cutting theme of diversity, equity, and inclusion. The programme creates connected community leaders with vetted support organisations that will accelerate the impact of community businesses.	69	£480,000
Resilient Communities Fund Supported by Social Investment Business (SIB) and the Centre for Sustainable Energy	In response to the cost of living and energy crisis, we analysed our grantees to ensure we supported those most in need during this time and most likely to be impacted. The flexible grant fund (up to £10,000), alongside specialist support around energy saving measures, is helping to future proof these community businesses, while creating positive environmental change and learnings within communities.	137	£1,353,631
	TOTALS	**357**	***£3,071,645**

*This figure represents grants directly made to community businesses. It does not represent all grants made and and does not include withdrawals.

Without our support, 7% of community businesses would not be running, 38% would be struggling and 54% would have slower growth – 2022 grantee survey.

“It’s bolstered me even thinking of myself as a leader.”

Leading the Way participant.

Our impact: A more diverse, equitable and inclusive sector

Spotlight: Introducing young people to community business

Only 7% of community businesses are run by 18–35 year-olds - a major issue for the future sustainability of the community business movement.

#MyCommunityBusiness was a 10-week campaign aimed at introducing young people (18-35) to community business. The campaign shared inspiring stories of ten community businesses that are run by, employ or support young people. It was bolstered by a new report into how and why young people get involved with community business and the barriers they might face.

We used the campaign to launch our TikTok account and hosted a webinar with Common Vision and a group of young researchers to share their learnings with community businesses.

The lasting impact of this campaign is a new set of resources to help community businesses reach more young people, support younger community members, and develop the leadership potential of younger team members and volunteers.



Future Yard

“It’s really helped show people what we are as an organisation. We’ve loved being part of the campaign!”

Craig Pennington,
Future Yard
Featured in #MyCommunityBusiness campaign

Spotlight: Becoming a more equitable organisation

In 2022 we commissioned two key pieces of research to advance our ambitions to becoming more equitable:

1. The development and analysis of a baseline dataset aligned to the cross-sector DEI Data Standard to better understand the diversity of the community business sector; and

2. Research into the barriers and solutions to accessing funding and support, particularly for marginalised community businesses and organisations, in partnership with Spark and Co.

Both pieces of research were designed to help us make practical changes. We have improved our policies, redesigned our recruitment process, captured and analysed our ethnicity and disability pay gap, published several blogs about our progress and our failings, and participated in multiple external groups.

We funded and contributed to the design of the ground-breaking Foundation Practice Rating, a cross-sector initiative led by experienced leaders of the Foundation sector. It aims to hold ourselves collectively accountable on Diversity, Equity and Inclusion (DEI) best practice by scrutinising foundation practices, communications, and power structures.

2022 saw many of our programmes advancing DEI in practical ways to reduce the barriers to accessing our funding and support. For example, in our Powering Up and Leading the Way programmes we held drop-in clinics to better support community businesses with their applications. We created video guidance and made efforts to simplify our language in programme guidance documents.

The team also drove implementation of a new DEI data capture approach that integrated best practice methods from the DEI Data Standard adapted towards grant decision making in the community business sector. This approach helped us better understand our applicants and grantees, and make progress on delivering more equitable funding and support.

There is still more to do, and we will use our research to ensure the changes we make have impact.



Library of Things, Kilburn

Pay gap reporting

Not only do we have organisational values at Power to Change, but we also live by them. This means that everything we do is bold, authentic, informed, collaborative and open. In line with our values, we believe that it is important for organisations to understand their pay gaps so that we can be one step closer to a more diverse, equitable and inclusive sector.

The government requires organisations with more than 250 employees to publish details of their gender pay gap. However, the government does not require any organisations to publish details of their ethnicity or disability pay gaps. We are very proud to be a small organisation that shares our reporting on our gender, ethnicity and disability pay gaps by choice. We encourage all community businesses to do the same as a commitment to reducing inequalities in all areas.

Because of our 2022 pay gap reporting, we have a better understanding of any inequalities in our organisation, which means we are better informed on the issues we need to prioritise. There are several initiatives that we plan to roll out in the coming months to promote positive action in our recruitment process. This includes a recruitment guide for hiring managers with sections on inclusive recruitment and recognising unconscious biases, a new job description template with improved accessibility, updates to our job description design process (such as avoiding desirable criteria and personality descriptors), and further support and training on inclusive recruitment from our DEI Manager and HR team.

Although we are making improvements to our processes, we do not always see significant improvements in our pay gaps. We know that it is difficult to make significant change with such an entrenched issue, but we are committed to our values and working collaboratively with other organisations to tackle this issue as a sector. We hope that by working together we can make a positive and lasting impact for all.

Please see below for our gender, ethnicity and disability pay gap details as of April 2022.

Gender Pay Gap

Our median gender pay gap was 6.56% and our mean gender pay gap was 2.61%. In our organisation, 63.16% identify as female and 36.84% identify as male.

Ethnicity Pay Gap

Our median ethnicity pay gap was 20.99% and our mean ethnicity pay gap was 7.63%. 25.64% of the organisation identifies as Black, Asian, mixed race, or another ethnicity and 74.36% identify as white.

Disability Pay Gap

Our median disability pay gap was 3.77% and our mean disability pay gap was 3.60%. 30.77% of the organisation identifies as disabled and 69.23% identify as non-disabled.

2023 priorities

Developing our future organisation
Our current strategy has already moved us along a spectrum from being mainly a funding organisation, towards being more of a catalyst and demonstrator that aims to influence policy and funding for the benefit of community businesses.

We will be consulting key stakeholders in 2023 about the long-term future for Power to Change (beyond our current strategy period of 2021-25).

We will work to develop and refine our business model so that we can continue to support community businesses now and in the future. We believe this will be an evolution, building on all the excellent work we have delivered over the last eight years.

Our 2023 commitments
As always, our priority remains supporting community businesses – now and in the long term. So, while we plan for our future, we will continue to support them through commitments already made.

Highlights for 2023 will include:

- We will continue our work influencing government on support for community businesses in party manifestos including a High Street Buyout Fund and Community Power Act.
- We will strengthen and celebrate our work with combined authorities, including the final evaluation of our Empowering Places programme - building the case for community business in place.
- We will develop and deliver our Resilient Communities Fund, supporting the climate ambitions of the sector and by co-funding the Energy Resilience Fund.
- We will develop and deliver our Makers and Maintainers and Discovery Fund programmes and the community of practice as part of our community tech ambitions.
- We will deliver, evaluate, and improve upon our programmes of support for community businesses including Leading the Way, Community Business Trade Up, Powering Up and Community Shares Booster.
- We will deliver a range of research projects, unearthing the issues and challenges faced by community businesses and their social, environmental and economic impact. This will include the final iteration of the Community Life Survey Hyperlocal Booster, a novel approach that we have pioneered to measure impact at a neighbourhood level.
- We plan to complete the transfer of ownership to community businesses of the solar farm assets currently owned by our subsidiary CORE LLP.
- We will continue to develop and implement our data capture approach and integrate best practice methods from the DEI Data Standard.

Our partners

THANK YOU to the thousands of staff and volunteers working in community businesses and supporting their communities in these challenging times. We'd also like to thank all the organisations and individuals we've worked with this year. We couldn't do it without you!

Andrea Lee
Ann Sanders
Bennett Institute for Public Policy
Big Society Capital
Black South West Network
Board of trustees
Braw Data
Bright Blue
British Academy
CAF Venturesome
CAG Consultants
Carole Donnelly
Cassie Robinson
Centre For Local Economic Strategy
Centre for London
Centre For Regional Economic and Social Research
Centre for Sustainable Energy
CFE Research
CJD Consultancy
Climate Labs
Common Vision
Common Wealth
Community Energy England
Confederation Of Cooperative Housing
Co-operatives UK
Create Streets Foundation
Crowdfunder
David Bright
David Kane
Dot Project
Durham University
Eva Trier Consulting
Fabian Society
Finance Earth
Forster Communications
Friends Provident Foundation
Greater London Authority
High Streets Task Force
Hilary Barnard Consulting
Impact Information Company
Institute for Community Studies
IPPR North
Julian Prior
Kantar Public
Kate Swatridge Consulting
Key Fund
Kindred LCR
Lisa Mangan Media
Lisa Muller
Liverpool City Region Combined Authority
Liz Lipscomb
Lloyds Bank Foundation for England and Wales
Local Trust
Locality
MB Associates
Middlesex University
Mills & Reeve
MyCake

National Council for Voluntary Organisations
New Economics Foundation
New Local
New Social Covenant Unit
North of Tyne Combined Authority
Northumbria University
Onward
Open Society Foundations
Ownership Futures
Pals Agency
Pam Hardisty
Place Matters
Platform Places
Plunkett Foundation
PMG Consulting
Practical Governance
Progressive Britain
Promising Trouble
Reform
Renaisi
Reos
Resonance
School for Social Entrepreneurs
Seebohm Hill
Shared Assets
Sheffield Hallam University
Simon Borkin
Social Care Institute for Excellence
Social Investment Business
Sona Mahtani
Sophie Reid
Spark & Co
Steve Conway
Steve Wyler
The Institute for Public Policy Research
The Means
The Ubele Initiative
The Women's Organisation
The National Lottery Community Fund
University of Cambridge
University of Liverpool
University of The West of England
Virgin Money Foundation
We're Right Here
West Midlands Combined Authority
What & Why
What Works Centre for Wellbeing
Young Foundation

Financial review

Since 2015, Power to Change has supported business communities, using an expendable endowment provided by The National Lottery Community Fund (TNLCF), income generated from this endowment as well as additional restricted and unrestricted income received from time to time.

Expenditure

Total expenditure in 2022 was £11.83m (2021: £15.86m), in line with our projected expenses for the year but at a lower level of spend than in the previous two years when Power to Change responded to the Covid crisis and made funding available to the community business sector to replace lost trading income.

A number of new programmes were launched in 2022 (e.g Makers and Maintainers, Resilient Communities Fund, Powering Up, Leading the Way, Democratic Ownership, Trade Up 2.0) and our budget for 2023 is based on a similar level of expenditure as in 2022 (c. £12.28m). The Board of Trustees is currently engaged in a review of the Trust's business model which will confirm the annual expenditure for 2023 and thereafter, in line with our future strategic direction.

Our 2022 expenditure was nearly entirely in relation to charitable activities (99%) with fundraising accounting for the remainder (1%). 95% of our charitable spending (£11.22m) was on existing programmes and the amount of spend related to closing programmes (£0.53m or 4%) was significantly reduced (2021: £6.41m or 41%) as programmes launched before 2021 came to an end (including Covid-related programmes).

Among existing programmes, New Economic Models and Market Opportunities were our largest workstreams (with spend of £2.65m and £2.10m respectively). This included spend on Democratic Ownership (£0.94m) related to our grant from Open Society Foundations, Empowering Places (£0.63m) related to our work with local authorities and Resilient Communities Fund launched in October 2022 (£1.45m).

Note 3 to the accounts shows a detailed analysis of our expenditure. The value of grants awarded decreased by 31% from £6.61m in 2021 to £4.53m in 2022. This is mostly linked to the fact that Covid-related expenditure (made directly through Covid-related programmes) ended in 2021. Note 6 to the accounts provides detail of grant expenditure by programme in each year. But support to the sector was stable in absolute value and increased as a percentage of total expenses (from 8% in 2021 to 11% in 2022), demonstrating the wider role we are playing for the community business sector.

Direct staff costs also decreased by 34% between 2021 and 2022 (from £2.55m to £1.69m) while programme delivery costs decreased by 61% over the same period (from £2.25m to £0.87m) reflecting the reduced reliance on delivery partners with the end of large Covid-related programmes.

Research and evaluation direct costs remained stable between 2021 and 2022, representing 6% of our total expenses as we continued to monitor the impact of our activities on the community business sector, shared the lessons learnt and implemented changes in the design and management of our newly launched programmes.

Support costs in 2022 of £1.76m (2021: £1.30m) included support staff, rent and organisation costs, IT, legal, training, depreciation and governance. They represented 15% of total expenditure (2021: 8%) or 11% without governance costs (those increased as a result of necessary recruitment activities at Board level). The increase in support costs in percentage terms also reflects the fact that our total expenses decreased by 27% year-on-year.

The National Lottery Community Fund endowment funded c.34% of our expenditure in 2022, while the rest was mostly covered through restricted funds (including the £20m grant from TNLCF).

Income

Restricted funds represented 98% of our income in 2022 (2021: 96%) and included £6.63m of grant income from The National Lottery Community Fund to cover core costs and a £0.41m grant from the Open Society Foundations to enable work on Democratic Ownership. Note 2 to the accounts details our various sources of income in 2022.

Group investments and funds summary

	2022 £'000s	2021 £'000s
Fixed asset investments: social investment (Community Owned Renewable Energy LLP)	5,147	7,886
Fixed asset investments: cash and deposits	11,780	14,670
Current asset investments: cash and deposits	2,942	2,937
Total investments	**19,869**	**25,493**
Cash at bank	5,564	6,061
Net (liabilities) outside cash and investments	(3,567)	(5,532)
Net assets	**21,866**	**26,022**
The National Lottery Community Fund expendable endowment Capital fund	21,124	24,513
Restricted funds	707	1,509
Unrestricted funds	35	-
Total funds	**21,866**	**26,022**

Investment policy and strategy

Since 2019, the investment portfolio has become solely cash at bank and deposits (outside of our social investment in CORE) as Power to Change prepared to close, with its funds fully committed by the end of 2022. Following the launch of a new strategy in 2020/2021, the lifetime of the Trust was extended; its length will be confirmed following the current review of the Trust's business model but it is anticipated to last beyond 2025.

The objectives stated in the investment policy remain "to produce the best financial return within an acceptable level of risk and with capital preservation as a key criteria". Given the anticipated review of the business model, the Trustee Directors considered that keeping the Trust's assets in cash is the most prudent option at the end of 2022.

In early 2023, investments were still held in short term cash deposits. However, in light of a macro-environment with higher inflation and interest rates, the Trustee Directors might decide to explore again investment options to ensure our investment strategy still meets our risk appetite and cashflow requirements once the strategic direction of the Trust has been confirmed later in the year.

To limit credit risk, cash deposits are managed to ensure that no more than 33% of them are held with any one financial institution.

To limit liquidity risk, our investment policy states a minimum amount of budgeted programmatic and total operating expenses should be kept in cash or low risk liquid investments. This clause was modified by the Trustee Directors in February 2022 from "18 months' worth" to "12 months' worth" to reflect the declining size of the endowment fund and the fact that a significant share of our expenses is financed through a grant from The National Lottery Community Fund drawn down every quarter based on projected expenses.

Cash and deposits held at 31 December 2022 amounted to £20.29m (2021: £23.67m). These funds are split in the balance sheet between fixed assets (£11.78m) and current assets (£8.51m). Together they represent more than 12 months' worth of budgeted programmatic and total operating expenses.

In addition, the Trust has made a social investment in Community Owned Renewable Energy LLP (CORE LLP), a joint venture between Power to Change and Big Society Capital. CORE LLP works alongside local community energy groups to support, develop and refinance solar farms with a view to maximising the benefit for these communities over the life of the investment venture. The creation of a portfolio of assets under CORE LLP was completed in 2019.

The social investment in CORE LLP is held at cost (£5,225k) in the Trust and at the value of its 50% share of net assets (£5,147k) in the group financial statements. Following the return in 2022 of £3,250k of capital invested by Power to Change and the £1.18m consolidated profit generated by CORE LLP in 2022, the Trustee Directors are satisfied there are no indications of impairment to this social investment in the year.

The consolidated results of CORE LLP and its subsidiaries are summarised in note 9 to the accounts.

Investment performance

During 2022, the value of our investments (social, cash and deposits) reduced by £6.21m to £25.43m (2021: £31.55m). This reduction largely corresponds to cash withdrawn to fund our activities during the year.

As in 2021, there was no gain or loss in investment in the year due to the cash nature of our portfolio but income of £115k was generated from interest and cash deposits (2021: £49k).

Meanwhile the value of our social investment decreased by £2,739k from £7,886k in 2021 to £5,147k in 2022 (2021: £148k increase), as a result of a £3.25m capital reduction by intermediary subsidiary company (PTC RE Limited) combined with an increase in the profits generated by CORE LLP in 2022 (£512k corresponding to our 50% shareholding).

Funds

Retained funds and movements in the funds are shown in note 13 to the accounts.

Income generated from the expendable endowment provided by The National Lottery Community Fund (the "Capital Fund") is added to The National Lottery Community Income Fund (the "Income Fund") on an ongoing basis. When required, money from the Capital Fund is also transferred to the Income Fund to meet our ongoing expenditure requirements not met through other funding. During 2022, £3.39m was transferred from the Capital Fund (2021: £10.79m). The balance on the Capital Fund at 31 December 2022 was £21.12m (2021: £24.51m) of which £70k are tangible and intangible fixed assets and not freely available to spend.

In addition to The National Lottery Community Fund endowment which funded c.34% of our 2022 expenditure, we used restricted funds to fund most of our remaining expenditure. Below is a list of our main sources of restricted funding and related expenditure in 2022:

- Grant funding from The National Lottery Community Fund: £6.85m was spent (2021: £4.20m) to cover core costs related to our five-year strategy (£6.63m was received in 2022 as part of a five-year grant of £20m and £0.22m was used from previous year-end balance of £0.67m);
- Grant funding from the Open Society Foundations to enable work on Democratic Ownership initiated by the Open Society Foundations: £0.94m was spent (2021: £7k) on this initiative, sourced from £0.41m of income received in 2022 and £0.53m used from previous year-end balance of £0.78m.

Reserves and Going Concern

The Trustee Directors manage our reserves in line with the reserves policy, which is reviewed annually. In line with Charity Commission guidance on expendable endowments, the reserves policy does not stipulate a specific level of endowment or unrestricted reserves that are required. The Trustee Directors reviewed in December 2022 the cash position forecast for the Trust at the end of 2023 which indicated the capital fund more than covers fixed annual operating expenses (People & Governance costs and Finance & Operations costs) and can therefore support the organisation without additional income until the end of 2024. The budget is reviewed annually and was last reviewed in December 2022. The 2024-2028 business plan will be reviewed later this year.

As such there are no material uncertainties surrounding the Trust's ability to continue as a going concern and the financial statements have been prepared on that basis.

Structure, governance and management

Legal structure

Power to Change Trust (the "Trust" or the "Charity") is a charitable trust registered in England and Wales (Charity Commission registration number 1159982) and is constituted under a revised Trust Deed dated 28 September 2016. The Trust came into existence on 21 January 2015 upon receipt of a £149,204,000 endowment from The National Lottery Community Fund (formerly the Big Lottery Fund). Power to Change Trustee Limited is the sole corporate Trustee. It is a private company (company number 8940987 – England and Wales) limited by guarantee and incorporated on 17 March 2014.

Charitable objects

The charitable objects of the Trust are set out in the Trust Deed and include the following (which do not limit the Trust's overriding general charitable object):

- relief of poverty and unemployment
- advancement of education
- promotion of the voluntary sector
- advancement of citizenship or community development
- promotion of sustainable development
- development of the capacity and skills of disadvantaged groups in society
- urban and rural regeneration in areas of social and economic deprivation
- promotion of social and economic inclusion

The Trust's overall vision of "powerful communities, better places" is delivered through a mission to strengthen community businesses to tackle some of society's biggest challenges at a local level, including climate change, digital transformation and social inequalities. Funding is provided where a charitable purpose can be identified.

The Trustee Directors have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities. They have concluded that the Trust meets the definition of a public benefit entity under FRS 102.

Governance

Board members are directors of Power to Change Trustee Limited and are referred to as Trustee Directors throughout this report. The Trustee Directors are listed below.

The Charity Governance Code (as updated in 2020) has been reviewed and Trustee Directors have chosen to adopt and apply this code. The Principles, Outcomes and Recommended Practices have been discussed and have been applied. With regard to the review of the Board's performance, the Board and each of the committees engaged in and undertook annual effectiveness reviews.

Power to Change has one subsidiary company: PTC Renewable Energy Ltd. The Trustee Directors approve the appointment of directors of PTC Renewable Energy Ltd.

PTC Renewable Energy Ltd owns 50% of Community Owned Renewable Energy LLP, which is a joint venture with Big Society Capital. The joint venture is governed by an LLP Partnership Agreement dated 1 August 2017. Day-to-day management is through a Management Board that has terms of reference agreed by both parties. Each joint venture partner has an appointed member to the Management Board.

New Trustee Directors are sought by open advertisement and undergo a rigorous interview process. The ultimate decision on selection is a matter for the Trustee Directors already in post and overseen by the Nominations Committee. A strategic, operational and governance induction programme is in place.

In 2022 four Trustee Directors, including the Chair, were recruited. All Trustee Directors are given current information on the legal duties and expectations of being a Trustee Director and are invited, on an ongoing basis, to attend relevant training events paid for by the Trust. Trustee Directors are also invited to attend key internal meetings, and sector events hosted and/or sponsored by the Trust.

New Trustee Directors are initially appointed to serve for a three year term after which they will be eligible for reappointment. The Articles of Power to Change Trustee Limited provide for a minimum of five Trustee Directors and up to a maximum of thirteen. The Trustee Directors agree the broad strategy and areas of activity for the Trust including consideration of grant making, investment, reserves and risk management policies and performance. The programmatic activities of the organisation, including the administration of grants is delegated to the Chief Executive Officer (CEO) and his/her team.

The Board met four times in 2022. All Trustee Directors give their time freely and no Trustee Director was paid remuneration. In 2022, the Trustee Directors claimed £542 of expenses (2021: £45) in connection with the Trust's business.

The Trustee Directors in post during the year and up to the date of signing of this report were:

Tony Burton CBE	Chair, Appointed 1 January 2023
Léonie Austin	Vice Chair from 1 April 2023
Anne-Marie Harris	Appointed 7 July 2022 Chair of the Finance and Audit Committee (From 1 January 2023)
Deepa Shah	Appointed 7 July 2022 Chair of the People and Governance Committee (From 1 January 2023)
Sarah Gorman	
Ian Hempseed	
Melissa Mean	
Dai Powell OBE	
Dr Jess Steele OBE	
Hardev Virdee	Appointed 7 July 2022

The following Trustee Directors were in post during 2022 but stood down before the date of signing of this report:

Stephen Howard LVO	Chair (Until 31 December 2022)
Samuel Berwick	Chair of the Finance and Audit Committee (Until 31 December 2022)
Christopher Stephens	Chair of the People and Governance Committee (Until 31 December 2022) Trustee Director (until 31st March 2023)

Samantha da Soller serves as Company Secretary of Power to Change Trustee Limited.

Two Sub-Committees report to the full Board of Trustee Directors:

The **Finance and Audit Committee** oversees financial aspects of the Trust including budgeting, financial and management reporting. It also oversees all systems of control at the Trust, including the annual external audit and the internal audit process.

Members: Samuel Berwick (Chair until 31 December 2022), Anne-Marie Harris (Chair from 1 January 2023), Stephen Howard LVO (until 31 December 2022), Dai Powell OBE and Hardev Virdee (from 7 July 2022). Neil Spence attended as a co-opted member until 15 June 2022. Members met four times in 2022 and four meetings are scheduled in 2023.

The **People and Governance Committee** oversees all people and governance matters at the Trust including composition of the Board, all policy and people related matters, diversity and adherence to the Trust's values.

Members: Christopher Stephens (Chair – until 31 December 2022), Deepa Shah (Chair from 1 January 2023), Léonie Austin, Sarah Gorman (from 6 March 2023), Stephen Howard LVO (until 31 December 2022). Members met three times in 2022 and four meetings are scheduled in 2023.

A temporary **Nominations Committee** was established in December 2021 and worked throughout 2022 to make recommendations to the Board regarding the structure, size and composition of the Board and to oversee appointments to the Board and senior management positions.

Members: Christopher Stephens (Chair), Léonie Austin, Dai Powell OBE.

Key management personnel

The Chief Executive and the Executive Directors comprise the key management personnel in charge of directing and controlling the Trust on a day-to-day basis and are referred to as the Leadership Team.

On 10th February 2022, Vidhya Alakeson OBE resigned from her post as Chief Executive Officer of Power to Change Trust and Tim Davies-Pugh was appointed Interim Chief Executive Officer. Following a rigorous selection process led by the Board, Tim Davies-Pugh was appointed Chief Executive Officer of Power to Change Trust on 12th May 2022.

The Leadership Team comprised:

Current members

Tim Davies-Pugh	Chief Executive Officer (from May 2022) Interim Chief Executive Officer (from February to May 2022) Director of Strategy and Programmes (from July 2021 to February 2022)
Nicola Fuschillo	Director of People and Governance
Ailbhe McNabola	Director of Policy and Communications
Stephen Miller	Director of Impact and Learning
Samantha da Soller	Director of Finance and Operations

Previous members

Vidhya Alakeson OBE	Chief Executive (until February 2022)

Leadership Team pay is reviewed annually by the People and Governance Committee. Their remuneration, and the remuneration of all staff, is benchmarked with grant making charities and commercial entities of a similar size and activity. This is to ensure that the remuneration set is fair and consistent with that generally paid for similar roles.

Fundraising

The Trust did not employ professional fundraisers (as consultants or staff members) and fundraising activities (estimated as 1% of our total expenses) only relate to general networking activities and therefore the Trust has nothing to disclose under the provisions of section 13 of the Charities (Protection and Social Investment) Act 2016.

Grant Making Policy

Grant making remains a key activity of the Trust. Our grant making processes are governed by the Grants Policy Framework which was revised in 2022, approved by the Board and given the consent of the Protector. This was part of a review and update to our grant making approach to better reflect our structure and strategy as well as changes to Subsidy Control Rules.

The Board has appointed the Executive Grants Committee (EGC) as an executive decision-making body of the Trust with delegated authority to award, reject or withdraw grants in accordance with the Trust's objectives and to ensure that all grants are awarded in line with the Grants Policy Framework. The EGC reports directly to the Board. Grants over £500k require approval of the Board.

The EGC has the power to delegate grant decisions to sub-committees. These sub-committees, which are often run in conjunction with the Trust's delivery partners, have terms of reference which include membership, voting and a maximum grant value they can award.

The Trust invites applications for these grants through its website, through its partner websites, news boards, email bulletins and other relevant publications.

Some grants are made to other organisations, for example to develop a new programme or conduct research relevant to the community business sector. The process and authority levels for approving all grants follow the same processes.

Risk management

The Trustee Directors recognise that the effective management of risks is central to the Trust's ability to achieve its objectives, and aims to anticipate and, where possible, manage risks rather than dealing with their unforeseen consequences. The Trust has a five-step approach to risk: clarify objectives, identify risks to achieving objectives, assess and rate the risks according to a scoring formula (Likelihood x Impact + Impact), determine the appropriate response to each risk and then finally review and report on those risks.

The Trust has also prepared and agreed a risk appetite statement that identifies its appetite for risk across all its areas of activity. For example, income generation strategy has a different appetite for risk (high) compared to legal/regulatory and trust compliance where risk tolerance is low.

The key risk review and reporting mechanisms at Power to Change are:

- **Risk register.**
  The risk register forms the Trust's primary mechanism for considering long-term risks, set in the context of the Trust's statement for risk appetite. It identifies all known long-term risks and assigns them for management to an individual member of the Leadership Team. They are reviewed quarterly by the Leadership Team and annually by the Board (additionally red risks are reviewed by the Board every six months).
- **Key Performance Indicators (KPIs).**
  Strategic objectives are identified annually, with associated KPIs. These are the tools by which the Trust measures its performance against identified short-term risks. They are reviewed monthly by the Leadership Team and reported to the Board on a six monthly basis.
- **Management accounts and budgets.**
  Management accounts measure financial performance against financial objectives and they identify the risks of not achieving these objectives. Management accounts are prepared monthly, detailed reviews are carried out with budget holders at least quarterly, and budgets are produced annually. Management accounts are reviewed against budget on a quarterly basis by the Finance and Audit Committee and recommended for approval to the Board.

The last formal full review of the risk management framework and the statement of risk appetite by the Trustee Directors was in December 2021 while the risk register was last updated in December 2022.

The most significant areas of risk (after considering mitigating actions) are summarised below together with a summary of the mitigations.

Summary of significant risks

Area of risk	Mitigations
Failure to generate new income with potential impact on our ability to deliver our strategy and acceleration of the end of the Trust's life.	Our strategy could be delivered in different ways: through direct income secured by the Trust, through co-funding opportunities or by encouraging other actors to support the sector.
Recovering full value from our social investment in PTC Renewable Energy Ltd.	Internal resources (funds and staff) are focused on the refinancing of CORE LLP (to be completed via a share raise by the community businesses and a loan from PTC Renewable Energy Ltd and BSC). The full value of the Trust's investment in PTC Renewable Energy Ltd is expected to be received by 2029.
Instability and loss of institutional knowledge caused by departure of key personnel and long serving Trustee Directors.	The Leadership team participates in a development programme with a strong focus on ensuring stability, cohesion and high performance. Line managers are also given the opportunity to participate in a People Management Development Programme. Long notice periods are included in senior staff employment contracts, creating time to plan for transition, recruitment and handover. The investment in recruitment time and resources to determine required skills, competencies and behaviours ensures that professionals with the best matching profile are appointed. Key staff are involved in the onboarding process for new Trustee Directors and key personnel to ensure mutual trust and understanding is built from the moment they join the organisation.

Trustee Directors' statement of responsibilities

in respect of the Trustee Directors' annual report and the financial statements

Focus of the activities

The Trustee Directors have given due consideration to the Charity Commission guidance on the operation of the public benefit requirement and are satisfied that the work of Power to Change Trust meets that requirement. The public benefit requirement is demonstrated through the charitable activities undertaken by the Charity as described on pages 10 to 25.

Responsibilities of the Trustee Directors

The Trustee Directors are responsible for preparing a Trustee Directors' annual report and financial statements in accordance with applicable law and FRS 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

The law applicable to charities in England and Wales require the Trustee Directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing the financial statements, the Trustee Directors are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the applicable Charities Statement of Recommended Practice
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures that must be disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business

The Trustee Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Trustee Directors on 11 July 2023 and signed on their behalf by:



Tony Burton CBE
Chair

Protector's statement

Background

I was appointed as Protector of the Power to Change Trust ('the Trust') on 1 November 2018 for a period of three years. My term of office was renewed for a further five years on 1 November 2021. The Trust is a UK registered charity set up for broad charitable purposes, with a corporate trustee controlling its affairs. The corporate trustee is Power to Change Trustee Limited, which in turn is controlled by a board of directors (the Board) who meet regularly. The Board delegate the day to day running of the Trust to the Chief Executive.

The founder of the Trust is The National Lottery Community Fund ('the Fund'), previously known as 'The Big Lottery Fund', which invested £149 million in setting up and endowing the Trust with a view to making 'community-led enterprise across England a sustainable solution to local social and economic needs and opportunities'.

Function of the Protector

The function of the Protector is set out in the Trust Deed dated 3 November 2014 and subsequent thereto supplemental deeds dated 6 January 2015 and 28 September 2016. The fiduciary duty of the Protector as stated in the Trust Deed is to 'ensure the integrity of the administration of the Charity and the propriety of its procedures'. The Protector is not involved in the decision making and is not a trustee of the Charity. If necessary, the Protector must report matters of serious concern to the Fund or to the Charity Commission. The function of the Protector therefore is to ensure the Trustees administer the Trust properly and to act as a 'watch-dog', monitoring the Trustee and preventing it from abusing its powers or breaching its duties. More positively, the Protector must seek to ensure, as far as possible, that the Trust is administered in accordance with the terms of the Trust Deed and give or withhold consent or approval to the exercise of certain powers by the Trustee.

I am required under the Trust Deed to prepare a statement for publication by the Trustee in its annual report, explaining the Protector's function, how the function has been exercised and, if appropriate, identifying any areas of administration that require improvement and steps to be taken by the Trustee to affect such improvement.

Aims of the Trust

The Fund established the Trust to bring about a widespread recognition of the economic and social benefits of community-led enterprise and asset ownership so that more local people are enabled to improve the places where they live. The objectives of the Trust include:

- The relief of poverty and unemployment
- The advancement of education
- The promotion of the voluntary sector
- The advancement of citizenship or community development
- The promotion of sustainable development
- The development of the capacity and skills of disadvantaged groups in society
- Urban and rural regeneration in areas of social and economic deprivation
- The promotion of social and economic inclusion

The permitted methods of achieving the objectives are widely drawn within the Trust Deed and the Fund sets out the key supporting interventions that it wishes the Trust to use in exercising its powers and duties. The Fund's desired outcome is that the Trust should encourage and develop sustainable community businesses and help to bridge the gaps in market infrastructure, including intermediaries, while increasing the understanding of the key variables that drive community business creation and sustainability. The Fund expects the Trust to do this by working in partnership with others in the public, private and voluntary sectors and building an evidence base that demonstrates how community businesses become sustainable and deliver better outcomes for people and communities most in need.

Administration of the Trust

'Hybrid working' has been this year's addition to the corporate lexicon. Power to Change has adapted its Board, Committee and staff working arrangements to leverage from the learning and flexibility that the pandemic created. Severe weather, travel disruption and industrial action meant that virtual meetings and governance administration fell naturally into place to allow seamless business and operational continuity. During the year I have attended all meetings of the Board of Trustees and all meetings of the Finance and Audit Committee and two of the three People and Governance Committee, providing verbal feedback to the Chair of the Committee prior to the October meeting. In addition I have met or corresponded with the Chair and Chief Executive on specific matters and participated in Board briefings on new programmes. I have met with representatives of the Fund on two occasions to discuss the Trust's proposed new strategy and provided assurance on the effective governance oversight and management of the endowed fund. Following a request, I have also provided assurance to the Fund on the process for the recruitment of a new Chief Executive and Chair.

I am satisfied that the Trust has been administered in accordance with the terms of the Trust Deed for the period 1 January 2022 to 31 December 2022.

Protector consent request

There has been one request for Protector consent during the year. The Board requested a change to the Grants Policy Framework (GPF) which together with the Delegated Authorities Policy constitutes the "Regulations" referred to in the Power to Change Trust Deed. This change updated the (GPF) in order to reflect changes in the new organisational structure and strategy, the new Handbook of Grants Operating Guidelines and changes to the Subsidy Control Rules. I was assured from the scrutiny and oversight I observed during the process and the changes complied with the obligations under the Trust Deed. Throughout the year the Trustees and executive have also incorporated my comments and guidance into their decision making and I am grateful to them for their inclusive approach.

The year under review

This year has seen further shocks to the economy resulting in significant cost of living pressures and once again local people have relied upon community businesses to provide much needed help and support. Building upon the learning from the Covid grant support programmes, Power to Change implemented the Resilient Communities Fund rollout to community businesses as they made essential changes to lower their energy costs and increase their service provision.

As the organisation has developed the new programmes to achieve the strategic priorities in the new strategy, the Trust has exited well from its previous large grant programmes. New workstreams have built upon the learning and knowledge base developed over the last seven years and aim to strengthen capacity and increase resilience in the community business sector. The Trust continues to invest resources to test new ideas and support emerging community business models with a risk managed approach to further investment or withdrawal. New partners have come forward as cofunders in these new ventures thereby leveraging additional funding into the sector.

Of particular note is the work the Trust has led to strengthen and mainstream diversity, equity and inclusion into its ongoing grant programmes and into shaping the priorities for new workstreams. The Trust Board has led by example through DEI training for Trustees and providing guidance to delivery partners on how to remove unconscious bias in onward granting.

Economic volatility and uncertainties in the energy market have impacted on the Trust's decisions on exiting from its joint social investment venture in community owned solar energy. Trustees examined a number of options to realise the £8.5m investment whilst ensuring that the assets from the project would remain in community hands and surpluses would be reinvested for community benefit. This project has the potential to prove the viability of community ownership in the energy market and create an evergreen fund.

The areas outlined above serve to demonstrate that the Trust continues to pursue the aims of the Funder as set out in the Trust Deed; to seek to secure a sustainable legacy from its work; and to add value to the community business sector.

Board of Trustee Directors and Executive Changes

The Board has spent considerable additional time this year on the recruitment process for three new Trustees, a new Chair of the Board and a new Chief Executive. The Board were mindful of the loss of institutional knowledge as longstanding Trustees stepped down and established a Nominations Committee to develop a skills gap assessment to inform Trustee and CEO succession planning. The Committee consulted me on the role specifications and sought my views on the experience and background of possible candidates. I was also invited to meet with shortlisted candidates for the Board Chair and CEO and to provide feedback to the Chair of the Nominations Committee on the shortlist for new Trustees. Three Trustee Directors joined the organisation in September 2022 and joined the Board Committees with an induction plan that would prepare two of the new Trustees to replace the outgoing Committee Chairs as they came to the end of their terms at the end of the year. These Board changes have further strengthened the Board diversity as well as increasing finance, audit and HR skills. These trustees have individually and collectively brought a fresh perspective and challenge to the work of the Trust together with extensive experience from other private and public sector organisations.

Attendance at Board and Committee meetings is excellent and the commitment of the Trustee Directors (all of whom are unpaid and have other demanding roles) has been notable, particularly during the recruitment processes, scrutiny of programme delivery, and analysis of risks and cofounding opportunities. The revised Committee structure was fully operational from the beginning of the year and the Terms of Reference (TOR) for the Committees have been refreshed as the new governance arrangements have bedded in. Trustees welcomed my suggestions to clarify specific responsibilities for the Committees to improve assurance reporting to the Board.

The Board continues to operate in a challenging and collegiate manner. There is open and constructive discussion facilitated by comprehensive and clear Board papers, presentations and background briefings. The administration of the Trust is efficient and effective. There is a clear understanding by the Board, Committees and the executive of those matters which fall within the strategy setting, oversight and monitoring role of the Trustee Directors and those that fall within the day to day responsibilities of the executive team. I am satisfied that the Board has had due regard to the risks and opportunities facing the Trust as it aligns its resources to the delivery of a new strategy that aligns to the aims and objectives set out in the Trust Deed.

The appointment of Tim Davies-Pugh as CEO was well received by staff and stakeholders and he brings extensive knowledge of the community business sector from his time at The National Lottery Community Fund. Tim has prioritised the refresh of internal governance, systems and processes to align the business operations to the new strategy; supporting the Board to further refine Power to Change's unique contribution to the community business sector; and developing a suite of KPIs that measure the impact of new and legacy programmes.

The Leadership Team continues to provide expert support to the Board and its committees with clear, comprehensive papers that enable fully informed discussion and a robust decision making process.

Governance

The Trust has an effective committee structure and I have attended all but one of their meetings during the year. In compliance with the Trust Deed and reflecting the wishes of the Fund, I have particularly noted the following:

a. The Finance and Audit Committee has scrutinized and challenged the risks associated with the refinancing of the assets held in Community Owned Renewable Energy LLP (CORE) and advised the Board on the optimum route to ensure return of the initial investment and the future transfer to full community ownership. The Committee has sought and received assurance on improving budget forecasting and the accountability of budget holders as the profile of spend shifts in line with new programme approaches. Financial reports to the Committee give full visibility to the application of the remaining endowed funds. Key corporate policies have been reviewed by this Committee including information governance, anti-bribery and corruption, investment and procurement to provide assurance that the organisation complies with its obligations in the administration and use of charitable funds. During the year the Committee has examined IT security and the protections in place to prevent financial and data loss, reputational damage and business disruption or denial.

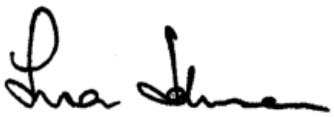
b. The People and Governance Committee provided advice and guidance on the recruitment process for new trustees and the Board Chair. Trustees were fully engaged in proposals to improve the performance framework and pay and reward strategy and sought assurance on transparency, equity and appropriate external benchmarking. The annual staff survey showed a very high positive engagement score with strong support for the new strategic priorities and a recognition of the greater strength of community business representation on the Board. The Committee has paid particular attention to the incorporation of diversity, equity and inclusion into core internal policies. The Committee recommended to the Board that a community business Trustee should join the Committee to provide expert input and new ideas from the sector.

From my observations of committee meetings and conversations with Trustee Directors, I conclude that the Trustee Directors apply a proportionate and appropriate level of scrutiny and challenge to operations. As in previous years the Board and Committees have conducted a self-effectiveness review which concluded that Trustees were content that meetings were well run, papers were clear and transparent and Trustees had the necessary skills and experience to guide and monitor the organisation effectively. It is pleasing to note that the incoming Chair has commissioned an independent external governance and effectiveness review to inform any future improvements and to ensure that the Trust governance remains fit for purpose.

Looking ahead

The Trust's reputation with policy makers, other grant funders and the research community has increased further over the year and Power to Change is now recognised at national, regional and local level as a 'thought leader' on how community businesses start, survive and thrive and can provide the catalyst for community-led solutions to local economic and social needs. As national policy on community asset ownership, dormant assets fund, high street regeneration, devolution deals and levelling up evolves, Power to Change will need to define and articulate how its core competencies and seven years of research and learning can best be deployed to leverage investment into community businesses. The National Lottery Community Fund (TNLCF) will launch its own strategic renewal this year and Power to Change has a body of knowledge and know-how to be a continuing strategic investment partner for the Fund. The Trust is now considering its own lifespan and how to optimise the ripple effect from its new and legacy investments. The opportunity to promote the Trust's value to other funders and delivery partners, in particular combined and local authorities and large foundations is significant. This will bring a sharp focus on proportionate risk management, due diligence, value for money and stakeholder management.

As the remaining endowed fund is spent down the Trust will also need to consider how it operates within the parameters of the Trust Deed whilst meeting the governance requirements of other potential funders. Discussions will continue with TNLCF and the Board into next year as they refresh the Trust Deed and any accompanying governance documents.



Susan Johnson OBE
Protector, Power to Change Trust

11 July 2023

Independent auditor's report

Independent Auditor's Report to the Trustee of Power to Change

Opinion

We have audited the financial statements of Power to Change ('the charity') its subsidiary and joint venture ('the group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Financial Activities, Group and Charity Balance Sheets, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 December 2022 and of the group's income and receipt of endowments 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 Charities Act 2011.

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 group 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 trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 charity's or the group'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 trustee with respect to going concern are described in the relevant sections of this report.

Other information

The trustee is responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustee's report; or
- sufficient and proper accounting records have not been kept by the parent charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the trustee

As explained more fully in the trustee's responsibilities statement, the trustee is 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 trustee 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 trustee is responsible for assessing the group and the parent charity'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 trustee either intends to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section of the Charities Act 2011 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustee and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charity's trustee, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustee 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 charity and the charity's trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London

Date: 13th July 2023

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006

Financial statements

Consolidated Statement of Financial Activities

for the year to 31 December 2022

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	2022 Total funds £'000	2021 Total funds £'000
Income from:						
Donations	2	-	-	-	-	21
Charitable activities	2	-	6,993	53	7,046	5,637
Interest and investments	2	115	-	-	115	49
Total income		**115**	**6,993**	**53**	**7,161**	**5,707**
Expenditure on:						
Raising funds		-	80	-	80	57
Existing programmes		4,153	7,052	18	11,224	9,386
Closing programmes		(137)	662	-	525	6,412
Total expenditure	3, 5, 6	**4,016**	**7,794**	**18**	**11,829**	**15,855**
Net gains / (losses) on investments	9	**512**	**-**	**-**	**512**	**148**
Net (expenditure) / income	4	**(3,389)**	**(802)**	**35**	**(4,156)**	**(10,000)**
Transfers between funds	13	-	-	-	-	-
Net movement in funds		**(3,389)**	**(802)**	**35**	**(4,156)**	**(10,000)**
Reconciliation of funds						
Total funds brought forward		24,513	1,509	-	26,022	36,022
Total funds carried forward	13	21,124	707	35	21,866	26,022

All amounts are related to continuing activity and all charitable activities are in relation to Power to Change programmes.

All gains and losses are included in the statement of financial activities.

The accompanying notes on pages 56 to 78 form part of these financial statements.

Consolidated and Charity Balance Sheets
as at 31 December 2022

	Notes	2022 Group £'000	2022 Charity £'000	2021 Group £'000	2021 Charity £'000
Fixed assets					
Intangible assets	7	42	42	71	71
Tangible assets	8	28	28	52	52
Investments	9	16,927	17,005	22,556	23,146
		16,997	**17,075**	**22,679**	**23,269**
Current assets					
Cash at bank and in hand		5,564	5,564	6,061	6,061
Current asset investments		2,942	2,942	2,937	2,937
Debtors	10	1,471	1,471	1,786	1,786
		9,977	**9,977**	**10,784**	**10,784**
Current liabilities					
Creditors: amount falling due within one year	11	(3,952)	(3,952)	(6,936)	(6,936)
Net current assets		**6,025**	**6,025**	**3,848**	**3,848**
Total assets less current liabilities		**23,022**	**23,100**	**26,527**	**27,117**
Creditors: amount falling due after one year	11	(1,156)	(1,156)	(505)	(505)
Net assets		**21,866**	**21,944**	**26,022**	**26,612**
The funds of the charity					
Endowment funds	13	21,124	21,202	24,513	25,103
Unrestricted funds		35	35	-	-
Restricted funds	13	707	707	1,509	1,509
Total funds		**21,866**	**21,944**	**26,022**	**26,612**

Approved by the Corporate Trustee. Authorised for issue on 11 July 2023 and signed on behalf of the Trustee Directors:



Tony Burton CBE
Chair

The accompanying notes on pages 56 to 78 form part of these financial statements.

Consolidated Cash Flow Statement
for the year to 31 December 2022

	2022 £'000	2021 £'000
Cash outflow from operating activities		
Net expenditure	(4,156)	(10,000)
Share of joint venture (gain) / loss	(512)	(148)
Net expenditure before share of joint venture gain / loss	(4,668)	(10,148)
Depreciation of tangible and intangible fixed assets	56	43
Decrease / (Increase) in current asset investments	(5)	9,486
Decrease / (Increase) in debtors	315	1,314
(Decrease) / Increase in creditors	(2,332)	(8,223)
Net cash flow from operating activities	**(6,633)**	**(7,528)**
Cash inflow from investing activities		
Decrease / (Increase) in fixed asset investments	6,141	2,462
Payments to acquire tangible and intangible fixed assets	(5)	(122)
Net cash flow from investing activities	**6,136**	**2,340**
(Decrease) / Increase in cash in the period	**(497)**	**(5,188)**

	2022 £'000	2021 £'000
Analysis of changes in net funds		
Cash balance at the beginning of the period	6,061	11,249
Increase in cash in the period	(497)	(5,188)
Cash balance at 31 December	**5,564**	**6,061**
Cash and cash equivalents / Investment		
Cash in hand	5,564	6,061
Total cash and cash equivalents / Investment	**5,564**	**6,061**

Reconcilation of cash equivalents and net debt

	2021 £'000	Cashflow £'000	2022 £'000
Cash in hand	6,061	(497)	5,564
Total cash and cash equivalents / Investment	**6,061**	**(497)**	**5,564**

Notes to the accounts

for the year to 31 December 2022

1. Accounting policies

Introduction

The Trustee Directors are pleased to present the consolidated financial statements for the Group and for Power to Change Trust ("the Charity"). The consolidated Group financial statements include the results of all material subsidiaries on a line-by-line basis and all material joint ventures on an equity accounting basis, after the elimination of relevant intercompany balances and transactions. Note 9 lists all group companies and joint ventures.

The financial statements have been prepared to give a true and fair view and follow 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 (Charities SORP FRS 102) effective 1 January 2019.

In the application of the Charity's accounting policies and the applicable charity laws and regulations in England and Wales, the Trustee Directors are required to make judgements, estimates and assumptions about the carrying values of the assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

In the view of the Trustee Directors, no assumptions concerning the future or estimation of uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Power to Change Trust meets the definition of a public benefit entity under FRS 102.

Consolidated financial statements are prepared under historical cost convention in pounds sterling, which is the functional currency of the Charity.

Going Concern

The Trustee Directors considered the available reserves (described on page 33), the 2023 budget and the cash balance forecast for 31 Dec 2023 and took into account the likely spending of the organisation following the current business model review. They are satisfied that the funds available are sufficient to cover existing commitments and planned spending in both 2023 and 2024.

As such there are no material uncertainties surrounding the Trust's ability to continue as a going concern for a period of at least 12 months from the date of signature of these financial statements and these have been prepared on that basis.

Income and endowments

Income is recognised in the period where the Charity becomes entitled to the funds, receipt is probable, and the amount can be measured reliably. Income is deferred only when the Charity must fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Grant income is recognised in the statement of financial activities when received or when the Charity becomes entitled to receipt. Grants that have been received are treated as deferred income where there are specific requirements in the terms of the grant that the income recognition is dependent on certain activities being completed in a future accounting period.

Fund accounting

Endowment funds represent capital gifted in 2015 by The National Lottery Community Fund (formerly the Big Lottery Fund). Any unspent income arising from the Capital Fund is added to The National Lottery Community Income Fund and the Trustee Directors may transfer amounts from the Capital Fund to the Income Fund to cover any shortfalls in that fund.

Restricted funds are funds that have been given for particular purposes and projects. Restricted funds must be used in accordance with the funders' or donors' wishes.

Unrestricted funds are available to spend on activities that further any of the purposes of the organisation.

Expenditure

Expenditure is included on an accruals basis for the charitable activities, cost of raising funds and governance. Resources expended are allocated to a particular activity where the cost relates directly to that activity.

Grants payable are recognised, in line with our internal grant recognition policy, on a legal and constructive obligations principle basis. Grants payable are accounted for in full as liabilities as soon as the criteria for a constructive obligation has been met (specific commitment communicated directly to grant recipients) and there are no conditions attached which limits recognition.

Grant commitments requiring pre-conditions outside the control of the Trust to be met are recognised in full as liabilities when it is probable that these preconditions will be met. If it is possible that these pre-conditions might be met, the grant commitments are considered as contingent liabilities.

The cost of those staff whose responsibility was the direct management and administration of an activity are apportioned based on time spent in undertaking that activity. All charitable activities are classified in alignment with those undertaken in 2022.

Allocation of support costs

Support costs are those costs which enable the generation of funds and which enable charitable activities to be carried out. These costs include governance costs, finance, human resources, legal, information technology, office and organisation costs. Support costs are allocated to each of the activities in the same proportions as the direct staff allocations above.

Raising funds
The costs of raising funds are the costs incurred in business development activities for income generation.

Governance costs
Governance costs are the costs associated with the governance arrangements of the Charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the Charity's activities. Governance costs include an element of staff time based on the proportional allocation described under the expenditure policy above.

Pension
The Charity operates a group personal pension scheme. The pension cost charge represents contributions payable under the scheme by the Charity to the fund and are recognised in the Statement of Financial Activities in the period to which they relate. The Charity has no liability under the scheme other than the payment of the contributions.

Intangible fixed assets
Website development costs and customer relationship management software have been capitalised within intangible assets as they can be identified with a specific project anticipated to produce further benefits. Amortisation is provided to write off assets on a straight-line basis over their estimated useful economic life of three years.

Amortisation charges begin in the month of purchase and are included in charitable activities expenditure.

Tangible fixed assets
All assets costing more than £1,000 are capitalised and are carried at cost. Depreciation is provided to write off assets on a straight-line basis over their estimated useful economic life of three years. The depreciation charge begins in the month of purchase and is included in charitable activities expenditure.

Fixed and current asset investments
Fixed asset investments at the year-end are cash deposits held in interest-bearing accounts.

Cash deposits are only considered fixed asset investments where the Trustee Directors are of the opinion that the deposits will not be expended within 12 months of the balance sheet date. Deposits that they consider are likely to be expended within 12 months are treated as current asset investments.

Fixed asset investments are reported at their fair values, being their market value, at the balance sheet date. For cash assets, market value is equivalent to amortised costs and therefore cash assets have been recognised on that basis. Gains and losses arising on the disposal of investments and the revaluation to market value are credited and charged to the statement of financial activities in that year.

Financial instruments

The Charity has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective-interest method. Financial assets held at amortised cost comprise cash at bank and in hand, current asset investments, cash held as fixed asset investments, and trade and other debtors. Financial liabilities held at amortised cost comprise of trade and other creditors.

Instruments other than cash, held as part of a portfolio, are stated at fair value at the balance sheet date with gains and losses being recognised within income and expenditure.

Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

Contingent liabilities

Contingent liabilities are recognised when possible obligations may arise as a result of uncertain future events that are not wholly within the control of the Charity, for example an agreement with an intermediary to fund future onward grants that have not been recognised at the balance sheet date.

Joint venture investment

Joint ventures are those entities over whose activities the Group has joint control. Investments in joint ventures are accounted for by the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss after the date of acquisition. If the Group's share of the loss exceeds the carrying amount of its investment, the Group discontinues recognising its share of further losses. Additional losses are recognised as a provision only to the extent that the Group has a legal or constructive obligation to make payments on behalf of the joint venture. The Group only resumes recognising its share of profits after they equal the share of losses not recognised. Loans to joint ventures are included in fixed asset investments.

2. Income

	Endowment Funds £'000	Restricted Funds £'000	Unrestricted Funds £'000	Total 2022 £'000	Total 2021 £'000
Donations	**-**	**-**	**-**	**-**	**21**
Income from charitable activities					
The National Lottery Community Fund - funding for the new five year strategy	-	6,634	-	6,634	4,861
The National Lottery Community Fund - CCLORS work	-	-	-	-	(212)
Liverpool City Region Combined Authority	-	-	-	-	47
Open Society Foundations	-	411	-	411	790
GLA	-	(53)	-	(53)	-
WMCA	-	-	51	51	-
Other	-	-	2	2	151
	-	**6,993**	**53**	**7,046**	**5,637**
Income from interest and investments					
Income from investments	-	-	-	-	-
Bank interest	115	-	-	115	49
	115	**-**	**-**	**115**	**49**
Total income	**115**	**6,993**	**53**	**7,161**	**5,707**

Income from the Open Society Foundations represents the portion recognised in 2022 of the agreement signed in 2021 (total amount received £1.2m).

3. Expenditure allocation

£'000	Raising Funds	Existing Programmes	Closing Programmes	2022 Total	2021
Grants awarded	-	4,669	(137)	4,532	6,608
Programme delivery costs (of which £330k via a grant)	-	542	330	872	2,246
Support to sector	-	1,079	91	1,170	1,252
Direct staff costs	40	1,581	65	1,686	2,553
Research and evaluation direct costs	-	746	6	752	1,027
Other direct costs (of which training £23k)	13	939	101	1,054	868
Support costs	27	1,667	69	1,763	1,301
Total	**80**	**11,224**	**525**	**11,829**	**15,855**

Programme delivery costs include the management of grants awarded in prior years.

Breakdown of support costs	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Staff costs - governance	330		233	
Direct costs - governance	109		81	
Governance		439		314
Staff costs - finance, operations and HR		689		439
Rent and organisation costs		303		242
Training costs		132		115
IT costs		115		99
Legal		29		49
Depreciation		56		43
Total		**1,763**		**1,301**

Prior year expenditure allocation:

£'000	Raising Funds	Existing Programmes	Closing Programmes	2021 Total
Grants awarded	-	4,214	2,394	6,608
Programme delivery costs	-	944	1,302	2,246
Support to sector	-	1,005	247	1,252
Direct staff costs	34	1,539	980	2,553
Research and evaluation direct costs	-	341	686	1,027
Other direct costs	-	720	148	868
Support costs	23	623	655	1,301
Total	**57**	**9,386**	**6,412**	**15,855**

4. Net expenditure for the year

This is stated after charging:

	2022 £'000	2021 £'000
Operating lease rentals (rent)	86	115
External audit fees	26	24
External audit fees - non-assurance fees	-	-
Internal audit fees	11	16
Depreciation	55	43
Total	**178**	**198**

5. Staff costs & numbers

	2022 £'000	2021 £'000
Wages and salaries	2,231	2,559
Social security costs	254	252
Employer pension contributions	120	128
Other employee benefits	31	39
	2,635	**2,978**
Training (support costs)	132	115
Training (direct costs)	23	15
Contractor costs	279	171
Recruitment costs	98	76
Total staff costs	**3,168**	**3,355**

The average number of employees (excluding contractors) during the year was as follows:

	2022 £'000	2021 £'000
Charitable expenditure	27	35
Support and governance	16	10
Total	**43**	**45**

The number of employees who received remuneration of more than £60,000 in the year was as follows:

	2022	2021
£60,000 - £69,999	2	1
£70,000 - £79,999	-	2
£80,000 - £89,999	3	2
£90,000 - £99,999	1	1
£100,000 - £109,999	-	1
£110,000 - £119,999	-	-
£120,000 - £129,999	1	1
£150,000 - £159,999	-	-

Total key management personnel costs for the year were £641k (2021: £635k).

Details of key management personnel are set out on page 38.

Included in the wages and salaries costs are termination payments of £19,300 (2021: £222,650).

Trustee Directors

Trustee Directors received no remuneration during the year (2021: £nil). In total three Trustee Directors received reimbursement for travel and subsistence expenses of £962 during the year (2021: 1 Trustee Director – £45).

The Protector received remuneration of £15k for the year (2021: £15k) representing their fee as stipulated by the Trust Deed. The Protector also received reimbursement of travel and subsistence expenses of £178 (2021: £57).

6. Grants Awarded

	2022 £'000	2021 £'000
Capabilites		
C-19 Renewal	-	2,586
Powering Up	480	-
Other	19	78
Enabling Conditions		
Infrastructure	(11)	128
Making the Case	95	21
Local and Regional	619	-
New Economic Models		
Community Business Trade Up	245	530
Community Shares Booster	189	499
Crowdmatch	237	-
Democratic Ownership	850	-
Empowering Places	58	126
Assets	-	56
Market Opportunities		
Resilient Communities Fund	1,354	-
Community Tech	400	-
CORE and Next Generation	24	122
Health, Social Care and Wellbeing	(18)	68
Others		
DEI	75	-
Impact and Learning	74	-
Impact and Learning legacy	(30)	-
Programme management	(127)	-
Programmes Closed in 2022	-	2,394
	4,532	**6,608**
Grants to delivery partners for delivery costs	330	1,115
	4,862	**7,723**
Grants awarded are net of withdrawals	437	1,023

External grants awarded in 2022 are net of £437k of grants withdrawn (2021: £1,023). The value of grants withdrawn represent those grants that have been withdrawn completely or have been subject to a variation.

Major grant programmes are explained on pages 19 to 21 and are also available on our website https://www.powertochange.org.uk/get-support/programmes/.

7. Intangible fixed assets (Group and Charity)

	Software £'000	Twine Application £'000	Website £'000	2022 £'000	2021 £'000
Cost					
Brought forward	87	281	82	449	451
Additions	-	-	-	-	82
Disposals	-	(281)	-	(281)	(83)
Carried forward	**87**	**-**	**82**	**168**	**450**
Amortisation					
Brought forward	87	281	12	380	451
Charges for the year	-	-	27	27	12
Disposals	-	(281)	-	(281)	(83)
Impairment	-	-	-	-	-
Carried forward	**87**	**-**	**39**	**126**	**380**
Net book value					
Brought forward	-	-	70	70	-
Carried forward	**-**	**-**	**42**	**42**	**70**

The only disposal of intangible fixed assets in 2022 relates to the transfer of the Twine Volunteer and Twine Visitor applications to Digital Commons Ltd (a Co-operative and Community Benefit Society) for nil consideration. Software pertains to customer relationship management software.

8. Tangible fixed assets (Group and Charity)

	IT Equipment £'000	Fixtures and Fittings £'000	2022 £'000	2021 £'000
Cost				
Brought forward	90	39	129	168
Additions	5	-	5	40
Disposals	-	-	-	(80)
Carried forward	**95**	**39**	**133**	**128**
Depreciation				
Brought forward	72	5	77	124
Charges for the year	16	13	28	32
Disposals	-	-	-	(80)
Carried forward	**88**	**18**	**106**	**76**
Net book value				
Brought forward	18	34	51	44
Carried forward	**7**	**21**	**28**	**52**

The only additions to tangible fixed assets in 2022 relate to IT equipment.

9. Fixed assets – Investments

	2022		2021	
	Group £'000	**Charity £'000**	**Group £'000**	**Charity £'000**
Social investment				
Community Owned Renewable Energy LLP	-	5,225	-	8,476
Share of joint venture net assets	5,147	-	7,886	-
Cash and deposits	11,780	11,780	14,670	14,670
Total investments	**16,927**	**17,005**	**22,556**	**23,146**

The social investment of £5,225k in 2022 (2021: £8,476k) relates to Community Owned Renewable Energy LLP (CORE LLP), a 50%/50% joint venture between PTC Renewable Energy Ltd (a wholly owned subsidiary of the Trust) and Big Society Capital. At 31 December 2022 PTC Renewable Energy Ltd had net assets of £5,225k (2021: £8,476k) representing the value of its investment in CORE LLP.

At 31 December 2022, Power to Change had a commitment to invest up to a further £1,524k (2021: £1,524k) into CORE LLP but the Trustee Directors do not anticipate that any further investment will be made as the Trust is currently engaged in refinancing negotiations to ensure the transfer of our social investment into community hands.

The difference between the value of the Charity investment and the Group share of joint venture net assets relates to cumulative losses of CORE LLP up to 31 December 2019 (£580k), a loss of £158k relating to 2020, a gain of £148k relating to 2021 and a gain of £512k relating to 2022.

Movement in year

	2022		2021	
	Group £'000	**Charity £'000**	**Group £'000**	**Charity £'000**
Social investment				
Movement in share of joint venture net assets	(2,738)	(3,250)	148	-
Cash and deposits				
Invested/(withdrawn) in the year	(2,890)	(2,890)	(2,462)	(2,462)
Income reinvested	-	-	-	-
Management fees paid from capital	-	-	-	-
Decrease / (increase) in investments	**(5,628)**	**(6,140)**	**(2,314)**	**(2,462)**
Brought forward investments	22,556	23,146	24,870	25,608
Total investments at the end of the year	**16,927**	**17,005**	**22,556**	**23,146**

Cash and deposits

The in-year movement in cash and deposits represent transfers from fixed assets investments to current asset investments.

Social investment

After the sale of Sheriffhales Solar CIC on 30 September 2022, the Trust has the following remaining investments as part of its commitment to community-owned energy businesses:

Investment	Shares held
PTC Renewable Energy Ltd (10847365, England and Wales)	100%
"Community Owned Renewable Energy LLP (OC418078) Investment held by PTC Renewable Energy Ltd Joint venture with Big Society Capital"	50%
"CORE Aries Limited (11081463, England and Wales) 100% subsidiary of CORE LLP"	50%
"CORE Newton Downs Limited (08559996 England and Wales) 100% subsidary of CORE Aries Limited"	50%
"CORE Libra Limited (11653375, England and Wales) 100% subsidiary of CORE LLP"	50%
"CORE Scorpio Limited (11653373, England and Wales) 100% subsidiary of CORE LLP"	50%
"CORE Aquarius Limited (11653365, England and Wales) 100% subsidiary of CORE LLP"	50%
"Orchard Farm Community Solar 2 CIC (09606654, England and Wales) 100% subsidairy of CORE Aquarius Ltd"	50%
"CORE Gemini Limited (11653374, England and Wales) 50.1% subsidiary of CORE LLP"	25%
"Homestead Community Solar C.I.C. (09615191, England and Wales) 100% subsidiary of CORE Gemini Limited"	25%
"CORE Capricorn Limited (11739169, England and Wales) 100% subsidiary of CORE LLP"	50%
"NewCo 7GS9 Limited (11344525, England and Wales) 100% subsidiary of CORE Capricorn Ltd"	50%
"Creacombe Solar C.I.C. (11366479, England and Wales) 100% subsidary of NewCo 7GS9 Limited"	50%
"Marlands Solar Ltd (11575628, England and Wales) 100% subsidiary of NewCo 7GS9 Limited"	50%
"Creacombe Grid Ltd (11595042, England and Wales) 100% jointly owned by Creacombe Solar CIC and Marlands Solar Ltd"	50%
"CORE Leo Limited (11739005, England and Wales) 100% subsidiary of CORE LLP"	50%
"CORE Taurus Limited (11739220, England and Wales) 100% subsidiary of CORE LLP"	50%
"Twemlows HoldCo Limited (10490066, England and Wales) 100% subsidiary of CORE Taurus Limited"	50%
"Community Energy Twemlows C.I.C. (09644669, England and Wales) 100% subsidiary of Twemlows HoldCo Limited"	50%

Investment	Shares held
"Community Energy Twemlows 2 C.I.C. (09644332, England and Wales) 100% subsidiary of Twemlows HoldCo Limited"	50%
"CORE Community Investments Limited (13153678, England and Wales) 85.7% jointly owned by CORE Taurus Limited, CORE Aries Limited, CORE Gemini Limited, CORE Capricorn Limited, CORE Aquarius Limited and CORE Pisces Limited (which is ultimately owned by Big Society Capital)"	44%
"CORE Portfolio Investments Limited (13157440, England and Wales 100% owned by CORE Community Investments Limited"	44%

The registered office for PTC Renewable Energy Ltd is The Clarence Centre, 6 St George's Circus, London SE1 6FE. The registered office for all the other subsidiaries is W106 Vox Studios, 1–45 Durham Street, London, SE11 5JH.

PTC Renewable Energy Ltd did not trade during 2022 or 2021. However, during 2022, CORE LLP made two cash distributions (total: £3.25m) of member capital to PTC Renewable Energy Ltd, thanks to cashflow generated from an asset sale (Sheriffhales) and trading. These were followed by two capital reductions (total: £3.25m) by PTC Renewable Energy Ltd, generating cash distributions of an equivalent amount from PTC Renewable Energy Ltd to the Charity.

The Group's share of the profit/(loss) and net assets of Community Owned Renewable Energy LLP and its wholly owned subsidiaries (the CORE Group) are:

	2022		2021	
	CORE LLP Group £'000	PTC Group 50% Share £'000	CORE LLP Group £'000	PTC Group 50% Share £'000
Net profit/(loss) for the year	1,024	512	296	148
Net assets (excluding non-controlling interest)	10,295	5,147	15,772	7,886

10. Debtors (Group and Charity)

	2022 £'000	2021 £'000
Prepayments	109	157
Advances to intermediaries	1,304	1,622
Trade Debtors	58	-
Other debtors	1	7
Total	**1,471**	**1,786**

The advances to intermediaries represent funds advanced to Power to Change's delivery partners for onward advance to grantees but which had not been defrayed at the end of the financial year.

11. Creditors (Group and Charity)

	2022 £'000	2021 £'000
Due within one year		
Trade creditors	528	150
Grants payable	2,835	6,086
Accruals	394	566
Other creditors	195	134
	3,952	**6,936**
Due after one year		
Grants payable	1,156	505
Total	**1,156**	**505**

Grants payable amounts are summarised below:

	2022 £'000	2021 £'000
Grants payable		
Balance brought forward	6,591	14,226
External grants awarded	4,532	6,608
Amounts defrayed	(7,132)	(14,243)
Balance carried forward	**3,991**	**6,591**
Balance carried forward		
Due within one year	2,835	6,086
Due after one year	1,156	505
Total	**3,991**	**6,591**

12. Related Party Transactions

Stephen Miller, Director of Delivery and Impact, is also a Trustee for the Charity Evaluation Working Group and was not involved in any decisions concerning grants awarded to this organisation.

Ailbhe McNabola, Director of Policy and Communications, is also the Co-Chair of the Social Research Association's Board of Trustees and was not involved in any decisions concerning the payments made by Power to Change to this organisation.

Dr Jess Steele OBE was appointed as a Power to Change Trustee Director on 30 September 2021. In 2022, Power to Change incurred spend of £284 with Jericho Road, of which Jess is a Director.

13. Group Funds

	2022				2021		
	Endowment funds £'000	**Other restricted funds £'000**	**Unrestricted Funds £'000**	**Total £'000**	**Endowment funds £'000**	**Other restricted funds £'000**	**Total £'000**
Allocation of assets by fund							
Intangible assets	42	-	-	42	71	-	71
Tangible assets	28	-	-	28	52	-	52
Investments	11,780	-	-	11,780	14,670	-	14,670
Share of joint venture net assets	5,147	-	-	5,147	7,886	-	7,886
Current assets	9,235	707	35	9,977	9,275	1,509	10,784
Current liabilities	(3,952)	-	-	(3,952)	(6,936)	-	(6,936)
Liabilites falling due after one year	(1,156)	-	-	(1,156)	(505)	-	(505)
	21,124	**707**	**35**	**21,866**	**24,513**	**1,509**	**26,022**

Movement in 2022	Balance b/f £'000	Income £'000	Expenditure £'000	Investment gains £'000	Transfers £'000	Balance c/f £'000
Expendable endowment						
The National Lottery Community Fund "Capital Fund"	24,513	-	-	-	(3,389)	21,124
The National Lottery Community Fund "Income Fund"	-	115	(4,016)	512	3,389	-
Total endowment funds	**24,513**	**115**	**(4,016)**	**512**	**-**	**21,124**
Restricted funds						
TNLCF - 5 year strategy from 2021	666	6,634	(6,848)	-	-	452
GLA - Boosting Community Enterprise	60	(52)	(8)	-	-	-
Open Society Foundations	783	411	(939)	-	-	255
Total restricted funds	**1,509**	**6,993**	**(7,795)**	**-**	**-**	**707**
Unrestricted funds	-	53	(18)	-	-	35
Total funds	**26,022**	**7,161**	**(11,829)**	**512**	**-**	**21,866**

During the year money from the Capital Fund was transferred to the Income Fund to meet the Charity's ongoing expenditure requirements not met through other funding.

Movement in 2021	Balance b/f £'000	Income £'000	Expenditure £'000	Investment gains £'000	Transfers £'000	Balance c/f £'000
Expendable endowment						
The National Lottery Community Fund "Capital Fund"	35,301	-	-	-	(10,788)	24,513
The National Lottery Community Fund "Income Fund"	-	49	(11,276)	148	11,079	-
Total endowment funds	**35,301**	**49**	**(11,276)**	**148**	**291**	**24,513**
Restricted funds						
TNLCF - CCLORS	742	(212)	(239)	-	(291)	-
Liverpool City Region Combined Authority	(21)	47	(26)	-	-	-
TNLCF - 5 year strategy from 2021	-	4,861	(4,195)	-	-	666
GLA - Boosting Community Enterprise	-	115	(55)	-	-	60
Open Society Foundations	-	790	(7)	-	-	783
Other research and HSC work	-	30	(30)	-	-	-
Total restricted funds	**721**	**5,631**	**(4,552)**	**-**	**(291)**	**1,509**
Unrestricted funds	-	27	(27)	-	-	-
Total funds	**36,022**	**5,707**	**(15,855)**	**148**	**-**	**26,022**

Endowment Funds

The National Lottery Community Fund (TNLCF, formerly the Big Lottery Fund) endowment of £149m is considered in two parts:

- The Income Fund is the earned interest on the investment of the endowment and only available to be used in accordance with the funding terms as set out by TNLCF; and
- The Capital Fund represents the original endowment.

Other restricted Funds

In 2022, they included:

- A £20m grant from TNLCF over 5 years to support our 2021-2025 strategy
- Grant funding from the GLA for a pilot programme with Co-ops UK on Boosting Community Enterprise
- Grant funding from Open Society Foundations to enable work on Democratic Ownership

14. Operating Leases

At the end of the period, the group had future minimum commitments under operating leases (related to our three office locations) as follows:

	2022 £'000	**2021 £'000**
Payment due:		
Within one year	78	82
Within two to five years	45	119
Over five years	-	-
	123	201

15. Contingent Liabilities

At the end of the period, the group had future contingent liabilities in relation to three programmes of activities (Community Shares, Kindred and Powering Up) amounting to £1,650,441. These relate to possible obligations which may arise as a result of uncertain future events that are not wholly within the control of the Charity, for example future onward grants.

16. Status of the Charity

Power to Change Trustee Ltd (Company No. 8940987) is the corporate trustee of Power to Change Trust. The Charity came into existence on 21 January 2015 upon receipt of the endowment of £149,204,000 from The National Lottery Community Fund.

17. Prior year statement of Financial Activities

Consolidated Statement of Financial Activities
for the year to 31 December 2021

	Notes	Endowment funds	Restricted funds	Unrestricted funds	2021 "Total funds"	2020 "Total funds"
		£'000	£'000	£'000	£'000	£'000
Income from:						
Donations	2	-	15	6	21	5
Charitable activities	2	-	5,616	21	5,637	10,257
Interest and investments	2	49	-	-	49	373
Total income		**49**	**5,631**	**27**	**5,707**	**10,635**
Expenditure on:						
Raising funds		57	-	-	57	18
Charitable activities:						
Capabilities		2,857	1,357	4	4,218	1,273
New Economic Models		1,767	1,040	-	2,807	2,655
Market Opportunities		289	917	23	1,229	1,906
Enabling Conditions		147	639	-	786	1,105
New & Diverse Audiences		13	333	-	346	-
Closing programmes		6,146	266	-	6,412	32,800
Total expenditure	3, 5, 6	**11,276**	**4,552**	**27**	**15,855**	**39,757**
Net gains / (losses) on investments	9	**148**	**-**	**-**	**148**	**(158)**
Net (expenditure) / income	4	**(11,079)**	**1,079**	**-**	**(10,000)**	**(29,280)**
Transfers between funds	13	291	(291)	-	-	-
Net movement in funds		**(10,788)**	**788**	**-**	**(10,000)**	**(29,280)**
Reconciliation of funds						
Total funds brought forward		35,301	721	-	36,022	65,302
Total funds carried forward	13	**24,513**	**1,509**	**-**	**26,022**	**36,022**

Reference details and details of auditors

Registered office	**The Clarence Centre** 6 St George's Circus London SE1 6FE
Charity Commission number	**1159982**
Trustee	**Power to Change Trustee Limited** Company number 8940987 – England & Wales (The Directors of the Trustee company are listed on page 36)
Protector	**Susan Johnson OBE**
Auditor	**Crowe U.K. LLP** 55 Ludgate Hill London EC4M 7JW
Banker	**Lloyds Banking Group** 25 Gresham Street London EC2V 7HN
Solicitor	**Wrigleys Solicitors LLP** 19 Cookridge Street Leeds LS2 3AG

Power to Change
The Clarence Centre
6 St George's Circus
London SE1 6FE

020 3857 7270

info@powertochange.org.uk

powertochange.org.uk

@peoplesbiz

Registered charity no. 1159982

COMMUNITY FUND

POWER TO CHANGE TRUST

England & Wales - Charity number 1159982

Accounts

power to change | business in community hands

COMMUNITY FUND



ANNUAL REPORT

For the year ended 31 December 2021

Supporting communities to use shared power and business to transform where they live

CONTENTS

Message from the Chair and Chief Executive	4
Our vision, mission and values	8
What we achieved in 2021	10
Our priorities for 2022	22
Gender pay gap	28
Financial review	30
Structure, governance and management	36
Risk management	42
Trustee Directors' statement of responsibilities	44
Protector's statement	46
Independent auditor's report	52
Financial statements	58
Notes to the accounts	62
Reference details and details of auditors	84

MESSAGE FROM THE CHAIR AND CHIEF EXECUTIVE

2021 was a year of reset and refresh for Power to Change

During 2021, the Covid-19 pandemic continued to disrupt lives and businesses, providing ongoing challenges for the community business sector as well as for our own organisation. There was, however, a shift compared to the difficult weeks and months of 2020. At Power to Change, we moved from emergency response to adaptation. We began to look forward. At the same time, the community business sector continued to show resilience, with an increased demand for their services and widespread adaptation of services to meet their communities' needs.

A new strategy for the post-Covid recovery

We developed and launched a new five-year strategy that reflected what we'd learned about the most pressing needs of the sector in the context of economic and social recovery. We reaffirmed our partnership with The National Lottery Community Fund and are delighted that they are supporting our new strategy with an additional £20 million. We also agreed significant new partnerships with Virgin Money Foundation and Open Society Foundations. We are clear about our role in the years ahead, as a catalyst and enabler that supports community businesses, working to place them at the heart of a fairer economy.

Our vision is a future where more communities in England are running community businesses that give them power to change what matters to them, creating places that are better to live and work in for everyone. Our role is to strengthen this vital sector, through direct support and through making the case for others to support and invest in community business.

Building on the legacy of our first five years

The development of our new programmes and other areas of activity has drawn on our experience from the first five years of Power to Change. We have worked closely with our delivery partners to close programmes responsibly, with evaluations to capture learning that has directly fed into the design of newer offerings.

We successfully transitioned our Research Institute, establishing an exciting new partnership with the Institute for Community Studies. We will collaborate over the coming years, maximising the value of our existing evidence base and continuing to commission new research and evaluation.

During 2021 we welcomed three new Trustees to our Board: Sarah Gorman, Melissa Mean and Jess Steele. Each brings deep knowledge of the sector we support from many years working in and running community businesses. We also thanked and said goodbye to Trustees Stan Chan, David Godden and Carla Stent, who have made enormous contributions to the success of Power to Change over the period of their appointment. We also wish to express our gratitude and best wishes to departing Chief Executive Vidhya Alakeson OBE, who was the founding CEO at Power to Change and instrumental in building the team and creating the organisation that it is today, creating a strong legacy for new CEO Tim Davies-Pugh and the staff team to build on.

An evolution in how we work

We are exploring a number of new areas of work, and have taken an iterative approach, using discovery research and co-designing with community businesses to help us identify how we can make the greatest impact.

We have invested in ourselves, and work is still ongoing to integrate the priorities that we have for community businesses into our own practice. It is important to us that dignity, justice and belonging are a feature of our own organisation, that we take positive steps to address our climate impact, and that we actively embrace digital transformation in how we work. These are all areas of focus for 2021 and beyond.

Support to thrive

Key for us in 2021 was helping the community business sector to get back onto a secure footing. Like many businesses affected by the Covid-19 pandemic, community businesses need support to adapt business models and respond to often greater demand.

During the year we spent £376,000 on our new Powering Up capacity strengthening programme for community businesses. It was developed through a process of service design, involving community businesses and other infrastructure partners, and the resulting programme gives community businesses control over the support they receive. 61 community businesses were supported in 2021, and this programme will remain a core plank of our support offer in 2022.

We agreed to invest close to £0.5m in the Community Shares Unit, a consortium led by Cooperatives UK, in partnership with Locality and Plunkett Foundation, to transform the community share market, draw in additional investment, and inspire a new generation of diverse and equitable community businesses to explore community shares.

Working in partnership

Our new strategy has put greater emphasis on partnerships, because we know that to achieve the scale of impact for community businesses that we aspire to, we will need to work with others, who can bring their influence, financial and other resources to the table. We are especially proud of our partnership with the Liverpool City Region Combined Authority. We co-funded and launched Kindred, an investment vehicle for the social economy in the region that is owned by local socially-trading organisations, and that aims to create a fairer economy on the city region. Our role as incubator of Kindred ended during 2021, as the organisation became fully independent with a new leadership team in place, distributing £1 million in grants during 2021.

As to how community businesses are faring, whilst not downplaying the significant strains they have experienced we are pleased that the research evidence we gathered during the year has been encouraging. Our annual survey of the community business market showed increased annual income across the sector, and community businesses responded to the demand they are experiencing by adding new services to their offer.

It's clear to us that community businesses have much to contribute to society and to their local economies in the years ahead, and we are committed to supporting them.



Stephen Howard LVO
Chair



Tim Davies-Pugh
Chief Executive



OUR VISION, MISSION AND VALUES

Our vision:

Powerful communities, better places

By 2025, we want to see more communities in England running community businesses that give them power to change what matters to them, creating places that are better to live and work in for everyone.

Our mission:

Strengthen community businesses

At Power to Change, our mission is to strengthen community businesses to tackle some of society's biggest challenges at a local level and prepare them to face three of the biggest challenges of our time: climate change, digital transformation and social inequalities.

Our values:

At Power to Change, we believe that having values, embedding them and the behaviours that go with them in all aspects of our internal and external operations, will help us to achieve our vision.

Open

We will seek partners and allies beyond the community business sector to better help the community business model go mainstream, and will be open about our learnings as we test and discover new approaches to community-led resilient places.

Informed

We will continue to work closely with community businesses and be informed by their lived experience and needs. We will approach new challenges with fresh eyes and take an evidence-led approach before rolling out solutions.

Collaborative

We will continue to work with existing partners and identify new ones, drawing on each other's skills to achieve what we cannot do alone.

Bold

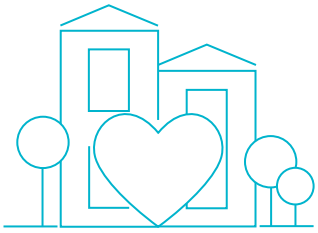
Our plans are ambitious, and we will continue to enter markets where we see community businesses could thrive, and speak boldly to decision makers on their behalf.

Authentic

We integrate the priorities that we have for community businesses into our own practice. That means that we aim to advance dignity, justice and belonging in our own organisation, that we are aiming to become climate positive, that we are actively embracing digital transformation, and that we are continuously building our own capacities in many areas.

WHAT WE ACHIEVED IN 2021

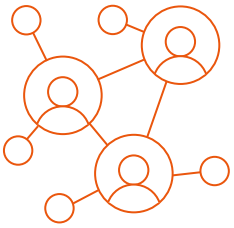
In 2021, drawing on the experience we gained during the first five years of our existence and in the context of a society emerging from the Covid-19 pandemic, we launched a new five-year strategy with the support of The National Lottery Community Fund. Our next five years are focused around three strategic priorities that are shaped by our reflections on the needs and potential of the community business sector at this point in time:



1. Putting community businesses at the heart of a fairer economy

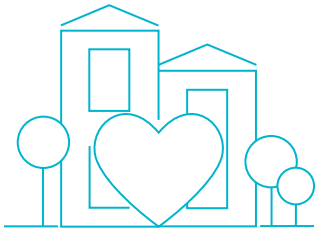


2. Making those community businesses more resilient



3. Ensuring that the sector is diverse, equitable and inclusive

As 2021 was our first year working towards this new strategy, we took an iterative approach to embarking on new activities, using discovery research to help us scope out areas for testing and learning how best to make an impact.



Community business at the heart of a fairer economy

We believe that community businesses should be at the heart of a fairer economy, tackling inequalities and creating more inclusive places. To support this, we work to improve the wider market conditions within which the sector operates and to make the case for community business. Key to this in 2021 has been maintaining strategic partnerships with infrastructure organisations that contribute to the health and resilience of the community business sector, strengthening the case for national and local government to create more opportunities for community control and continuing our engagement with local and regional partners.

Creating more opportunities for community power

We continued to build on our work supporting community ownership of important local buildings and green spaces, working with partners to bring more assets into community control. We were pleased to see the launch of the Government's Community Ownership Fund, having shared evidence from our funding experience and research programme to make the case for this intervention.

Working with community businesses, we established a new forum for innovation and practical ideas to change how communities access and own property through Platform Places, with our focus specifically on **high streets**. We developed our Take Back the High Street campaign to push for greater community involvement and ownership on the high street, which we believe is vital to their survival. We built a strong partnership with the Greater London Authority to pilot **Community Improvement Districts** (CIDs) in the capital, enabling communities to be at the heart of strategic decisions about their area. At the end of the year, we announced two pilot CIDs in the capital.

With a strong presence at the Labour and Conservative party conferences, alongside engagement with politicians and officials and our publications, Backing our Neighbourhoods and Building our Social Infrastructure, we played a role in **influencing the national Levelling Up debate** in the run up to the government's white paper launch. Our focus was to highlight the important role played by community businesses and other community infrastructure in tackling inequality and improving places.

Continuing our local and regional engagement

2021 was a critical year for our incubation of Kindred, an investment vehicle that supports the social economy in the Liverpool City Region. We exited our operational incubation of the organisation during the year, handing over to a permanent team. Kindred has gone from strength to strength, passing the milestone of £1 million invested during 2021.

During 2021, as our intensive phase of engagement with Kindred ended, we undertook work and commissioned research to identify other places to engage with from 2022 onwards. In late 2021 we signed a memorandum of understanding with North of Tyne Combined Authority to work together at a strategic level to support the social economy in the region. We also deployed a grant of £200,000 via Bristol City Funds as part of a blended finance offer to community businesses in the city, to promote the growth of the sector.

Since 2016, through our **Empowering Places programme** we have invested in 'priority places' to test and learn how community business can give local people a way to take the lead in improving where they live, reducing poverty and inequality. We built long-term partnerships in six places (Bradford, Grimsby, Hartlepool, Leicester, Plymouth and Wigan) with locally rooted 'catalyst' organisations. The catalysts have supported 77 community organisations, half of which are actively progressing the development of community businesses, a result that we are pleased with in the context of areas of high deprivation and the impacts of the pandemic.

Encouraging investment in community businesses

We also continued to champion community shares and blended finance as tools to encourage investment in community businesses. The Community Shares Booster programme supports community share offers in England with development grants and matched investment. 2021 was one of strongest years for the programme. With our partners Architectural Heritage Fund, we invested £726,000 in equity into 19 community businesses, alongside £118,000 in development grants made to 20 businesses and £42,000 in business development support provided to 15 organisations.

Community Business Trade Up supports early-stage community businesses to grow their traded income through a combination of small grants (of up to £10,850) matched against an increase in trading income, and an action learning programme delivered in eight locations across England. Run in partnership with the School for Social Entrepreneurs (SSE), the programme awarded £557,000 to 54 organisations in its fifth cohort.

Our partnership with Crowdfunder, Community Business Crowdmatch, provides match-funding of up to £10,000 for community businesses fundraising via the online platform. The programme formed part of our Community Business Renewal Initiative, a package of support aimed at helping the sector to recover from the impacts of the Covid-19 pandemic. The first phase of Crowdmatch finished in June 2021 having delivered £170,000 in match-funding to 34 grantees. Building on previous success, the second round of the Crowdmatch programme launched in October 2021.

Situating community business within a fairer, more inclusive economy

We recognise that it is important to support social capital development, enabling communities to develop local wealth through asset and business ownership. Building on our place-based successes, where we have supported communities to take on assets and contribute to transforming their areas, we continue to reinforce the role that community businesses have in local economic development and in creating fairer local economies. In 2021, we secured £1.128 million from Open Society Foundations, to work to support **employee and worker ownership** and bring these together with community ownership, creating a more compelling vision of a broader shared economy and the routes to achieving it.

Maintaining and developing our strategic partnerships

To ensure the legacy of our **health and social care** work we made a strategic grant to infrastructure organisation, Community Catalysts, the secretariat for Coalition for Personalised Care, the network which focuses solely on personalised health and care. In partnership with Locality, we joined the **VCSE Health and Wellbeing Alliance** (HW Alliance), an initiative of the Department of Health and Social Care and NHS England, NHS Improvement and the Office for Health Improvement and Disparities (formerly Public Health England). Over the next three years, we will work with the HW Alliance to amplify the voices of community businesses, feed into national policy, and help create effective community-based health and care services.

We recognised the need to **expand our network** of infrastructure partners to reach a new range of audiences, in support of our strategy. We carried out scoping work that generated ideas to push us forward, alongside developing a Playbook for starting new infrastructure partnerships which will be published in 2022.



More resilient community businesses

The community business sector has continued to thrive in 2021, providing an economic and social boost, despite the pandemic. Over the last few years, community business leaders have displayed huge agility, playing a vital role in the recovery from crisis.

Our strategic priority to help make community businesses more resilient includes supporting them to evolve their business models, refine their leadership skills and further develop how they use digital systems.

Refining leadership skills

In partnership with Virgin Money Foundation we developed **Leading the Way**, a tailored learning programme that balances one-to-one development and group learning, with a grant of £8,000 to support the leaders' development and the impact of their organisations. In December 2021, Leading the Way opened for applications, seeking ten community leaders in the North East of England and ten community leaders in Yorkshire and the Humber to join the first cohorts.

Through research from Think Social Tech and engaging with community businesses, we learned that the sector often does not have the right tools or capabilities to grow and develop, specifically around building financial capabilities. We selected two delivery partners: The Women's Organisation, leading on a Liverpool City Region-based financial capability improvement academy, and Locality, working with online accounting software Xero to develop training, guides and templates for the community business sector to begin using cloud-based accounting software.

Tackling the climate crisis

As part of our new strategy, Power to Change committed to providing a flagship multi-million-pound **climate action funding and support programme** for community businesses, launching in 2022. To design the programme, in 2021 we completed an in-depth scoping study which involved extensive consultation of community businesses and other stakeholders on strategic issues, priority impact areas, and expectations of Power to Change.

At the United Nations Climate Change Conference (COP26) in November, we provided grants and resources to support a range of impactful activities including funding our partners Community Energy England to recruit a COP26 Community Energy Mobiliser to help coordinate a series of climate change events and to develop key messages, campaigns, and case studies ahead of the conference. We sponsored two events in partnership with thinktank Bright Blue, on community energy and a 'just transition'. We also sponsored the Everyday Climate Heroes campaign with partners Ashden and Futerra, that showcased community business leaders on billboards across the country, achieving high levels of reach and engagement in the run up to and during the conference.

We commissioned independent researchers to analyse our existing grants and to integrate environmental questions into our annual Community Business Market survey. Encouragingly, the results suggest that a significant majority of community businesses are already having a positive impact on the environment.

Commitment to community energy

We began to explore how to support community businesses to make a significant contribution locally to the transition to net-zero carbon dioxide emissions. Our work in the community energy field continued to build on the best examples of community businesses working to deliver climate benefits.

Community Owned Renewable Energy LLP (CORE), a social investment jointly held with Big Society Capital, secured a £31m inflation linked debt refinancing for its 36MW operational community energy solar portfolio from abrdn, one of the world's largest institutional investors with over £532bn in assets under management. This landmark transaction injected long-term institutional financing into the community renewable energy sector. It will also support a substantial community benefit fund being generated over the life of the financing, with over £300,000 distributed since 2018 to support projects like Emmaus Dover and Canterbury Umbrella.

We continued to support the establishment and development of community businesses working with CORE. This included activities to enhance the impact of the solar assets, such as biodiversity masterplanning, and natural capital assessments and battery storage, and develop new net zero community business opportunities that deliver against local needs and priorities. We awarded £241,000 of new grants to support these activities, taking the total to over £1m of grant and services since 2018.

Independent evaluation of our **Next Generation Innovation Fund** found it has enabled community energy businesses to take risks in developing new business models that are not dependent on Feed-in-Tariff subsidies. Being involved in the programme has built the skills and knowledge within 11 innovation groups, helping them to focus on potential new areas of work, including electric vehicles, LED lighting, heat pumps and flexibility services.

A climate positive organisation

In partnership with AimHi we ran a live and interactive five-part Climate and Sustainability leadership course to the Trustee Directors and our staff. We then rolled it out for free for the community business sector, during Great Big Green Week and COP26. Over 94% of participants surveyed reported increased confidence in talking about the climate and nature crisis as a result of taking the course. We are committed to continuing knowledge sharing, learning and capacity building opportunities on climate action for the community business sector in 2022.

Also in 2021, we were proud to achieve Planet Mark certification. We will monitor our progress on an annual basis and our aim is to become a climate positive organisation by 2025.

Developing digital systems

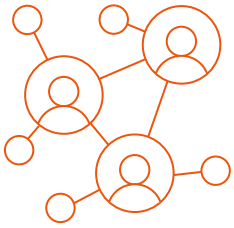
We explored how community business use digital tools, looking at the challenges and opportunities that digital presents to the sector, and levels of confidence in utilising it. The findings helped shape two distinct programmes of work.

For the first, on **Community Tech**, we researched the benefits of community ownership of technology, with the aim of establishing a collaborative programme to encourage and develop more technology that is made by, for and with place-based communities. Community businesses have demonstrated their incredible resilience over the pandemic, with many shifting to online and digital services, developing their own community technology, designed specifically to meet local need. This research makes the case for a longer-term community technology project, supporting more community businesses to design and develop the technology they need. During 2021 we began collaborating with thought leaders and technologists to support growth of the community tech movement, with the ambition of launching a support programme for community businesses in 2022.

Secondly, we responded to the need to **strengthen sector capabilities and confidence around digital**, working alongside community businesses to design a digital focus within our capacity support programme, Powering Up. Alongside this, we began work on an **internal digital strategy** to ensure that our own organisation reflects and benefits from the work we are pursuing with the community business sector on digital transformation.

Supporting community business development

Powering Up is a new initiative, that builds on a pilot programme that was part of our Community Business Renewal Initiative, supporting the community business sector through the pandemic. This programme represents for us a new way of providing support to community businesses, through Community Business Connectors, who guide applicants through the application process, and then run diagnostic exercises to ensure that guidance is tailored to the unique needs of their organisation. The programme provides technical expertise alongside professional development and wellbeing support. The first round focused on the enhancement of digital capabilities, with community businesses able to access up to £20,000 worth of support over a 12-month period. We undertook a collaborative design process with our digital partners and launched in November 2021.



A more diverse, equitable and inclusive sector

We have a responsibility to use our position to tackle inequity, particularly for minoritised groups who, historically, have had less access to support and funding and we are committed to increasing our focus in this area. Our grant making, research and support has been vital to community businesses, but we could do more to reach the whole sector.

We believe that community businesses are there for the whole community and we want to ensure everyone feels represented and recognises the importance of community and their spaces. By listening to minoritised groups, we strive to inspire them and rebalance power where we can so that it's easier for all types of people to get involved in community business.

Supporting younger people into community business

We want to encourage more young people into the community business sector, creating more inclusive communities where young people have an active voice and say in making their places better. We worked with Common Vision to run an interactive workshop to explore how young people can help build, grow and lead our local social economies, and we also commissioned research into the community business market to find out how they are interacting with young people, identifying gaps and exploring how we can support community businesses to engage with them.

We started exploring the routes young people might take into the community business sector and recognised that Stir to Action magazine is an introduction for many to community power. We sponsored 80 free places on Stir to Action's New Economy programme for young people, those from minoritised ethnicity communities and those living in IMD 1-3 in 2021, with the programme continuing into 2022.

Taking action to improve our diversity, equity and inclusion practices

Following the success of the Covid-19 Community-led Organisations Recovery Scheme, we began to explore how to monitor demographic data of community businesses in a meaningful way. We collaborated with our colleagues at foundations across the UK as they developed the **Diversity, Equity and Inclusion Data Standard** with 360Giving and TSI Consultancy. This is a co-ordinated effort to design best-practice monitoring of demographics across organisations receiving grants. The resulting data should allow us all to gain a better understanding of the makeup of the sector and of marginalisation within it.

We recognise that to improve conditions in the community business sector for people from minoritised ethnicity communities, we also have work to do internally. We've undertaken various steps relating to Diversity, Equity and Inclusion (DEI) including reviewing the language we use and developing best practises in the DEI Data Standard. We integrated DEI into our Key Performance Indications (KPI) to ensure we are held to account. All staff were offered anti-racism training, broadening our knowledge and helping the team to understand areas where we can make changes and improve. We improved our recruitment practices to be more accessible and recruited new board members with community business experience. We reviewed and updated all our policies, focusing on making Power to Change a more inclusive place to work.

Closing programmes

During 2021, we continued to work closely with our delivery partners to close a number of our programmes responsibly. Alongside existing evaluation of these programmes, we invested in securing their legacy through reviews that captured our learning in key areas such as community asset ownership, community leadership and community-led climate action. This learning has informed the development of our newer programmes, and has been shared with other funders and with policymakers.

Each of these programmes has delivered important investments in the community business sector, in the form of funding and capacity building support to community businesses. These programmes also helped to build a pipeline of applicants for our other funds, and for those distributed by others, such as the Community Ownership Fund, where a number of early grantees are community pubs that had received support from one of our programmes.

Homes in Community Hands developed the next generation of community-led housing, through investments in community-led projects at the pre-planning stage and sector infrastructure in specific city regions. Activities have now ceased on this programme, with no remaining grants.

Working with our delivery partners, Locality, we continued to close the **Bright Ideas** programme, ensuring monitoring progresses and End of Grant reports are submitted, and grants closed.

The **Community Business Renewal Fund** was launched to support community businesses through the pandemic. This programme is now closed to new applicants. Grant awards continued during this year, with 125 grantees in 2021. The flexible grants enabled communities to use the funding where it was most needed, and grantees reported that the confidence these grants gave them enabled them to develop and adapt services in an ever-changing environment.

More than a Pub is a programme that supported pubs to become community-owned multi-purpose facilities, responding to local needs and providing a variety of community benefits and services. The programme was extended until March 2021 to deliver grant and loan packages to support community pubs through the pandemic and the contract with Plunkett Foundation was closed in September 2021.

Research and Impact

After a successful five years, during 2021 we closed our Research Institute and integrated research and evaluation activities into Power to Change's core delivery. As part of this we created a refreshed Theory of Change for our new strategy and created an Impact and Learning Framework to accompany it, which will guide all of our research activity. Our aim is to know what impact we are having as an organisation, and to continually learn about how best to achieve this.

With the closure of our Research Institute, we formally launched our partnership with the **Institute for Community Studies** (ICS). While Power to Change will continue to commission our own research and evaluation, we transferred over hundreds of research reports and related case studies, blogs and reports, to be hosted on the ICS Repository. Part of the Young Foundation, ICS has collated our historical evidence base into one searchable collection and will continue to host reports from Power to Change's evaluations of programmes. ICS will work with us to produce digests of evidence and learning events around key topics, continuing to extract value from our back catalogue of evidence.

We have also experienced a shift in the way in which we think about sources and standards of evidence, and how evidence is used. Promoting and maintaining high standards of evidence remains important to us, as exemplified throughout our research portfolio. But we are keen to integrate alternative data sources, including the voices of those with lived experiences of the social issues we support community businesses to tackle. As an example, early in 2021, we commissioned Fellows from Year Here to undertake discovery research capturing the experiences of young people and those from minoritised communities with regards to accessing the community business model and sector.

Putting insight into action is also key to us, and discovery research has informed the design and development of several of our newest programmes. We have also supported continuing innovations in data analysis in the sector, including our ongoing use and promotion of the value of financial transaction data for understanding how local economies and high streets are recovering from the effects of Covid-19, as well as supporting new approaches such as the Resilience Index being developed by MyCake and Musgrave Analytics. The Resilience Index is a tool that scrapes historical data from the Charity Commission, and uses it to calculate both risk of closure and resilience to shocks for over 300,000 charities. We have sought as much as possible to integrate these different data sources into our own work and decision making, as well as supporting others to access and use them.

Research publication highlights

We discovered that while many businesses have struggled during the pandemic, the resilient community business sector has reported increased demand for services and adapted their offer to meet this demand. The 2021 iteration of our annual **Community Business Market Report** uses survey and interview data to describe a community business market bouncing back financially from the worst of the pandemic, diversifying their services and meeting the evolving needs of the communities they serve.

In particular the report showed that the median total annual income of community businesses increased to £130,000 this year (an increase of £20,000). The report also showed that these businesses have responded to the pandemic by evolving their services to meet their community's needs: three-quarters (76%) now offer more than one service to their community – a rise of 13 percentage points. It remains the largest scale research on the sector that exists, and continues to gain considerable traction across the sector.

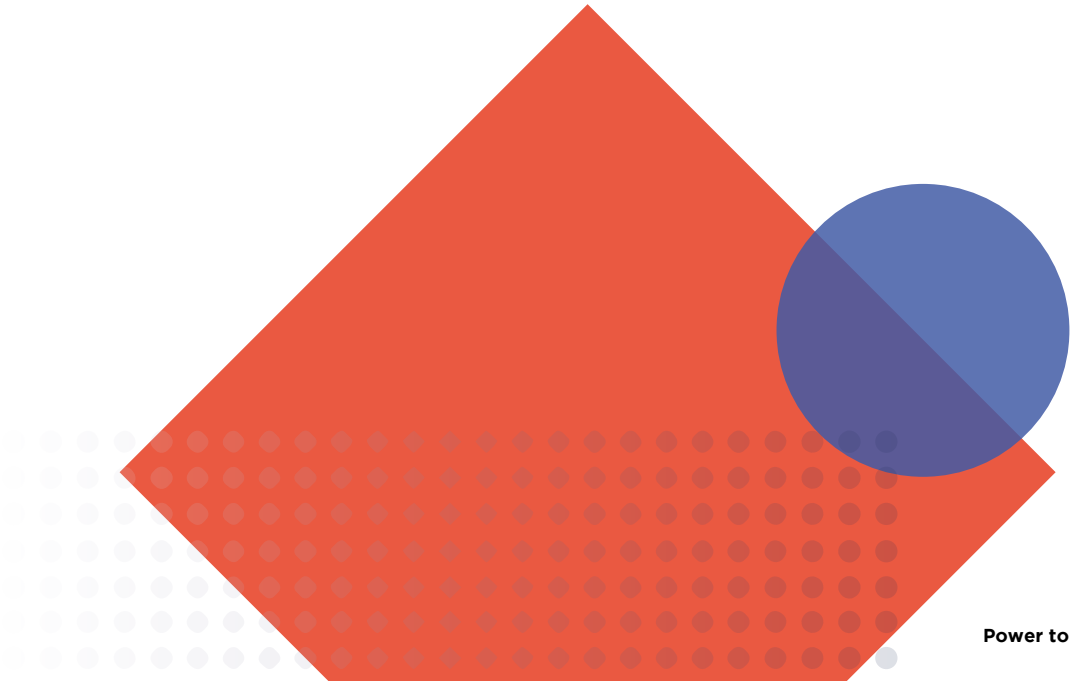
We also published the latest findings from our long running **Community Life Survey hyperlocal booster study**. Since 2017 we have worked with Kantar Public to conduct a 'hyperlocal' version of the national Community Life Survey, focused on six places in England centred around locally rooted 'catalyst' organisations that empower communities to develop community businesses through Power to Change's Empowering Places programme. Using sophisticated statistical analysis techniques, we are able to observe positive and negative changes occurring within each neighbourhood over time, and compare them to similar areas to ascertain the potential contribution and impact of the Empowering Places programme to transforming these areas as places to live.

Impact

In March 2021, we launched our bi-annual **Impact Report**. To make the report more engaging and tell the story of how community businesses have supported their communities through the pandemic, alongside this report we launched a micro website. The interactive microsite tells the story of community businesses and their impact, and invites new audiences to work with Power to Change to write their next chapter.

During the year we published over twenty new research and evaluation reports. This included providing new insight on how community businesses adapted digitally enhanced services during the national lockdowns, to how community businesses contribute to and engender good working practices. In addition to external dissemination of our reports and findings, we shared findings internally through sessions delivered at workstream meetings to provide a space for colleagues to learn and reflect, shared findings externally through blogs and newsletters, and promoted the research directly with partners.

Towards the end of the year we commissioned seven new research studies and evaluations, and we continue to manage ongoing legacy evaluations and research, supporting colleagues by using our expertise to ensure that all impact and learning activity is robust and informs our new strategy/impact and learning plan as well as supporting the wider community business sector and knowledge base.



OUR PRIORITIES FOR 2022

In 2022 we intend to build on the development work established in 2021, with new approaches to delivery and new offers to the community business sector that are informed by co-design with communities and the community businesses that serve them. Our strategic aims remain as set out in 2021:

1. Putting community businesses at the heart of a fairer economy
2. Making those community businesses more resilient
3. Ensuring that the sector is diverse, equitable and inclusive

Community business at the heart of a fairer economy

Creating more opportunities for community power

We will take our work around communities on the high street into a new phase of testing and implementation, working with supportive local and regional authorities, private firms, and other funders. We will launch our **Take Back the High Street** campaign, promoting the idea of a High Street Buyout Fund, a new Community Right to Buy, and, building on our pilot in London, we will initiate more **Community Improvement Districts** across England.

We will also continue to influence the government's levelling up agenda and related funding streams, pushing for greater community power and for recognition of the role of social and community infrastructure in addressing regional inequality. We will continue our support for We're Right Here, a campaign for community power that is led and fronted by community leaders.

Continuing our local and regional support

Building on the legacy of our cities and counties work, which saw the development of Kindred in Liverpool City Region, we will look to expand our partnership working with local and combined authorities – working with North of Tyne Combined Authority and up to two other places. Our aim is to enable strategic recognition for the community business sector, and to test out ways of supporting and growing the sector that can be implemented at a local or regional level.

Encouraging investment in community business

Our successful **Community Business Trade Up** programme will relaunch in 2022, drawing on learning from previous years and enhanced by innovative ideas and new methodologies to address changing needs. The programme will offer smaller grants, more suited to the needs of new and start-up community businesses, and it will focus on attracting and supporting new and diverse audiences.

The **Community Business Crowdmatch** programme, which provides an incentive for community businesses to maximise crowdfunding campaigns by match-funding what they raise from a crowd, will continue in 2022.

Power to Change has signed an agreement for a new **Community Shares Booster** programme for 2022 and beyond: the focus will be on attracting new and diverse audiences alongside other institutional investors, capitalising on its strong pipeline.

Maintaining and developing our strategic partnerships

We will implement the recommendations of a review undertaken in 2021, which looked at our existing support for national infrastructure and our existing partnerships, and identified gaps that we should fill in order to be able to deliver our new strategy – such as new partnerships, and support for infrastructure, that help us to reach more diverse audiences for community business, or engage the right partners for climate action or digital transformation within the sector.

Situating community business within a fairer, more inclusive economy

Community ownership of assets is a central theme of our work, and in 2021 we began a process of expanding this work, taking a wider view on the value of shared ownership models such as employee and worker ownership. In 2022 we will build our case for the economic importance of alternative models of business and asset ownership if we want to generate more local wealth, give more people a stake in their local economy and create new paths to employment. We will be working closely with sector partners on policy, advocacy and systems demonstrators, ensuring our work is aligned and influential, developing demonstrators, and testing replicable models. We will be investing, alongside others, in building support across divides for democratically run, socially trading organisations, and greater community participation in asset ownership and local regeneration.

More resilient community businesses

Refining leadership skills

Leading the Way will commence supporting 20 community business leaders. The programme will seek to support applicants from groups under-represented in leadership positions, including from minoritised ethnic communities and disabled people.

Our **Financial Capabilities** programmes will launch in 2022, designed to improve financial capabilities in the community business sector, including financial management, cloud-based accounting, accessing funding and reviewing the business model. The programmes will be run by Locality, using online accounting software Xero, and the Women's Organisation, supporting community business leaders to build their financial capabilities in Liverpool City Region.

Tackling the climate crisis

Building on our climate action grants data analysis in 2021, we are commissioning major new research with the aim to build a better understanding of and generate insights on the benefits, opportunities and potential of community business led approaches in the transition to a fairer, greener economy.

The **Powering Up** programme will provide targeted capacity building support to community businesses to enable them to grow and enhance the climate and nature benefits they provide.

Commitment to community energy

To date we have invested £20m in community energy, focusing on community solar and innovative new business models. We plan to finalise the process of transferring the ground mounted solar farms we have acquired through **CORE** into community ownership, maximising the financial, environmental and social impact within those communities. We will also build on this earlier investment to look at how we can support community businesses to transition to net zero, including looking at the potential of a small grants programme.

Developing digital systems

As a result of our exploratory work and research on digital capabilities amongst community businesses, we believe there is a need to strengthen the community technologies that community organisations are already making and using – hardware, software and digital infrastructure produced by and for communities and community organisations that respect the plurality of their missions, visions and ways of working. We will explore options to create a sector-defining funding coalition with like-minded funders in **community tech**.

Supporting community business development

Our capabilities programme for community businesses, **Powering Up**, supports those who are looking for support to shift from an emergency mindset to investing in their future planning. Powering Up will focus its support to community businesses in four key areas across the year: starting with digital growth, then adding zero carbon and sustainability, financial resilience and a cross-cutting theme of diversity, equity and inclusion.



A more diverse and equitable sector

Supporting new audiences into community business

In 2022 we will prototype our equitable grant-giving practices, through programmes we deliver ourselves, to give us a blueprint for other programmes to follow. We will continue to improve our programmes, including guidance on tailoring to meet the needs of **marginalised groups**.

We understand how important representation is, and we have been actively trying to make all our marketing and communications representative of the full breadth of the community business sector, including developing a bank of case studies of **young people** working in community business to use in a campaign in 2022.

Continuing our focus on young people within a more diverse and equitable sector, we will launch a targeted social media campaign, using videos and image-based content to tell the story of community business through a young person's lens. We will use the data and share the learning from this campaign to support community businesses that may wish to work with, employ or inspire young people. We will be exploring ways to share all the data we have collected in the first half of the year.

Taking action to improve our diversity, equity and inclusion practices

Through assessment of our own impact historically, we will be taking steps to improve and mitigate ways we have contributed to marginalisation. We will continue to design programmes based on the needs of people we hope will apply. We will explore how we can best fund core costs, contributing to financial security for community businesses led by or supporting marginalised groups. We will always try to be representative, and we will work to be more flexible and better understand the value organisations based across a city or wider region bring to their communities, instead of focusing on supporting neighbourhood-level organisations.

A climate positive organisation

In 2019, along with 80 other charitable foundations, we signed the Funder Commitment on Climate Change. In 2022, we will continue our work in this area and will report on our progress annually, notably through our Planet Mark certification. We will set organisation-wide KPIs to grow the community business model year-on-year in alignment with our strategic priorities. We will review and update our Grants Handbook to integrate climate action in how we design, assess, award and manage our grants.

Finally we will review our banking and pensions arrangements to ensure our climate action commitment is factored into our decision-making processes, while further climate and sustainability considerations were already included in our investment and procurement policies in early 2022.

Research and Impact

In 2022 we will continue to build the evidence base and to make the case for community business.

This means sharing more findings with the sector to ensure that we continue to have a strong and robust evidence base, providing all information in accessible and dynamic formats. We will continue to diversify the way in which we share information. For example, we are looking to share the results from the Community Business Market Survey in 2022 through a bespoke site that shares the story of the sector, rather than a static report.

We also plan to generate and share evidence under the framework of our Impact and Learning plan. We already ensure that all evidence we capture feeds into this plan, and are working on what outputs we will share under this structure. Finally, we will continue working collaboratively with colleagues, supporting them to engage in Impact and Learning through continuous reflection, growing our evidence base, and acting on evidence. We do this through facilitating space, sharing findings and ensuring that all Impact and Learning activity is built directly on need.

GENDER PAY GAP

We are pleased to report that as of April 2021 our median gender pay gap was -0.38% and our mean gender pay gap was -1.17%. In our organisation, 62.5% identify as female and 37.5% identify as male.

Our current median gender pay gap is similar to that of 2020 and 2019, which were -0.93% and 0% respectively. The mean gap continues to stay stable from -0.69% in 2020.

We are proud that we continue to be an employer with a high level of pay equality. This was recognised by staff in our recent engagement survey, where 89% replied positively to the question “I am rewarded fairly for the contribution I make in my job”.

The gender pay gap is how we measure whether there is a disadvantage (a gap) between what, on average, men earn and what, on average, women earn. This is different to equal pay, which is an individual contractual right to make sure men and woman are paid the same for same or similar work. We continuously review our pay and reward decisions to make sure we comply with equal pay legislation.

We will continue to review our pay and reward practices to make sure we maintain pay equity. We also have a wider programme of work to review and improve all our practices to make sure we have a diverse and inclusive workforce.

All organisations with more than 250 employees publish details of their gender pay gap. Although Power to Change does not have more than 250 employees, we are committed to reducing inequality in all areas and therefore we have voluntarily decided to publish this data.

In 2023 we will be in a position to report on our Ethnicity Pay Gap and our Disability Pay Gap. The reporting will mirror the census and best practice categories for ethnicity and disability.



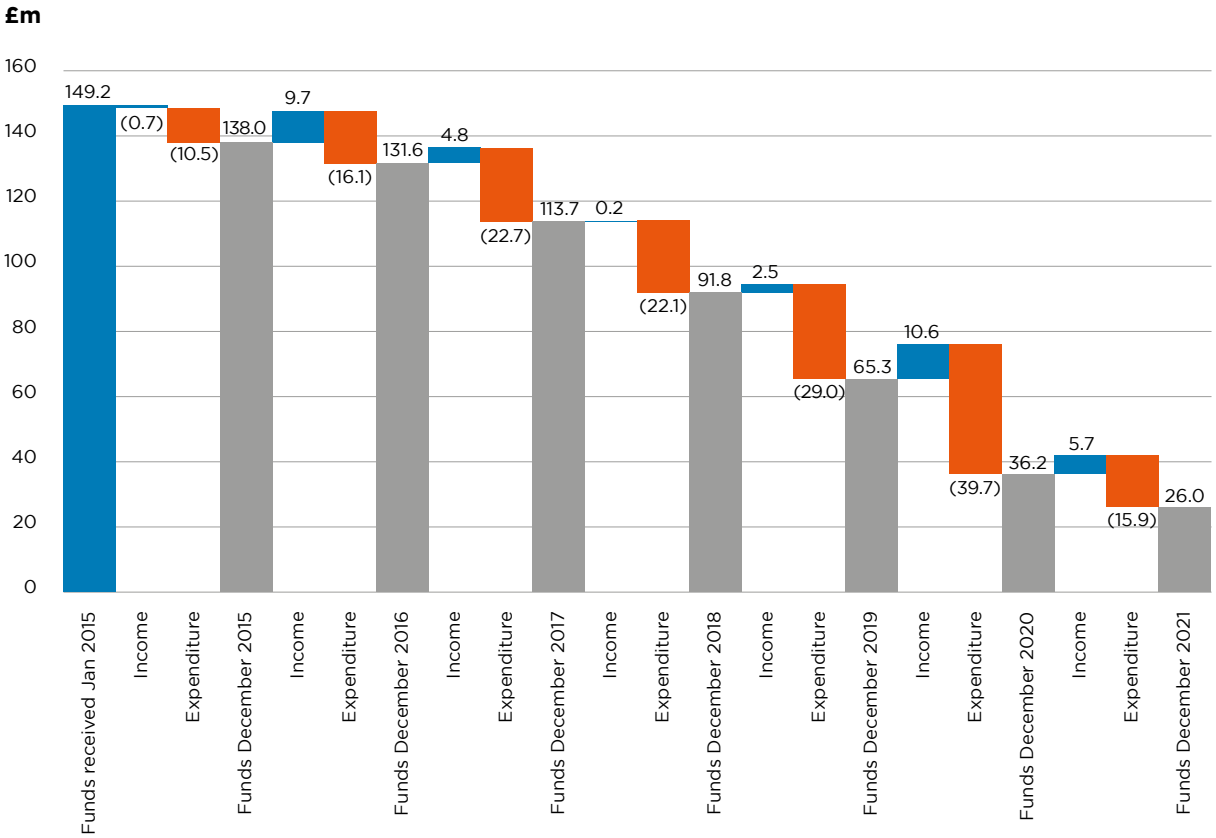
FINANCIAL REVIEW

Since 2015, Power to Change has spent c£156m on supporting business communities, using an expendable endowment provided by The National Lottery Community Fund, income generated from this endowment as well as additional restricted and unrestricted income received from time to time.

The chart below illustrates the variation of our reserves from January 2015 to December 2021, with annual expenses fluctuating between £10.5m and £39.7m and annual income varying between (£0.7m) and £10.6m across the seven-year period (NB: the negative income figure in 2015 was related to a net loss on investments).

In 2021 the expenditure amounted to £15.9m, after a high level of spend in 2020 when Power to Change responded to the Covid crisis and made funding available to the community business sector to replace lost trading income. Following the launch of a new five-year strategy in 2020/2021, £5.7m of income was raised in 2021, including £4.9m from The National Lottery Community Fund.

Fund flow over the last seven years



Expenditure

Total expenditure in 2021 was £15.86m. This is a significant (60%) decrease compared with 2020 (£39.76m) when we set up trading income support and other initiatives to help community businesses affected by the pandemic. The National Lottery Community Fund endowment funded c.71% of our expenditure in 2021, while the rest was covered by new income generated in the year, mostly through restricted funds.

Our budget for 2022 is based on a slightly lower amount of c. £13.6m in expenditure as some of our existing programmes are wound up. Thereafter we are budgeting expenditure of c.£10m per annum on average until 2025 for activities planned in the new strategy.

Our 2021 expenditure was nearly entirely in relation to charitable activities (99.6%) with fundraising accounting for the remainder (0.4%). Our five new workstreams represented 59% of our charitable spending (£9.39m), with Capabilities and New Economic Models the two largest amongst our new programmes (with spend of £4.22m and £2.81m respectively). Our closing programmes stood for 41% of our charitable spending (£6.41m).

Note 3 to the accounts shows a detailed analysis of our expenditure. The value of grants awarded decreased by 75% from £26.84m in 2020 to £6.61m in 2021. This is mostly linked to the fact that Covid-related expenditure (both made directly through C-19 programmes or associated support in existing workstreams) represented only 35% of expenditure in 2021 (vs 53% in 2020). Note 6 to the accounts provides detail of grant expenditure by programme in each year.

Programme delivery costs also decreased by 36% over the same period (from £3.49m to £2.25m); this rate of decline was smaller than for the grants spend because delivery partners were still administering in 2021 grants allocated in previous years. Similarly direct staff costs also decreased between 2020 and 2021 (from £2.82m to £2.55m) but at a more modest rate (9%) due to the more fixed nature of these costs.

Support to the sector increased as a percentage of total expenses (from 5% in 2020 to 8% in 2021) demonstrating the wider role we intend to play for the community businesses sector as part of our new strategy. Research and evaluation direct costs also increased from 4% in 2020 to 6% in 2021 of our total expenses as we continue to monitor the impact of our activities on the community business sector, share the lessons learnt and implement changes as we further develop new programmes.

Support costs in 2021 of £1.30m (2020: £1.43m) included support staff, governance, rent and office costs, IT, legal, training and depreciation. These represented 8.2% of total expenditure (2020: 3.6%) or 6.2% without governance costs. The increase in percentage terms was related to the fixed nature of these costs.

Income

Restricted funds represented 99% of our income in 2021 (2020: 96%) and included £4.86m of grant income from The National Lottery Community Fund to cover core costs related to our five-year strategy and a £0.79m grant from the Open Society Foundations to enable work on Alternative Ownership. Note 2 to the accounts details our various sources of income in 2021.

Group investments and funds summary

	2021 £'000s	2020 £'000s
Fixed asset investments: social investment (Community Owned Renewable Energy LLP)	7,886	7,738
Fixed asset investments: cash and deposits	14,670	17,132
Current asset investments: cash and deposits	2,937	12,423
Total investments	**25,493**	**37,293**
Cash at bank	6,061	11,249
Net (liabilities) outside cash and investments	(5,532)	(12,520)
Net assets	**26,022**	**36,022**
The National Lottery Community Fund expendable endowment Capital fund	24,513	35,301
Restricted funds	1,509	721
Total funds	**26,022**	**36,022**

Investment policy and strategy

Since 2019, the investment portfolio has become solely cash at bank and deposits (outside of CORE) as Power to Change prepared to close, with its funds fully committed by the end of 2022. Following the launch of a new strategy in 2020/2021, the lifetime of the Trust was extended and it is now anticipated to last until 2025 at least.

The objectives stated in the investment policy remain "to produce the best financial return within an acceptable level of risk and with capital preservation as a key criteria". Given the operational uncertainty the pandemic caused, the low interest rates available in 2020/2021 and the free cash resources available then, the Trustee Directors considered that keeping the Trust's assets in cash was the most prudent option and are of the opinion that the cash investments performed adequately over this period.

In early 2022, investments are still held in short term cash deposits. However, in light of a macro-environment with higher inflation and interest rates, the Trustee Directors might decide to explore again investment options to ensure our investment strategy still meets our risk appetite and cashflow requirements; this would be particularly true if the Trust secures significant additional advanced funding in the future.

To limit credit risk, cash deposits are managed to ensure that no more than 33% of them are held with any one financial institution.

To limit liquidity risk, our investment policy states a minimum amount of budgeted programmatic and total operating expenses should be kept in cash or low risk liquid investments. This clause was modified by the Trustee Directors in February 2022 from "18 months' worth" to "12 months' worth" to reflect the declining size of the endowment fund and the fact that a significant share of our expenses is due to be financed through a new grant from The National Lottery Community Fund funds are to be received quarterly based on projected expenses.

Cash and deposits held at 31 December 2021 amounted to £23.67m (2020: £40.80m). These funds are split in the balance sheet between fixed assets (£14.67m) and current assets (£9.0m). Together they represent more than 12 months' worth of budgeted programmatic and total operating expenses.

In addition, the Trust has made a social investment in Community Owned Renewable Energy LLP (CORE LLP), a joint venture between Power to Change and Big Society Capital. CORE LLP works alongside local community energy groups to support, develop and refinance solar farms with a view to maximising the benefit for these communities over the life of the investment venture. The creation of a portfolio of assets under CORE LLP was completed in 2019.

The social investment in CORE LLP is held at cost (£8,476k) in the Trust and at the value of its 50% share of net assets (£7,886k) in the group financial statements. Following a successful refinancing of CORE LLP in December 2021 and the return of £1,250k of capital invested by Power to Change in February 2022, the Trustee Directors are satisfied there are no indications of impairment in the year.

The consolidated results of CORE LLP and its subsidiaries are summarised in note 9 to the accounts.

Investment performance

During 2021, the value of our investments (social, cash and deposits) reduced by £17.00m to £31.56m (2020: £48.54m). This reduction largely corresponds to cash withdrawn to fund our activities during the year.

As in 2020, there was no gain or loss in investment in the year due to the cash nature of our portfolio but income of £49k was generated from interest and investments (2020: £373k).

Meanwhile there was also a £148k increase in 2021 (2020: £158k decrease) in the value of our share in the net assets of the CORE social investment (from £7,738k in 2020 to £7,886k in 2021).

Funds

Retained funds and movements in the funds are shown in note 13 to the accounts.

Income generated from the expendable endowment provided by The National Lottery Community Fund (the "Capital Fund") is added to The National Lottery Community Income Fund (the "Income Fund") on an ongoing basis. When required, money from the Capital Fund is also transferred to the Income Fund to meet our ongoing expenditure requirements, not met through other funding. During 2021, £10.79m was transferred from the Capital Fund (2020: £29.33m). The balance on the Capital Fund at 31 December 2021 was £24.51m (2020: £35.30m) of which £123k are tangible and intangible fixed assets and not freely available to spend.

In addition to The National Lottery Community Fund endowment which funded c.71% of our 2021 expenditure, we used restricted funds to fund most of our remaining expenditure. Below is a list of our main sources of restricted funding and related expenditure in 2021:

- Grant funding from The National Lottery Community Fund: £4,195k was used to cover core costs related to our five-year strategy (£4,861k was received in 2021 as part of a five-year grant of £20m and £666k remained to be spent at year-end);
- CCLORS (Community Led Organisations Recovery Scheme) funded by The National Lottery Community Fund: £742k was used in 2021 to cover expenses under this Covid-related programme, transfers or returns, thus bringing this fund which started in 2020 to an end;
- Liverpool City Region Combined Authority: £26k was spent in the year in relation to the Kindred programme. The total amount of restricted income received in 2021 was £47k and also covered 2020 expenses;
- Greater London Authority: £55k was spent on a pilot programme with Co-ops UK on Boosting Community Enterprise in 2021 (£115k was received in 2021 and £60k remained to be spent at year-end);
- Grant funding from the Open Society Foundations to enable work on Alternative Ownership initiated by the Open Society Foundations: £7k was spent in 2021 from a total amount of £790k received in 2021;
- Smaller amounts of restricted funding totalling £30k were also received in 2021 and entirely spent on research and Health and Social Care work in year.

Reserves and Going Concern

The Trustee Directors manage our reserves in line with the reserves policy, which is reviewed annually. In line with Charity Commission guidance on expendable endowments, the reserves policy does not stipulate a specific level of endowment or unrestricted reserves that are required. The Trustee Directors have agreed a business plan from 2021 to 2027 which indicates the Capital fund can support the organisation without other income until the end of 2024. The budget and the 2021-2027 business plan are reviewed annually and were last reviewed in December 2021 and February 2022 respectively.

As such there are no material uncertainties surrounding the Trust's ability to continue as a going concern and the financial statements have been prepared on that basis.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Legal structure

Power to Change Trust (the "Trust" or the "Charity") is a charitable trust registered in England and Wales (Charity Commission registration number 1159982) and is constituted under a revised Trust Deed dated 28 September 2016. The Trust came into existence on 21 January 2015 upon receipt of a £149,204,000 endowment from The National Lottery Community Fund (formerly the Big Lottery Fund). Power to Change Trustee Limited is the sole corporate Trustee. It is a private company (company number 8940987 – England and Wales) limited by guarantee and incorporated on 17 March 2014.

Charitable objects

The charitable objects of the Trust are set out in the Trust Deed and include the following (which do not limit the Trust's overriding general charitable object):

- relief of poverty and unemployment
- advancement of education
- promotion of the voluntary sector
- advancement of citizenship or community development
- promotion of sustainable development
- development of the capacity and skills of disadvantaged groups in society
- urban and rural regeneration in areas of social and economic deprivation
- promotion of social and economic inclusion

The Trust's overall vision of "powerful communities, better places" is delivered through a mission to strengthen community businesses to tackle some of society's biggest challenges at a local level, including climate change, digital transformation and social inequalities. Funding is provided where a charitable purpose can be identified.

The Trustee Directors have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning our future activities. They have concluded that the Trust meets the definition of a public benefit entity under FRS 102.

Governance

Board members are directors of Power to Change Trustee Limited and are referred to as Trustee Directors throughout this report. The Trustee Directors are listed below.

The Charity Governance Code (as updated in 2020) has been reviewed and Trustee Directors have chosen to adopt and apply this code. The Principles, Outcomes and Recommended Practices have been discussed and have been applied. In 2021 Trustee Directors specifically focused on streamlining decision-making and controls (by reducing the number of sub-committees) and on improving equity, diversity and inclusion (notably at Board level thanks to the recruitment of three new Trustee Directors). With regard to the review of the Board's performance, the Board and each of the committees engaged in and undertook annual effectiveness reviews.

Power to Change has one subsidiary company: PTC Renewable Energy Ltd. The Trustee Directors approve the appointment of directors of PTC Renewable Energy Ltd.

PTC Renewable Energy Ltd owns 50% of Community Owned Renewable Energy LLP, which is a joint venture with Big Society Capital. The joint venture is governed by an LLP Partnership Agreement dated 1 August 2017. Day-to-day management is through a Management Board that has terms of reference agreed by both parties. Each joint venture partner has an appointed member to the Management Board.

New Trustee Directors are sought by open advertisement and undergo a rigorous interview process. The ultimate decision on selection is a matter for the Trustee Directors already in post and overseen by the Nominations Committee. A strategic, operational and governance induction programme is in place. Trustee Directors are given information on the legal duties and expectations of a trustee and invited, on an ongoing basis, to attend relevant training events paid for by the Trust.

New Trustee Directors are initially appointed to serve for three years after which they will be eligible for reappointment. The Articles of Power to Change Trustee Limited provide for a minimum of five Trustee Directors and up to a maximum of 13. The Trustee Directors agree the broad strategy and areas of activity for the Trust including consideration of grant making, investment, reserves and risk management policies and performance. The programmatic activities of the organisation, including the administration of grants is delegated to the Chief Executive Officer (CEO) and his/her team.

The Board has met five times in 2021, with one of these meetings being an ad-hoc one to discuss the 2021-2027 Business Plan. All Trustee Directors give their time freely and no Trustee Director was paid remuneration. In 2021, the Trustee Directors claimed £45 of expenses (2020: £890) in connection with the Trust's business.

The Trustee Directors in post during the year and up to the date of signing of this report were:

Stephen Howard LVO	Chair
Samuel Berwick	Chair of the Finance and Audit Committee
Christopher Stephens	Chair of the People and Governance Committee (from 01 March 2022)
Léonie Austin	
Ian Hempseed	
Dai Powell	
Sarah Gorman	Appointed 30 September 2021
Jess Steele	Appointed 30 September 2021
Melissa Mean	Appointed 30 September 2021

The following Trustee Directors were in post until early 2022 but stood down before the date of signing of this report:

David Godden	Chair of the People and Governance Committee (until 28 February 2022)
Choong Fai (Stan) Chan	Trustee Director (until 31 January 2022)
	Chair of the Audit and Risk Committee (until July 2021)
Carla Stent	Vice Chair (until 31 January 2022) Chair of the Impact Committee (until July 2021)

Vidhya Alakeson OBE served as Company Secretary of Power to Change Trustee Limited from 27 September 2018 to 24 February 2022. Samantha da Soller was appointed as Company Secretary of Power to Change Trustee Limited on 24 February 2022.

Until July 2021 there were four sub-committees of the Board, which oversaw aspects of the Trust's work. In July 2021 the Board of Trustee Directors reviewed its governance structure in light of a new organisational strategy and reduced staff structure to ensure proportionate and effective governance going forward.

The Board of Trustee Directors decided with immediate effect to:

- dissolve the Impact Committee
- merge the Finance and Investment Committee and Audit and Risk Committee.

Under the new committee structure, risk and impact are reserved for scrutiny by the full Board of Trustee Directors.

The **Finance and Audit Committee** was duly established in July 2021 and met in September 2021 and November 2021 under its new Terms of Reference. They also met in February 2022 and June 2022.

This Committee oversees financial aspects of the Trust including budgeting, financial and management reporting. It also oversees all systems of control at the Trust, including the annual external audit and the internal audit process.

Members: Samuel Berwick (Chair), Stephen Howard LVO and Dai Powell. Neil Spence attends as a co-opted member.

Choong Fai (Stan) Chan, Carla Stent and David Godden were members from July 2021 until they stood down from the Board on 31 January 2022 and 28 February 2022 respectively.

The **People and Governance Committee** oversees all people and governance matters at the Trust including composition of the Board, all policy and people related matters, diversity and adherence to the Trust's values. Members met three times in 2021 and once in April 2022.

Members: David Godden (Chair – to February 2022), Christopher Stephens (Chair – from March 2022), Stephen Howard LVO, Léonie Austin (member from March 2022).

A temporary **Nominations Committee** was established in December 2021 to make recommendations to the Board regarding the structure, size and composition of the Board and to oversee appointments to the Board and senior management positions.

Members: Christopher Stephens (Chair), Dai Powell, Léonie Austin.

The **Community Business Panel** was made up of 16 community business leaders who met with members of the Trust's Leadership Team and other staff representatives every quarter to debate, challenge and provide feedback on our plans. A decision was made in 2021 to disband the Community Business Panel as Power to Change has a more mature understanding of the community business sector, thanks notably to the appointment of Trustee Directors from the wider community sector to the Board. The final meeting took place on 25 May 2021, however we will continue to encourage the Panel to convene informally to maintain the connections made.

Key management personnel

The Chief Executive Officer and the Executive Directors comprise the key management personnel in charge of directing and controlling the Trust on a day-to-day basis.

On 10th February 2022, Vidhya Alakeson OBE resigned from her post as Chief Executive Officer of Power to Change Trust and Tim Davies-Pugh was appointed Interim Chief Executive Officer. Following a rigorous selection process led by the Board, Tim Davies-Pugh was appointed Chief Executive Officer of Power to Change Trust on 12th May 2022.

The Leadership Team comprised:

Current members	
Tim Davies-Pugh	Chief Executive Officer (from May 2022)
	Interim Chief Executive Officer (from February to May 2022)
	Director of Strategy and Programmes (from July 2021 to February 2022)
	Interim Director of Programmes (from December 2020 to July 2021)
Ailbhe McNabola	Director of Policy and Communications (from March 2021)
Stephen Miller	Director of Impact and Learning (from March 2021)
Nicola Fuschillo	Director of People and Governance (from July 2021)
Samantha da Soller	Director of Finance and Operations (from September 2021)

Previous members	
Vidhya Alakeson OBE	Chief Executive Officer (until February 2022)
Maxine Draper	Chief Operating Officer (from March 2021 to July 2021)
	Director of Finance and Resources (from March 2020 to February 2021)
Kiran Ramchandani	Interim Director of Communications (from November 2020 to June 2021)
Richard Harries	Director of Research and Development (to March 2021)

Leadership Team pay is reviewed annually by the People and Governance Committee. Their remuneration, and the remuneration of all staff, is benchmarked with grant making charities and commercial entities of a similar size and activity. This is to ensure that the remuneration set is fair and consistent with that generally paid for similar roles.

Fundraising

The Trust did not undertake fundraising activities and therefore has nothing to disclose under the provisions of section 13 of the Charities (Protection and Social Investment) Act 2016.

Grant Making Policy

Grant making remains a key activity of the Trust. Our grant making processes are governed by the Grants Policy Framework which was revised and approved by the Board and given the consent of the Protector in 2019. We are currently reviewing and updating our grant making approach to better meet the needs of those who enquire, apply or receive funding from us.

The Board has appointed the Executive Grants Committee (EGC) as an executive decision-making body of the Trust with delegated authority to award, reject or withdraw grants in accordance with the Trust's objectives and to ensure that all grants are awarded in line with the Grants Policy Framework. The EGC reports directly to the Board. Grants over £500k require approval of the Board.

The EGC has the power to delegate grant decisions to sub-committees. These sub-committees, which are often run in conjunction with the Trust's delivery partners, have terms of reference which include membership, voting and a maximum grant value they can award.

The Trust invites applications for these grants through its website, through its partner websites, news boards, email bulletins and other relevant publications.

Some grants are made to other organisations, for example to develop a new programme or conduct research relevant to the community business sector. The process and authority levels for approving all grants follow the same processes.

RISK MANAGEMENT

The Trustee Directors recognise that the effective management of risks is central to the Trust's ability to achieve its objectives, and aims to anticipate and, where possible, manage risks rather than dealing with their unforeseen consequences. The Trust has a five-step approach to risk: clarify objectives, identify risks to achieving objectives, assess and rate the risks according to a scoring formula (Likelihood x Impact + Impact), determine the appropriate response to each risk and then finally review and report on those risks.

The Trust has also prepared and agreed a risk appetite statement that identifies its appetite for risk across all its areas of activity. For example, income generation strategy has a different appetite for risk (high) compared to legal/regulatory and trust compliance where risk tolerance is low.

The key risk review and reporting mechanisms at Power to Change are:

- **Risk register.** The risk register forms the Trust's primary mechanism for considering long-term risks, set in the context of the Trust's statement for risk appetite. It identifies all known long-term risks and assigns them for management to an individual member of the Leadership Team. They are reviewed quarterly by the Leadership Team and annually by the Board (additionally red risks are reviewed by the Board every six months).
- **Key Performance Indicators (KPIs).** Strategic objectives are identified annually, with twelve associated KPIs. These are the tools by which the Trust measures its performance against identified short-term risks. They are reviewed monthly by the Leadership Team and reported to the Board quarterly.
- **Management accounts and budgets.** Management accounts measure financial performance against financial objectives and they identify the risks of not achieving these objectives. Management accounts are prepared monthly, detailed reviews are carried out with budget holders at least quarterly, and budgets are produced annually. Management accounts are reviewed against budget on a quarterly basis by the Finance and Audit Committee and recommended for approval to the Board.

The last formal full review of the risk management framework and the statement of risk appetite by the Trustee Directors was in December 2021 while the risk register was last updated in February 2022.

The most significant areas of risk (after considering mitigating actions) are summarised below together with a summary of the mitigations.

Summary of significant risks

Area of risk	Mitigations
Failure to meet our income generation targets over the 2021-2025 period (£11m) and potential delay in recovering our costs from CORE with potential impact on our ability to deliver our strategy and acceleration of the end of the trust's life.	Development of an income generation strategy identifying key activities / programmes with income generation potential; internal workshops to promote topic and raise staff awareness. Internal resources focused on CORE refinancing to ensure the Trust will get back its full investment within this strategy period.
Instability and loss of institutional knowledge caused by the poor management of the departure of key personnel and Trustee Directors and the arrival of new ones.	Investment in time to determine skills, competencies and behaviours required when recruiting and investment in resources to ensure appointment of professionals with best matching profile. Key staff included in onboarding process for new Trustee Directors and key personnel to ensure building of mutual trust and understanding. Managed process in place for Trustee Directors replacement (single headhunter appointed to work in partnership to manage new appointments and their sequencing; flexibility from many outgoing Board members to ensure that there is a smooth handover; clear internal comms plan on departures and recruitment processes). Long notice periods of senior level changes (creates time to plan for transition, recruitment and handover). Leadership team development programme with strong focus on ensuring stability and high performance in the senior team.

TRUSTEE DIRECTORS' STATEMENT OF RESPONSIBILITIES IN RESPECT OF THE TRUSTEE DIRECTORS' ANNUAL REPORT AND THE FINANCIAL STATEMENTS

Focus of the activities

The Trustee Directors have given due consideration to the Charity Commission guidance on the operation of the public benefit requirement and are satisfied that the work of Power to Change Trust meets that requirement. The public benefit requirement is demonstrated through the charitable activities undertaken by the Charity as described on pages 10 to 21.

Responsibilities of the Trustee Directors

The Trustee Directors are responsible for preparing a Trustee Directors' annual report and financial statements in accordance with applicable law and FRS 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

The law applicable to charities in England and Wales require the Trustee Directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing the financial statements, the Trustee Directors are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the applicable Charities Statement of Recommended Practice
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures that must be disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business

The Trustee Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Trustee Directors on 7 July 2022 and signed on their behalf by:



Stephen Howard LVO
Chair

PROTECTOR'S STATEMENT

Background

I was appointed as Protector of the Power to Change Trust ('the Trust') on 1 November 2018 for a period of three years. My term of office was renewed for a further five years on 1 November 2021. The Trust is a UK registered charity set up for broad charitable purposes, with a corporate trustee controlling its affairs. The corporate trustee is Power to Change Trustee Limited, which in turn is controlled by a board of directors (the Board) who meet regularly. The Board delegate the day to day running of the Trust to the Chief Executive.

The founder of the Trust is the National Lottery Community Fund ('the Fund'), previously known as 'The Big Lottery Fund', which invested £149 million in setting up and endowing the Trust with a view to making 'community-led enterprise across England a sustainable solution to local social and economic needs and opportunities'.

Function of the Protector

The function of the Protector is set out in the Trust Deed dated 3 November 2014 and subsequent thereto supplemental deeds dated 6 January 2015 and 28 September 2016. The fiduciary duty of the Protector as stated in the Trust Deed is to 'ensure the integrity of the administration of the Charity and the propriety of its procedures'. The Protector is not involved in the decision making and is not a trustee of the Charity. If necessary, the Protector must report matters of serious concern to the Fund or to the Charity Commission. The function of the Protector therefore is to ensure the Trustees administer the Trust properly and to act as a 'watch-dog', monitoring the Trustee and preventing it from abusing its powers or breaching its duties. More positively, the Protector must seek to ensure, as far as possible, that the Trust is administered in accordance with the terms of the Trust Deed and give or withhold consent or approval to the exercise of certain powers by the Trustee.

I am required under the Trust Deed to prepare a statement for publication by the Trustee in its annual report, explaining the Protector's function, how the function has been exercised and, if appropriate, identifying any areas of administration that require improvement and steps to be taken by the Trustee to affect such improvement.

Aims of the Trust

The Fund established the Trust to bring about a widespread recognition of the economic and social benefits of community-led enterprise and asset ownership so that more local people are enabled to improve the places where they live. The objectives of the Trust include:

- The relief of poverty and unemployment
- The advancement of education
- The promotion of the voluntary sector
- The advancement of citizenship or community development
- The promotion of sustainable development
- The development of the capacity and skills of disadvantaged groups in society
- Urban and rural regeneration in areas of social and economic deprivation
- The promotion of social and economic inclusion

The permitted methods of achieving the objectives are widely drawn within the Trust Deed and the Fund sets out the key supporting interventions that it wishes the Trust to use in exercising its powers and duties. The Fund's desired outcome is that the Trust should encourage and develop sustainable community businesses and help to bridge the gaps in market infrastructure, including intermediaries, while increasing the understanding of the key variables that drive community business creation and sustainability. The Fund expects the Trust to do this by working in partnership with others in the public, private and voluntary sectors and building an evidence base that demonstrates how community businesses become sustainable and deliver better outcomes for people and communities most in need.

Administration of the Trust

As periodic restrictions were introduced in the early part of 2021 as a result of the COVID 19 pandemic, the Trust continued with virtual working in order to ensure the safety and wellbeing of staff whilst providing an uninterrupted service to its beneficiaries and stakeholders. The Board and Committees held extra meetings to make key decisions on the emergency funding support to community businesses and to agree the detail underpinning the new strategy for the organisation. During the year I have attended all meetings of the Board of Trustees and all meetings of the Trust Committees. In addition I have met or corresponded with the Chair and Chief Executive on specific matters and participated in Board workshops to consider the impact methodology for the new strategy and the linkages to the research outcomes gathered by the Trust to date. I have met with representatives of the Fund on four occasions to discuss the Trust's proposed new strategy and provided assurance on the effective governance oversight and management of the endowed fund. Following a request, I have also provided assurance to the Fund on the adequacy of the Code of Conduct and Declarations of Interest policy for Trustees. There have been no matters of significant concern that have required notification to the Fund.

There have been no requests for Protector consent during the year although the Trustees and executive continue to value and incorporate my comments and guidance into their decision making and I hope view me as a critical friend and sounding board. I am grateful to them for their inclusive approach and support.

I am satisfied that the Trust has been administered in accordance with the terms of the Trust Deed for the period 1 January 2021 to 31 December 2021.

The year under review

I reported last year that the pandemic had brought to the fore the contribution that community businesses make to their localities especially when those services normally provided by the state were put under severe strain. The Trust's deep understanding and knowledge of the sector were instrumental in targeting emergency support to help these businesses sustain their operations and recover from the pandemic shocks. The key concern I expressed at the time was that the Trust had sufficient time remaining and resources to expend to meet the demand it was facing while achieving the legacy the Founder, and the Trustees and staff, envisaged. The £20m grant award from the National Lottery Community Fund was testament to the credibility and trust that Power to Change has forged in the sector and the new strategy will focus on building greater resilience, placing community businesses at the heart of their local economies.

The Trust's reputation with policy makers, other grant funders and the research community has increased over the year. Of note was the careful and sensitive management of stakeholder and partner relationships as the organisation pivoted to its next five year strategy. Legacy grant programmes have been closed in an orderly way with clear and timely communication with grantees, beneficiaries and staff. The Trust were keen that the new programmes supported by both the new grant and the remaining endowment built upon the extensive body of research and evaluation that Power to Change has compiled since its inception thereby ensuring that new programmes were informed by evidence of need and the learning over the last seven years.

During the year the Trust has developed a much stronger focus on diversity, equity and inclusion with a greater emphasis in the new workstreams on tailoring support to under-represented and marginalised groups. The organisation has critically examined its own policies and practices to ensure it is role modelling and championing equity and inclusivity to the community business sector. The Board is committed to achieving greater diversity in its trustees as many of the longer serving trustees step down this coming year.

In July 2021 the National Lottery Community Fund brought together Protectors from a number of their endowed trusts. This was a timely opportunity to hear from both the Fund and other trusts the impact that the pandemic has had on their operations and beneficiaries. As some trusts were approaching closure and others extending their life and activities it was useful to share learning on the way that Protectors were supporting Trust Boards through periods of substantial change.

Board of Trustee Directors and Executive Changes

There were 13 Trustee Directors in post as of 31 December 2020. The Board recognised the need to strengthen the diversity of the Board and to bring people onto the Board with direct experience of leading community businesses as existing long serving Trustees approached the end of their terms of office. To this end, three new Trustee Directors were appointed in September 2021 and these trustees have individually and collectively brought a fresh perspective and challenge to the work of the Trust which has been welcome by the longer serving trustees and the executive team. Attendance at Board and Committee meetings is excellent and the commitment of the Trustee Directors (all of whom are unpaid and have other demanding roles) has been notable, particularly during the scrutiny of the risks, performance and outcomes framework of the new strategy. Visits to Community Businesses were curtailed due to the ongoing pandemic. The Community Business Panel was stood down in May 2021 as the Trust brought community business leaders onto its Board and broadened its partnerships to harness wider knowledge and experience to support new programmes.

The Board continues to operate in a challenging and collegiate manner. There is open and constructive discussion facilitated by comprehensive and clear Board papers, presentations and background briefings. The administration of the Trust is efficient and effective. The Board has streamlined its Committees during the year to reflect the new programme of supporting and enabling projects rather than large grant awards and also reflect a smaller, leaner organisational structure. As Protector, the proposal for new Committee arrangements were shared with me from the outset and my views incorporated. There is a clear understanding by the Board, Committees and the executive of those matters which fall within the strategy setting, oversight and monitoring role of the Trustee Directors and those that fall within the day to day responsibilities of the executive team. I am satisfied that the Board has had due regard to the risks and opportunities facing the Trust as it aligns its resources to the delivery of a new strategy in line with the aims and objectives set out in the Trust Deed.

A significant organisation restructure saw the appointment of a new executive team, with three internal staff members promoted to Director positions. A new Director of Finance and Operations was recruited externally and made an immediate positive contribution to the redesign of the financial reporting to the Board to improve the visibility of the new grant from the National Lottery Community Fund, income from other funders and the use of the remaining endowment. There was a seamless transition in reporting, financial and budget management and line management of the finance team.

Vidhya Alakeson, the Chief Executive of Power to Change, led the restructure of the team and ensured an early focus on embedding new ways of working, shared values and skills development. Throughout this fluid and busy period the Leadership Team provided expert support to the Board and its committees with clear, comprehensive papers that enabled fully informed discussion and a robust decision making process.

Governance

The Trust has an effective committee structure and I have attended all of their meetings during the year. In compliance with the Trust Deed and reflecting the wishes of the Fund, I have particularly noted the following:

a. The Finance and Audit Committee oversight of refinancing of the assets held in Community Owned Renewable Energy LLP (CORE) whilst ensuring the continued delivery of community benefit. The Committee actively monitors the risks associated with this innovative project to balance the return of capital against the longer term community benefit outcomes. An advisory panel chaired by Finance and Audit Committee Chair was established to examine the detail of the refinancing options which are complex and subject to market volatility. Financial reports to the Committee gave clarity and visibility on the use of the endowed funds, any returns or clawbacks that should be returned to the endowment balance and all the restricted grants in place from other funders. This Committee monitors performance against income generation targets and reviews the Delegations of Authority to ensure they remain fit for purpose as the work programme changes. Oversight of strategic risks and risk appetite are now reserved to the Board.

b. The Impact Committee had oversight of the close down of legacy grant programmes and was fully engaged during the development of the new workstreams and the transitioning of the research and evaluation library to the Institute for Community Studies. The Committee gave thoughtful insight and robust challenge to the Theory of Change model used to define the five year work programme along with guidance and ideas on the impact methodology and metrics.

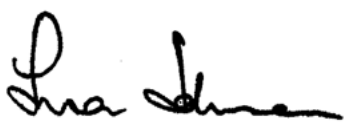
c. The People and Governance Committee provided oversight and guidance on the new Board governance structure, the recruitment campaign for new trustees and sought assurance on the fair and transparent application of HR policies as the internal staff reorganisation was implemented. In December 2021 the Board agreed a Nominations Committee to take forward the appointment process for a new Chair and up to five additional trustees in light of further trustee retirements during 2022. Following the resignation of the CEO in early 2022 the Nominations Committee has also had oversight of the recruitment for a new CEO. The Committee has invited my views on the recruitment process and the skills and experience of potential candidates for all these roles.

From my observations of committee meetings and conversations with Trustee Directors, I conclude that the Trustee Directors apply a proportionate and appropriate level of scrutiny and challenge to operations. The Board was receptive to the comments and recommendations I have made over the year and the Leadership Team has responded positively and promptly to any queries or requests I have. This year the Board conducted a self effectiveness review reflecting on the progress made in improving the committee structure and recruiting trustees from community businesses. The Board recognised the need to engage fully in the appointment process for new Trustees and Chair to ensure the right blend of skills to guide the organisation over the coming five years. Trustees also acknowledge the contribution they could make in leveraging their networks to support the income generation needed to fully fund the five year strategic goals.

Looking Ahead

Over the coming year almost all the trustees that have been in post since the inception of Power to Change will have stepped down. The executive team has been in place six months and will be led by Tim Davies-Pugh who has been appointed permanent CEO following an open, external recruitment process. This will bring fresh thinking, new styles of working and differing skills sets. The outgoing Board and Chief Executive have provided strong and stable leadership for seven years. The impact that Power to Change has had, the partnerships and other relationships that have been established and the organisation's reputation and influence is in large measure a result of Vidhya's dedication and leadership. Tim brings a wealth of experience from his time at the National Lottery Community Fund and latterly as the Trust's Director of Strategy and Programmes, bringing continuity and understanding of the values, purpose and ambition of Power to Change. It will be important that the new Board quickly comes together and coalesces around the five-year strategy in order to sustain and build upon the reputation that Power to Change has carved in the community business sector.

The Trust will need to devote time and resource to income generation whilst ensuring it continues to work with trusted partners in a collaborative rather than competitive way. As the remaining endowed fund is spent down the Trust will also need to consider how it operates within the parameters of Trust Deed whilst meeting the governance requirements of other potential funders. I will continue to work closely with the National Lottery Community Fund and the Board as they refresh the Trust Deed and any accompanying governance documents.



Susan Johnson OBE
Protector, Power to Change Trust
July 2022

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report to the Trustee of Power to Change

Opinion

We have audited the financial statements of Power to Change ('the charity') its subsidiary and joint venture ('the group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Financial Activities, Group and Charity Balance Sheets, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 December 2021 and of the group's income and receipt of endowments 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 Charities Act 2011.

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 group 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 trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 charity's or the group'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 trustee with respect to going concern are described in the relevant sections of this report.

Other information

The trustee is responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustee's report; or
- sufficient and proper accounting records have not been kept by the parent charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the trustee

As explained more fully in the trustee's responsibilities statement, the trustee is 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 trustee 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 trustee is responsible for assessing the group and the parent charity'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 trustee either intends to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section of the Charities Act 2011 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustee and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance and Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charity's trustee, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustee 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 charity and the charity's trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London
Date: 13 July 2022

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006



FINANCIAL STATEMENTS

Consolidated Statement of Financial Activities

for the year to 31 December 2021

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	2021 Total funds £'000	2020 Total funds £'000
Income from:						
Donations	2	–	15	6	21	5
Charitable activities	2	–	5,616	21	5,637	10,257
Interest and investments	2	49	–	–	49	373
Total income		**49**	**5,631**	**27**	**5,707**	**10,635**
Expenditure on:						
Raising funds		57	–	–	57	18
Charitable activities:						
Capabilities		2,857	1,357	4	4,218	1,273
New Economic Models		1,767	1,040	–	2,807	2,655
Market Opportunities		289	917	23	1,229	1,906
Enabling Conditions		147	639	–	786	1,105
New & Diverse Audiences		13	333	–	346	–
Closing programmes		6,146	266	–	6,412	32,800
Total expenditure	3, 5, 6	**11,276**	**4,552**	**27**	**15,855**	**39,757**
Net gains/(losses) on investments	9	148	–	–	148	(158)
Net (expenditure)/income	4	**(11,079)**	**1,079**	**–**	**(10,000)**	**(29,280)**
Transfers between funds	13	291	(291)	–	–	–
Net movement in funds		(10,788)	788	–	(10,048)	(29,280)
Reconciliation of funds						
Total funds brought forward		35,301	721	–	36,022	65,302
Total funds carried forward	13	**24,513**	**1,509**	**–**	**26,022**	**36,022**

All amounts are related to continuing activity, and all charitable activities are in relation to Power to Change programmes.

All gains and losses are included in the statement of financial activities.

The accompanying notes on pages 62 to 83 form part of these financial statements.

Consolidated and Charity Balance Sheets

as at 31 December 2021

	Notes	2021 Group £'000	2021 Charity £'000	2020 Group £'000	2020 Charity £'000
Fixed assets					
Intangible assets	7	71	71	–	–
Tangible assets	8	52	52	44	44
Investments	9	22,556	23,146	24,870	25,608
		22,679	**23,269**	**24,914**	**25,652**
Current assets					
Cash at bank and in hand		6,061	6,061	11,249	11,249
Current asset investments		2,937	2,937	12,423	12,423
Debtors	10	1,786	1,786	3,100	3,100
		10,784	**10,784**	**26,772**	**26,772**
Current liabilities					
Creditors: amount falling due within one year	11	(6,936)	(6,936)	(14,836)	(14,836)
Net current assets		**3,848**	**3,848**	**11,936**	**11,936**
Total assets less current liabilities		**26,527**	**27,117**	**36,850**	**37,588**
Creditors: amount falling due after one year	11	(505)	(505)	(828)	(828)
Net assets		**26,022**	**26,612**	**36,022**	**36,760**
The funds of the charity					
Endowment funds	13	24,513	25,103	35,301	36,039
Unrestricted funds		–	–	–	–
Restricted funds	13	1,509	1,509	721	721
Total funds		**26,022**	**26,612**	**36,022**	**36,760**

Approved by the Corporate Trustee. Authorised for issue on 07 July 2022 and signed on behalf of the Trustee Directors:



Stephen Howard LVO
Chair

The accompanying notes on pages 62 to 83 form part of these financial statements.

Consolidated Cash Flow Statement

for the year to 31 December 2021

	2021 £'000	2020 £'000
Cash outflow from operating activities		
Net expenditure	(10,000)	(29,280)
Share of joint venture (gain)/loss	(148)	158
Net expenditure before share of joint venture gain/loss	(10,148)	(29,122)
Investment fees paid from capital	–	27
Depreciation of tangible and intangible fixed assets	43	34
Decrease in current asset investments	9,486	7,995
Decrease/(Increase) in debtors	1,314	(432)
(Decrease)/Increase in creditors	(8,223)	(1,181)
Net cash flow from operating activities	**(7,528)**	**(22,679)**
Cash inflow from investing activities		
Receipts from sale of fixed asset investments	2,462	27,616
Investment income reinvested	–	(258)
Payments to acquire tangible and intangible fixed assets	(122)	(25)
Net cash flow from investing activities	**2,340**	**27,333**
(Decrease)/Increase in cash in the period	**(5,188)**	**4,654**

	2021 £'000	2020 £'000
Analysis of changes in net funds		
Cash balance at the beginning of the period	11,249	6,595
Increase in cash in the period	(5,188)	4,654
Cash balance at 31 December	**6,061**	**11,249**
Cash and cash equivalents/Investment		
Cash in hand	6,061	11,249
Total cash and cash equivalents/Investment	**6,061**	**11,249**

Reconcilation of cash equivalents and net debt

	2020 £'000	Cashflow £'000	2021 £'000
Cash in hand	11,249	(5,188)	6,061
Total cash and cash equivalents	11,249	(5,188)	6,061



NOTES TO THE ACCOUNTS
FOR THE YEAR TO
31 DECEMBER 2021

1. Accounting policies

Introduction

The Trustee Directors are pleased to present the consolidated financial statements for the Group and for Power to Change Trust ("the Charity"). The consolidated Group financial statements include the results of all material subsidiaries on a line-by-line basis and all material joint ventures on an equity accounting basis, after the elimination of relevant intercompany balances and transactions. Note 9 lists all group companies and joint ventures.

The financial statements have been prepared to give a true and fair view and follow 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 (Charities SORP FRS 102) effective 1 January 2019.

In the application of the Charity's accounting policies and the applicable charity laws and regulations in England and Wales, the Trustee Directors are required to make judgements, estimates and assumptions about the carrying values of the assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

In the view of the Trustee Directors, no assumptions concerning the future or estimation of uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Power to Change Trust meets the definition of a public benefit entity under FRS 102.

Consolidated financial statements are prepared under historical cost convention in pounds sterling, which is the functional currency of the Charity.

1. Accounting policies (continued)

Going Concern

The board has considered budgets and forecasts for the period to 2025 alongside the available reserves (described on page 35) and are satisfied the funds available within the Trust's endowment and future fundraising activities are sufficient to cover existing commitments and planned spending over this period.

As such there are no material uncertainties surrounding the Trust's ability to continue as a going concern and the financial statements have been prepared on that basis.

Income and endowments

Income is recognised in the period where the Charity becomes entitled to the funds, receipt is probable, and the amount can be measured reliably. Income is deferred only when the Charity must fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Grant income is recognised in the statement of financial activities when received or when the Charity becomes entitled to receipt. Grants that have been received are treated as deferred income where there are specific requirements in the terms of the grant that the income recognition is dependent on certain activities being completed in a future accounting period.

Fund accounting

Endowment funds represent capital gifted in 2015 by The National Lottery Community Fund (formerly the Big Lottery Fund). Any unspent income arising from the Capital Fund is added to The National Lottery Community Income Fund and the Trustee Directors may transfer amounts from the Capital Fund to the Income Fund to cover any shortfalls in that fund.

Restricted funds are funds that have been given for particular purposes and projects. Restricted funds must be used in accordance with the funders' or donors' wishes.

Unrestricted funds are available to spend on activities that further any of the purposes of the organisation.

1. Accounting policies (continued)

Expenditure

Expenditure is included on an accruals basis for the charitable activities, cost of raising funds and governance. Resources expended are allocated to a particular activity where the cost relates directly to that activity.

Grants payable are accounted for in full as liabilities when approved and notified to grantees because there is a valid expectation that they would receive the grant as offered and accepted.

The cost of those staff whose responsibility was the direct management and administration of an activity are apportioned based on time spent in undertaking that activity. All charitable activities are classified in alignment with those undertaken in 2021.

Allocation of support costs

Support costs are those costs which enable the generation of funds and which enable charitable activities to be carried out. These costs include governance costs, finance, human resources and information technology. Support costs are allocated to each of the activities in the same proportions as the direct staff allocations above.

Raising funds

The costs of raising funds are the costs incurred in business development activities for income generation.

Governance costs

Governance costs are the costs associated with the governance arrangements of the Charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the Charity's activities. Governance costs include an element of staff time based on the proportional allocation described under the expenditure policy above.

Pension

The Charity operates a group personal pension scheme. The pension cost charge represents contributions payable under the scheme by the Charity to the fund and are recognised in the Statement of Financial Activities in the period to which they relate. The Charity has no liability under the scheme other than the payment of the contributions.

1. Accounting policies (continued)

Intangible fixed assets

Website development costs and customer relationship management software have been capitalised within intangible assets as they can be identified with a specific project anticipated to produce further benefits. Amortisation is provided to write off assets on a straight-line basis over their estimated useful economic life of three years.

Amortisation charges begin in the month of purchase and are included in charitable activities expenditure.

Tangible fixed assets

All assets costing more than £1,000 are capitalised and are carried at cost. Depreciation is provided to write off assets on a straight-line basis over their estimated useful economic life of three years. The depreciation charge begins in the month of purchase and is included in charitable activities expenditure.

Fixed and current asset investments

Fixed asset investments at the year end are cash deposits held in interest-bearing accounts.

Cash deposits are only considered fixed asset investments where the Trustee Directors are of the opinion that the deposits will not be expended within 12 months of the balance sheet date. Deposits that they consider are likely to be expended within 12 months are treated as current asset investments.

Fixed asset investments are reported at their fair values, being their market value, at the balance sheet date. For cash assets, market value is equivalent to amortised costs and therefore cash assets have been recognised on that basis. Gains and losses arising on the disposal of investments and the revaluation to market value are credited and charged to the statement of financial activities in that year.

Financial instruments

The Charity has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective-interest method. Financial assets held at amortised cost comprise cash at bank and in hand, current asset investments, cash held as fixed asset investments, and trade and other debtors. Financial liabilities held at amortised cost comprise of trade and other creditors.

Instruments other than cash, held as part of a portfolio, are stated at fair value at the balance sheet date with gains and losses being recognised within income and expenditure.

Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

1. Accounting policies (continued)

Joint venture investment

Joint ventures are those entities over whose activities the Group has joint control. Investments in joint ventures are accounted for by the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss after the date of acquisition. If the Group's share of the loss exceeds the carrying amount of its investment, the Group discontinues recognising its share of further losses. Additional losses are recognised as a provision only to the extent that the Group has a legal or constructive obligation to make payments on behalf of the joint venture. The Group only resumes recognising its share of profits after they equal the share of losses not recognised. Loans to joint ventures are included in fixed asset investments.

2. Income

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'000	Total 2020 £'000
Donations	6	15	**21**	5
Income from charitable activities				
The National Lottery Community Fund – funding for the new five year strategy	–	4,861	**4,861**	–
The National Lottery Community Fund – CCLORS work	–	(212)	**(212)**	10,000
Liverpool City Region Combined Authority	–	47	**47**	257
The Open Society Foundations	–	790	**790**	–
Other	21	130	**151**	–
	21	5,616	**5,637**	10,257
Income from interest and investments				
Income from investments	–	–	**–**	336
Bank interest	–	49	**49**	37
	–	49	**49**	373
Total income	27	5,680	**5,707**	10,635

The negative income in-year for the TNLCF CCLORS funding represents underspent funds returned to the donor. Interest income is in the Endowment Income shown in note 13. Income from the Open Society Foundations represents the portion recognised in 2021 of the agreement total of £1.1m.

3. Expenditure allocation

£'000	Raising Funds	Capabilities	New Economic Models	Market Opportunities	Enabling Conditions	New & Diverse Audiences	Closing programmes	2021 Total	2020
Grants Awarded	–	2,664	1,211	190	149	–	2,394	6,608	27,818
Programme delivery costs (of which £716k via a grant)	–	328	537	79	–	–	1,302	2,246	3,492
Support to sector (of which £399k via a grant)	–	435	507	63	–	–	247	1,252	2,019
Direct staff costs	34	403	281	409	288	158	980	2,553	2,817
Research and evaluation direct costs	–	70	28	123	55	65	686	1,027	1,638
Other direct costs (of which training £15k)	–	154	130	200	177	59	148	868	539
Support costs	23	164	113	165	117	64	655	1,301	1,434
Total	**57**	**4,218**	**2,807**	**1,229**	**786**	**346**	**6,412**	**15,855**	**39,757**

Programme delivery costs include the management of grants awarded in prior years.

Breakdown of support costs	**2021 £'000**	**2021 £'000**	**2020 £'000**	**2020 £'000**
Staff costs – governance	233		284	
Direct costs – governance	81		89	
Governance		314		373
Staff costs – finance, operations and HR		439		434
Rent and office costs		242		407
Training costs		115		80
IT costs		99		140
Legal		49		–
Depreciation		43		–
Total		**1,301**		**1,434**

Legal costs and depreciation were treated as direct costs (not support) costs in 2020.

Prior year expenditure allocation:

2020 costs £'000	Raising Funds	Capabilities	New Economic Models	Market Opportunities	Enabling Conditions	New & Diverse Audiences	Closing programmes	2020 Total
Grants Awarded	–	845	721	1010	752	–	24,490	27,818
Programme delivery costs	–	137	616	223	–	–	2,516	3,492
Support to sector	–	206	871	107	–	–	835	2,019
Direct staff costs	–	54	293	259	136	–	2,075	2,817
Research and evaluation direct costs	–	–	–	18	20	–	1,600	1,638
Other direct costs	18	3	5	157	128	–	228	539
Support costs	–	28	149	132	69	–	1,056	1,434
Total	**18**	**1,273**	**2,655**	**1,906**	**1,105**	**–**	**32,800**	**39,757**

4. Net Expenditure for the year

This is stated after charging:	**2021 £'000**	**2020 £'000**
Operating lease rentals (rent)	115	181
External audit fees	24	24
External audit fees – non-assurance fees	–	2
Internal audit fees	16	29
Depreciation	43	34
Total	**198**	**270**

5a. Staff costs & numbers

	2021 £'000	2020 £'000
Wages and salaries	2,559	2,570
Social security costs	252	262
Employer pension contributions	128	130
Other employee benefits	39	35
	2,978	**2,997**
Training (support costs)	115	80
Training (direct costs)	15	–
Contractor costs	171	454
Recruitment costs	76	83
Total staff costs	**3,355**	**3,614**

The average number of employees (excluding contractors) during the year was as follows:

	2021	2020
Charitable expenditure	35	43
Support and governance	10	7
	45	**50**

The number of employees who received remuneration of more than £60,000 in the year was as follows:

	2021	2020
£60,000 – £69,999	1	2
£70,000 – £79,999	2	5
£80,000 – £89,999	2	–
£90,000 – £99,999	1	1
£100,000 – £109,999	1	–
£110,000 – £119,999	–	1
£120,000 – £129,999	1	1
£150,000 – £159,999	–	1

Total key management personnel costs for the year were £635k (2020: £640k).

Details of key management personnel are set out on page 40.

Included in the wages and salaries costs are termination payments of £222,650 (2020: £87,232). A restructure took place in the first half of 2021.

5b. Trustee Directors

Trustee Directors received no remuneration during the year (2020: £nil). In total one Trustee Director received reimbursement for travel and subsistence expenses of £45 during the year (2020: 6 Trustee Directors – £890).

The Protector received remuneration of £15k for the year (2020 relating to Nov 2018 – Dec 2020: £33k) representing their fee as stipulated by the Trust Deed. The Protector also received reimbursement of travel and subsistence expenses of £57 (2020: £168).

The operating cost of the pension scheme during the period was £1,200 (2020: £1,200).

6. Grants awarded

	2021 £'000	2020 £'000
Capabilities		
C-19 Renewal	2,586	805
Other	78	40
New Economic Models		
Community Business Trade Up	530	722
Community Shares	499	–
Empowering Places	126	(1)
Assets	56	–
Market Opportunities		
CORE and Next Generation Community Energy Programme	122	890
Health, Social Care and Wellbeing	68	120
Enabling Conditions		
Infrastructure	128	752
Making the case	21	–
Closing programmes		
Blended Finance	520	307
C-19 Community-Led Organisations Recovery Scheme	68	9,288
C-19 Trading Income Support Scheme	26	4,628
Cities and Counties	189	70
Community Business Bright Ideas	(5)	875
Community Business Fund	149	4,811
Community Business Panel (seed grants)	–	2
Homes in Community Hands	513	814
More than a Pub	191	1,514
Resilient Neighbourhoods Fund	–	300
Capacity Building – Peer Brokerage	179	–
Community Shares Booster	316	642
Research and policy	248	258
	6,608	**26,837**
Other grants		
Grants to delivery partners for delivery costs / capacity building	1,115	981
	7,723	**27,818**

External grants awarded in 2021 are net of £1,023k of grants withdrawn (2020: £1,032k).

The value of grants withdrawn represent those grants that have been withdrawn completely or have been subject to a variation.

Major grant programmes are explained in the 'What we achieved in 2021' section above.

7. Intangible fixed assets (Group and Charity)

	Software	Twine Application	Website	2021 Total	2020 Total
	£'000	£'000	£'000	£'000	£'000
Cost					
Brought forward	87	281	83	451	451
Additions	–	–	82	82	–
Disposals	–	–	(83)	(83)	–
Carried forward	**87**	**281**	**82**	**450**	**451**
Amortisation					
Brought forward	87	281	83	451	451
Charges for the year	–	–	11	11	–
Disposals	–	–	(83)	(83)	–
Impairment	–	–	–	–	–
Carried forward	**87**	**281**	**11**	**379**	**451**
Net book value					
Brought forward	–	–	–	–	–
Carried forward	**–**	**–**	**71**	**71**	**–**

Software pertains to customer relationship management software.

During the year, our new website was launched and hence our previous one was treated as a disposal.

8. Tangible fixed assets

	IT Equipment	Fixtures and Fittings	2021	2020
	£'000	£'000	£'000	£'000
Cost				
Brought forward	168	–	168	143
Additions	1	39	40	25
Disposals	(80)	–	(80)	–
Carried forward	**89**	**39**	**128**	**168**
Depreciation				
Brought forward	124	–	124	90
Charges for the year	27	5	32	34
Disposals	(80)	–	(80)	–
Carried forward	**71**	**5**	**76**	**124**
Net book value				
Brought forward	44	–	44	53
Carried forward	**18**	**34**	**52**	**44**

The tangible fixed assets held in 2020 related to IT equipment.

Obsolete computer equipment was decommissioned in the year.

Additions mainly relate to fixtures and fittings in our refurbished London office.

9. Fixed assets – investments

	2021 Group £'000	2021 Charity £'000	2020 Group £'000	2020 Charity £'000
Social investment				
Community Owned Renewable Energy LLP	–	8,476	–	8,476
Share of joint venture net assets	7,886	–	7,738	–
Cash and deposits	14,670	14,670	17,132	17,132
Total investments	**22,556**	**23,146**	**24,870**	**25,608**

The social investment in 2021 of £8,476k (2020: £8,476k) relates to Community Owned Renewable Energy LLP (CORE LLP) which is a joint venture with Big Society Capital. At 31 December 2021, Power to Change had a commitment to invest up to a further £1,524k (2020: £1,524k) into CORE LLP although the Trustee Directors do not anticipate that any further investment will be made.

The difference between the value of the Charity investment and the Group share of joint venture net assets relates to cumulative losses of £580k up to 31 December 2019, a loss of £158k relating to 2020 and a gain of £148k relating to 2021.

Movement in year

	2021 Group £'000	2021 Charity £'000	2020 Group £'000	2020 Charity £'000
Social investment				
Movement in share of joint venture net assets	148	–	(158)	–
Cash and deposits				
Invested/(withdrawn) in the year	(2,462)	(2,462)	(27,616)	(27,616)
Income reinvested	–	–	258	258
Management fees paid from capital	–	–	(27)	(27)
Decrease/(increase) in investments	**(2,314)**	**(2,462)**	**(27,543)**	**(27,385)**
Brought forward investments	24,870	25,608	52,413	25,608
Total investments at the end of the year	**22,556**	**23,146**	**24,870**	**25,608**

Social investments

The Group has invested in the following entities as part of its commitment to community-owned energy businesses:

Investment	Shares held
PTC Renewable Energy Ltd (10847365, England and Wales)	100%
Community Owned Renewable Energy LLP (OC418078) Investment held by PTC Renewable Energy Ltd Joint venture with Big Society Capital	50%
CORE Aries Limited (11081463, England and Wales) 100% subsidiary of CORE LLP	50%
CORE Newton Downs Limited (08559996 England and Wales) 100% subsidary of CORE Aries Limited	50%
CORE Libra Limited (11653375, England and Wales) 100% subsidiary of CORE LLP	50%
CORE Scorpio Limited (11653373, England and Wales) 100% subsidiary of CORE LLP	50%
Sheriffhales Solar Community Interest Company (09643746, England and Wales) 50.1% subsidiary of CORE Scorpio Limited	25%
CORE Aquarius Limited (11653365, England and Wales) 100% subsidiary of CORE LLP	50%
Orchard Farm Community Solar 2 CIC (09606654, England and Wales) 100% subsidairy of CORE Aquarius Ltd	50%
CORE Gemini Limited (11653374, England and Wales) 50.1% subsidiary of CORE LLP	25%
Homestead Community Solar C.I.C. (09615191, England and Wales) 100% subsidiary of CORE Gemini Limited	25%
CORE Capricorn Limited (11739169, England and Wales) 100% subsidiary of CORE LLP	50%
NewCo 7GS9 Limited (11344525, England and Wales) 100% subsidiary of CORE Capricorn Ltd	50%
Creacombe Solar C.I.C. (11366479, England and Wales) 100% subsidary of NewCo 7GS9 Limited	50%
Marlands Solar Ltd (11575628, England and Wales) 100% subsidiary of NewCo 7GS9 Limited	50%
Creacombe Grid Ltd (11595042, England and Wales) 100% jointly owned by Creacombe Solar CIC and Marlands Solar Ltd	50%
CORE Leo Limited (11739005, England and Wales) 100% subsidiary of CORE LLP	50%
CORE Taurus Limited (11739220, England and Wales) 100% subsidiary of CORE LLP	50%
Twemlows HoldCo Limited (10490066, England and Wales) 100% subsidiary of CORE Taurus Limited	50%
Community Energy Twemlows C.I.C. (09644669, England and Wales) 100% subsidiary of Twemlows HoldCo Limited	50%
Community Energy Twemlows 2 C.I.C. (09644332, England and Wales) 100% subsidiary of Twemlows HoldCo Limited	50%
CORE Community Investments Limited (13153678, England and Wales) 85.7% jointly owned by CORE Taurus Limited, CORE Aries Limited, CORE Gemini Limited, CORE Capricorn Limited, CORE Aquarius Limited and CORE Pisces Limited (which is ultimately owned by Big Society Capital)	44%
CORE Portfolio Investments Limited (13157440, England and Wales 100% owned by CORE Community Investments Limited	44%

The registered office for PTC Renewable Energy Ltd is The Clarence Centre, 6 St George's Circus, London SE1 6FE. The registered office for all the other subsidiaries is W106 Vox Studios, 1–45 Durham Street, London, SE11 5JH.

PTC Renewable Energy Ltd did not trade during 2021 or 2020. At 31 December 2021 it had net assets of £8,476k (2020: £8,476k) representing its investment in CORE LLP.

In February 2022, the LLP made a £1,250k distribution of member capital to PTC Renewable Energy Ltd. Thereafter a capital reduction of £1,250k took place at PTC Renewable Energy Ltd alongside a cash distribution of an equivalent amount from PTC Renewable Energy Ltd to the Charity.

The Group's share of the income, expenditure, assets and liabilities of Community Owned Renewable Energy LLP and its wholly owned subsidiaries (the CORE Group) are:

	2021		2020	
	CORE LLP Group	PTC Group 50% Share	CORE LLP Group	PTC Group 50% Share
	£'000	£'000	£'000	£'000
Income for the year	4,261	2,131	3,424	1,712
Expenditure for the year	3,967	1,983	3,740	1,870
Net (gain) / loss for the year	(296)	(148)	316	158
Net assets (excluding non-controlling interest)	15,772	7,886	15,476	7,738

10. Debtors (Group & Charity)

	2021	2020
	£'000	£'000
Prepayments	157	251
Advances to intermediaries	1,622	2,682
Other debtors	7	167
	1,786	**3,100**

The advances to intermediaries represent funds advanced to Power to Change's delivery partners for onward advance to grantees but which had not been defrayed at the end of the financial year.

11. Creditors (Group & Charity)

	2021 £'000	2020 £'000
Due within one year		
Trade creditors	150	488
Grants payable	6,086	13,398
Accruals	566	803
Other creditors	134	147
	6,936	**14,836**
Due after one year		
Grants payable	505	828
	505	**828**

Grants payable amounts are summarised below:

	2021 £'000	2020 £'000
Grants payable		
Balance brought forward	14,226	16,104
External grants awarded	6,608	27,818
Amounts defrayed	(14,243)	(29,696)
Balance carried forward	**6,591**	**14,226**
Balance carried forward (note 11)		
due within one year	6,086	13,398
due after one year	505	828
	6,591	**14,226**

12. Related party transactions

As explained in note 9, the Group has made a social investment in Community Owned Renewable Energy LLP (CORE LLP) which, in turn, has invested in several community energy businesses. In 2021 the Trust made grants to two of these community energy businesses: a grant of £25k to Community Energy Twemlows CIC (2020: £nil) and a grant of £100k to Creacombe Solar CIC (2020: £nil).

Vidhya Alakeson, the CEO of Power to Change Trust and Company Secretary of Power to Change Trustee Ltd until February 2022 was also a Trustee at The Young Foundation and was not involved in any decisions concerning grants awarded to this organisation. During the year £190k (2020: £40k) was granted to The Young Foundation in order to secure the legacy of the Research Institute.

Vidhya is also a community shareholder of Nudge Community Builders, and was not involved in any decisions concerning grants awarded to this organisation. £49k was granted in the year and £10k expenditure incurred with Nudge Community Builders (2020: £nil).

Until June 2021 Vidhya was also a Director at Kindred CIC, a collaborative network of socially-trading organisations based in Liverpool. Kindred's development is joint funded by both Power To Change Trust and Liverpool City Region Combined Authority. In the year, expenses of £500 (2020: £500) were paid to Kindred, and a grant agreement signed for £977k, of which £126k was awarded in-year (2020: £nil). In return for providing support to establish Kindred, PTC received grant income of £47k (2020: £258k) from Liverpool City Region Combined Authority.

Tim Davies-Pugh, Director of Strategy and Programmes in the year was a Trustee of the Virgin Money Foundation until March 2021. Power to Change and the Virgin Money Foundation have agreed to co fund a leadership programme, Leading the Way. Tim Davies-Pugh took no part in partnership negotiations or decisions on either side. (at PTC or VMF). Income of £3k (2020: £nil) was received in the year.

Stephen Miller, Director of Impact and Learning, since 2021 is also a Trustee for the Charity Evaluation Working Group and was not involved in any decisions concerning the transfer of Power to Change funds to this organisation: £80 was spent in the year.

Ailbhe McNabola, Director of Policy and Communications since 2021, is also the Co-Chair on the Social Research Association's Board of Trustees and was not involved in any decisions concerning the transfer of Power to Change funds to this organisation: £249 was spent in the year.

Jess Steele was appointed as a Power to Change Trustee Director on 30 September 2021 and was therefore not in post when Power to Change incurred spend of £1k with Jericho Road, of which Jess is a Director.

13. Group Funds

	2021			2020		
	Endowment funds	Other restricted funds	Total	Endowment funds	Other restricted funds	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Allocation of assets by fund						
Intangible assets	71	–	71	–	–	–
Tangible assets	52	–	52	44	–	44
Investments	14,670	–	14,670	17,132	–	17,132
Share of joint venture net assets	7,886	–	7,886	7,738	–	7,738
Current assets	9,275	1,509	10,784	26,051	721	26,772
Current liabilities	(6,936)	–	(6,936)	(14,836)	–	(14,836)
Liabilites falling due after one year	(505)	–	(505)	(828)	–	(828)
	24,513	**1,509**	**26,022**	**35,301**	**721**	**36,022**

Movement in 2021	Balance b/f	Income	Expenditure	Investment gains	Transfers	Balance c/f
	£'000	£'000	£'000	£'000	£'000	£'000
Expendable endowment	–	–	–	–	–	–
The National Lottery Community Fund	–	–	–	–	–	–
"Capital Fund"	35,301	–	–	–	(10,788)	24,513
The National Lottery Community Fund	–	–	–	–	–	–
"Income Fund"	–	49	(11,276)	148	11,079	–
Total endowment funds	**35,301**	**49**	**(11,276)**	**148**	**291**	**24,513**
Restricted funds						
TNLCF – CCLORS	742	(212)	(239)	–	(291)	–
Liverpool City Region Combined Authority	(21)	47	(26)	–	–	–
TNLCF – 5 year strategy from 2021	–	4,861	(4,195)	–	–	666
GLA – Boosting Community Enterprise	–	115	(55)	–	–	60
Open Society Foundations	–	790	(7)	–	–	783
Other research and HSC work	–	30	(30)	–	–	–
Total restricted funds	**721**	**5,631**	**(4,552)**	**–**	**(291)**	**1,509**
Unrestricted funds	**–**	**27**	**(27)**	**–**	**–**	**–**
Total funds	**36,022**	**5,707**	**(15,855)**	**148**	**–**	**26,022**

During the year money from the Capital Fund was transferred to the Income Fund to meet the Charity's ongoing expenditure requirements not met through other funding.

Movement in 2020	Balance b/f	Income	Expenditure	Investment gains	Transfers	Balance c/f
	£'000	£'000	£'000	£'000	£'000	£'000
Expendable endowment	–	–	–	–	–	–
The National Lottery Community Fund	–	–	–	–	–	–
"Capital Fund"	64,652	–	(18)	–	(29,333)	35,301
"Income Fund"	–	373	(29,706)	–	29,333	–
Total endowment funds	**64,652**	**373**	**(29,724)**	**–**	**–**	**35,301**
Restricted funds						
TNLCF – C-19 Trade Income Support	–	10,000	(9,258)	–	–	742
Liverpool City Region Combined Authority – Kindred	–	257	(278)	–	–	(21)
MHCLG – More than a Pub	650	–	(650)	–	–	–
Total restricted funds	**650**	**10,257**	**(10,186)**	**–**	**–**	**721**
Unrestricted funds	**–**	**5**	**(5)**	**–**	**–**	**–**
Total funds	**65,302**	**10,635**	**(39,915)**	**–**	**–**	**36,022**

Endowment Funds

The National Lottery Community Fund (TNLCF, formerly the Big Lottery Fund) endowment of £149m is considered in two parts:

- The Income Fund is the earned interest on the investment of the endowment and only available to be used in accordance with the funding terms as set out by TNLCF
- The Capital Fund represents the original endowment

Other Restricted Funds

Within this, there are various restricted funds:

- A £10m grant from TNLCF specially for the COVID-19 Community Led Organisations Recovery Scheme
- Grant funding from Liverpool City Region in respect of PTC's work on the Kindred, a collaborative network of socially-trading organisations
- A £20m grant from TNLCF over 5 years to support our new strategy
- Grant funding from the GLA for a pilot programme with Co-ops UK on Boosting Community Enterprise
- Grant funding from the Open Society Foundations to enable work on Alternative Ownership commenced by the Open Society Foundations to continue
- Smaller pieces of funding (grants / donations) for research and Health and Social Care work

14. Operating Leases

At the end of the period, the group had future minimum commitments under operating leases (related to our three office locations) as follows:

	2021 £'000	2020 £'000
Payment due:		
Within one year	82	145
Within two to five years	119	130
Over five years	–	–
	201	**275**

During the year our rental agreements were all renewed.

15. Status of the Charity

Power to Change Trustee Ltd (Company No. 8940987) is the corporate trustee of Power to Change Trust. The Charity came into existence on 21 January 2015 upon receipt of the endowment of £149,204,000 from The National Lottery Community Fund.

16. Prior year statement of Financial Activities

As stated in the Accounting Policies, charitable activities are now classified in alignment with those undertaken in 2021, and hence have been reclassified from the headings below.

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
Income from:						
Donations	2	–	–	5	5	–
Charitable activities:	2	–	–	–	–	–
C-19 Trading Income Support		–	10,000	–	10,000	–
Cities and Counties		–	257	–	257	–
Pubs		–	–	–	–	650
Investments	2	373	–	–	373	948
Total income		**373**	**10,257**	**5**	**10,635**	**1,598**
Expenditure on:						
Raising funds		18	–	–	18	68
Charitable activities:						
Grants awarded	6	20,245	9,258	5	29,508	21,384
Grantee support		6,320	278	–	6,598	3,565
Market development		564	650	–	1,214	1,498
Research		2,419	–	–	2,419	2,155
Share of joint venture loss	9	158	–	–	158	282
Total expenditure	**3**	**29,724**	**10,186**	**5**	**39,915**	**28,952**
Net operating expenditure		**(29,351)**	**71**	**–**	**(29,280)**	**(27,354)**
Net gains on investments		–	–	–	–	873
Net expenditure		**(29,351)**	**71**	**–**	**(29,280)**	**(26,481)**
Reconciliation of funds						
Total funds brought forward		64.652	650	–	65,302	91,783
Total funds carried forward	**13**	**35,301**	**721**	**–**	**36,022**	**65,302**

REFERENCE DETAILS AND DETAILS OF AUDITORS

Registered office	**The Clarence Centre** 6 St George's Circus London SE1 6FE
Charity Commission number	**1159982**
Trustee	**Power to Change Trustee Limited**
	Company number 8940987 – England & Wales
	(The Directors of the Trustee company are listed on page 38)
Protector	**Susan Johnson OBE**
Auditor	**Crowe U.K. LLP** 55 Ludgate Hill London EC4M 7JW
Banker	**Lloyds Banking Group** 25 Gresham Street London EC2V 7HN
Solicitor	**Wrigleys Solicitors LLP** 19 Cookridge Street Leeds LS2 3AG



Power to Change
The Clarence Centre
6 St George's Circus
London SE1 6FE

020 3857 7270

info@powertochange.org.uk

powertochange.org.uk

@peoplesbiz

Registered charity no. 1159982

COMMUNITY FUND

POWER TO CHANGE TRUST

England & Wales - Charity number 1159982

Accounts

power to change | business in community hands

COMMUNITY FUND

Annual report 2020

Six years of supporting community business



Contents

Trustee Directors' annual report

- Message from the Chair and Chief Executive 2
- Our vision, mission and values 4
- What we delivered in 2020 5
- Our impact so far 13
- Strategic priorities for 2021–2025 15
- Our priorities for 2021 17
- Gender pay gap 19
- Financial review 20
- Structure, governance and management 24
- Risk management 29

Trustee Directors' statement of responsibilities 31

Protector's statement 32

Independent auditor's report 38

Financial statements 42

- Consolidated statement of financial activities 42
- Consolidated and charity balance sheets 43
- Consolidated cash flow statement 44
- Notes to the accounts 45

Reference details and details of advisors 68

Message from the Chair and Chief Executive

2020 was transformational for Power to Change.

During the coronavirus pandemic, community businesses have been at the forefront of support for the communities they serve. They helped to ensure that no one went hungry, that the need for physical isolation did not result in social isolation, and that thousands of volunteers could come together and play an active part in their communities.

It also meant they had to change how they ran their businesses. Which meant we needed to change the support we were providing. Our experience of championing community businesses since 2015 meant we understood very quickly what they needed. We collaborated with our strategic partners – Locality, Co-operatives UK and Plunkett Foundation – to co-design emergency funding programmes, while also relying heavily on our panel of 16 community business leaders to help inform our approach.

We're extremely proud of the incredible work put in by everyone at Power to Change and our partner organisations.

> We made our emergency funding available to the entire sector, not just to those organisations that we already funded.

Fast funding

We made our emergency funding available to the entire sector, not just to those organisations that we already funded. Following guidance from our community business leaders we balanced funding for the immediate emergency with funding for the medium term to ensure community businesses could transition out of the pandemic. The speed at which these funding programmes were put in place was remarkable.

Of particular note is the £10m Covid-19 Community-Led Organisations Recovery Scheme (CCLORS), delivered by Power to Change, Locality, The Ubele Initiative and Social Investment Business on behalf of The National Lottery Community Fund. This programme provided grants of up to £100k to community-led organisations facing severe financial difficulties as a result of lockdown, with a priority on places hardest hit by Covid-19 and organisations led by minoritised ethnicity leaders or those supporting communities experiencing racial inequity.[1]

Addressing inequity

Prior to the pandemic we were acutely aware of inequity in grant-making and had already taken steps to address it, with a report commissioned by Change Out to review not only our grant-making practices but also our performance as an employer. This became even more important as the pandemic further exposed the structural inequalities in our society. We knew that individuals from communities experiencing racial inequity were disproportionately negatively affected by Covid-19, while also being disproportionately not awarded funding. CCLORS enabled us to target funding where it was most needed.

This funding contributed to the £40m that we expended in 2020 – the most we have ever expended in a single year. Although our main focus in 2020 was on activity related to the pandemic, we also continued the great work in other areas to help community businesses to thrive such as high streets, community housing, energy, health and social care and energy, and by supporting our priority places like Liverpool and Bristol.

As we begin to emerge from the pandemic, we have decided that now is not the time to close. Instead, we plan to support the sector in a different way.

Continued support

The challenges facing our communities are growing, from unemployment amongst young people and the decline of our high streets to social isolation and the increasing impact of climate change.

This is why Power to Change will continue to support community businesses for the next five years and we are incredibly grateful to The National Lottery Community Fund for investing in our future, with a £20m grant to deliver our new strategy.

> We want as many community businesses as possible to emerge from the pandemic – resilient and sustainable.

A fair recovery

We want as many community businesses as possible to emerge from the pandemic – resilient and sustainable. We will work hard to ensure those businesses are equipped with the digital and financial skills they will need to continue their increasingly vital work. We want everyone to feel that community business is for them, and will be keen for businesses to reflect the distinctive needs and concerns of the diverse communities they serve – reaching more younger people in particular – while also responding to the growing impact of climate change.

We will use our funding and influence to unlock new opportunities and resources for community businesses through diverse partnerships, including with government and other funders. We want Power to Change to be a catalyst for the whole sector, generating the ideas and evidence that can make a persuasive case for others to back community business as an essential tool of a fair recovery.



Stephen Howard
Chair



Vidhya Alakeson
Chief Executive

1 The guidance for both CCLORS and Renewal Fund referred to minoritised ethnicity people as 'Black, Asian and minority ethnic' (BAME) and communities experiencing racial inequity as 'BAME communities'. At the time, we knew BAME was an imperfect term, but we felt that delivering funding quickly during the pandemic was more important than perfecting the language. We therefore targeted funding towards what we described as BAME-led and/or BAME-supporting organisations, and we committed at the time to improving how we describe these groups to be more inclusive. We have since done so and use our updated language throughout this report.

Our vision, mission and values

Our vision:

Powerful communities, better places

By 2025, we want to have helped more communities in England to run community businesses that give them power to change what matters to them. This will create places that are better to live and work in for everyone, and that are more resilient to crisis.

Our mission:

Strengthen community businesses

At Power to Change, our mission is to strengthen community businesses to tackle some of society's biggest challenges at a local level and prepare them to face three of the biggest challenges of our time: climate change, digital transformation and social inequalities.

Our values

At Power to Change, we believe that having values, embedding them and the behaviours that go with them in all aspects of our internal and external operations, will help us to achieve our vision.

Open

We will seek partners and allies beyond the community business sector to better help the community business model go mainstream, and will be open about our learnings as we test and discover new approaches to community-led resilient places.

Informed

We will continue to work closely with community businesses and be informed by their lived experience and needs. We will approach new challenges with fresh eyes and take an evidence-led approach before rolling out solutions.

Collaborative

We will continue to work with existing partners and identify new ones, drawing on each other's skills to achieve what we could not do alone.

Bold

Our plans are ambitious, and we will continue to enter markets where we see community businesses could thrive, and speak boldly to decision makers on their behalf.

What we delivered in 2020

We started 2020 with a set of existing priorities to continue the growth of community businesses:

1. Support community businesses at every stage of their lives
2. Engage intensively in priority places
3. Focus on high-growth, high-potential sectors
4. Improve market conditions for community business success
5. Advocate for community business

These priorities were swiftly changed with the onset of the Covid-19 pandemic in March. It became clear quickly that current workstreams would need to be adapted to help community businesses survive and respond to the lockdown. We paused our programmes to ensure we could devote more capacity to developing our emergency response which we launched in May.

We knew that community businesses were facing particular challenges. Many had been unable to benefit from grants available to small businesses or from charitable rate relief.

We launched emergency funding that could reach organisations quickly, enabling them to continue supporting their communities through these difficult times. We awarded 1,036 grants, with a total value of £29.5m – the most we have awarded in a single year since our inception in 2015. A quarter of our grants went to our seven priority places, just shy of our target, and 70 per cent of our grants went into the 30 per cent most deprived places in England, exceeding our target of 60 per cent.

Although responding to the pandemic was our priority, we still managed to deliver on existing priorities of continuing to engage in priority places and advocating for community business.

Support for community businesses

C-19 Emergency Trading Income Support Scheme

With the UK locking down in March, many community businesses were forced to close and pivoted to offer different services to their communities. We devised a programme that would help replace trading income lost as a result. The C-19 Emergency Trading Income Support Scheme (TISS) awarded £4.63m in emergency finance to 251 community businesses. Unrestricted grants of up to £25k were focused on current or past Power to Change grantees, and members of our partner organisations – Co-operatives UK, Locality and Plunkett Foundation – to make up for lost trading income.



Image courtesy of Bread + Roses

Case study

Bread + Roses, Bradford

Grant: £25k

Bread + Roses is a unique café, co-working space, rentable kitchen and event space in Bradford. The business is used by everyone from refugee groups to local artists, and the business' leaders had been planning to launch a healthy lunchtime delivery service from the café to local offices when the lockdown came into effect.

A £25k grant from Power to Change has helped Bread + Roses survive lockdown and diversify its offering, making it more resilient as a business in the medium term. It has enabled the organisation to undertake a partial reopening, invest in video-conferencing facilities to better meet business needs in its meeting rooms and coworking spaces, and further develop its online shop.

"The emergency funding from Power to Change provided an essential injection of cash right when we needed – early on in the pandemic. With rent, bills, and repayable finance still to pay throughout the lockdown, and without any sales income, we would have simply run out of money, and the fact we are still here – albeit in a rather delicate position – is a testament to the difference this grant made."

Martyn Johnston, projects & funding coordinator at Bread + Roses

Community Business Fund C-19 Trading Income Support Scheme

The Community Business Fund supports existing community businesses with funding for a business development project to make their organisation more sustainable. This could be through increasing trading income, securing an asset or significantly reducing revenue costs.

Alongside our C-19 TISS programme, we launched a separate emergency funding offer to previous Community Business Fund grantees and applicants who were set to experience a loss in trading income due to the pandemic. In total, we awarded £2.1m in emergency funding to 83 community businesses.

Alongside emergency funding, we were able to make new awards within this programme in 2020 before closing it to new applicants. We awarded £2.55m of new grants to 16 community businesses to support them to grow and become more financially sustainable.

Peer Brokerage

The Peer Brokerage programme funds networks who then improve the support available for community business and build the capacity and sustainability of the sector. It also supports community businesses to provide support to others in the sector, generating important additional revenue for those providers.

Throughout 2020, the Peer Brokerage programme continued to deliver its innovative capacity-building support to all Community Business Fund grantees. The programme provides grantees with access to up to £8k worth of support to develop their capacity. Alongside the grant, community businesses are matched with a community business leader, who works alongside them, to help them identify their needs and then broker relationships with the right support providers to meet them. In 2020, the 27 peer brokers provided support to more than 60 community business and supported 31 of those to access their £8k development grants.

£2.1m

awarded to 83 previous Community Business Fund grantees and applicants.

"The programme has come at a time of greatest need for us, as we are really evaluating our business model and how to move forward with the challenges our business is facing. Without the support of this programme, I would have felt a lot more out in the wilderness. We have a dedicated board, who have various different skills, but we were a bit more lost about how to create a high-level strategy, because we are always so stretched for time and this programme has really helped us focus. We will also get the best value out of what we do having taken part in this programme, through our own business models, which we probably wouldn't have been able to afford to do otherwise. Everyone has been really helpful and reassuring and it has made me feel a lot more positive moving forward in the next year, even with all the challenges we are facing, and enabling us to use a 'design thinking' approach to face them. Thank you so much!"

Kathryn Chiswell Jones, company manager at Artspace Lifespace



Image courtesy of Artspace Lifespace

Covid-19 Community Led Organisations Recovery Scheme

The £10m Covid-19 Community-Led Organisations Recovery Scheme (CCLORS) was delivered by Power to Change, Locality, The Ubele Initiative and Social Investment Business on behalf of The National Lottery Community Fund. CCLORS aimed to support local neighbourhood, community-led, multi-purpose community organisations and community businesses in England with a priority on areas hardest hit by Covid-19 and those organisations led by minoritised ethnicity leaders or supporting communities experiencing racial inequity in particular who were disproportionately affected by the crisis. Grants of up to £100k enabled vital activities to continue and allowed organisations to build resilience.

By the end of the year the scheme made 300 awards totalling £9.3m. A notable success of this fund is in reaching communities experiencing racial inequity:

- almost 70 per cent of grant recipients have leaders from communities experiencing racial inequity
- and 86 per cent of all grant recipients are actively supporting these communities.

Case study

The Pepper Pot Centre, London

Grant: £24k

The Pepper Pot Centre in Ladbroke Grove in West London was founded in 1981 by Pansy Jeffrey, a Windrush generation activist, to provide a culturally sensitive drop-in centre for members of the elderly African Caribbean community.

When the pandemic hit, the centre cancelled all face-to-face activities and began providing a daily 'meals on wheels' service for vulnerable members living in the West London area, as well as delivering food, toiletries and making friendly phone calls. It received a £24k grant to fund an outreach support worker to liaise with members and provide essential support systems to keep them safe, healthy and able to maintain their sense of independence throughout the crisis.

By the end of the year the scheme made 300 awards totalling £9.3m. A notable success of this fund is in reaching communities experiencing racial inequity.

Community Business Bright Ideas

Community Business Bright Ideas supports groups to turn an idea for a community business into reality and provided one-to-one business development support and a small grant of up to £15k of start-up support, including:

- exploring and testing the feasibility of an idea
- engaging and winning the support of the wider community
- establishing the right legal and governance structures
- developing a viable business plan
- laying the groundwork for purchasing and developing an asset.

The programme was paused in March, although applications that had already been submitted continued to be assessed and 28 applications were approved. The Bright Ideas budget was used to make 38 emergency awards totalling £173k, with each recipient receiving a blend of an unrestricted grant (up to £5k) and up to five days of business development support. Applications focused on ensuring business stability and meeting emergency needs arising through the pandemic.

Community Business Trade Up

Community Business Trade Up supports early-stage community businesses to grow their traded income through a combination of a small grant of up to £10k matched against an increase in trading income, and an action learning programme delivered in eight locations across England. Run in partnership with The School for Social Entrepreneurs, the Trade Up programme supported 71 community businesses in 2020 with a Match Trading grant of up to £10k, and nine-month learning programme which was pivoted to be delivered completely online.

We also offered online support to past Trade Up grantees between June and December to support them through the challenges emerging from Covid-19.

Blended Finance

The Blended Finance Programme is delivered with Key Fund and Social and Sustainable Capital, using our grant funding to unlock extra investment from social investors, leveraging more money into the community business sector. Through these partnerships, we used our grant funding to make affordable social finance loans available to community businesses who would not otherwise be able to access appropriate capital. The programme was paused from March, however demand picked up after it was restarted in the last quarter of 2020 and we have now committed all of the £1.8m we planned to invest by the first quarter of 2021.

Working with Big Issue Invest, we also committed £150k to community businesses not able to access repayable finance with a focus on community organisations supporting communities that face racial inequity, and those that are female-led.

Community Shares Booster

Community Shares Booster gives business development support to help launch community share offers and consists of a development support grant of up to £10k and up to £100k match funding in the form of an equity investment. The programme paused in March and focused on supporting community businesses within the portfolio to survive or adapt to the impact of coronavirus.

Despite the disruption of the pandemic, we were able to support 15 community businesses to prepare and launch community share offers and provided £642k of matched equity investment via Co-operatives UK to 11 of these, to help lever an additional £1.8m from 1,486 retail investors.

The Community Business Renewal Initiative

At the end of the year, we launched the second part of our emergency support for community businesses to enable them to continue navigating the ongoing challenges presented by the pandemic. This was a £5m package that includes the £3m Community Business Renewal Fund, which provides unrestricted grants of between £10k and £20k to community businesses to help them adapt, renew and rebuild their business so they can remain financially viable. The first round saw us award £805k to 39 grantees at the end of December.

Community Business ReBoost Fund

Part of the Community Business Renewal Initiative, the ReBoost Fund was launched to support community businesses to raise community shares capital that can support their recovery, or pivot or expand the business in response to Covid-19. The fund provides development grants for community businesses to prepare a community share offer and be awarded the Community Shares Standard Mark, alongside match equity investment, up to £25k.

Sector support

Housing

Homes in Community Hands developed the next generation of community-led housing. The programme invested in community-led projects at the pre-planning stage and sector infrastructure in specific city regions. Homes in Community Hands was paused in March 2020, but we processed applications already in the pipeline and the programme was reopened in time to make 11 awards totalling £1.34m by the end of the year. The activity supported include:

- eight individual community-led housing projects developing more than 100 new homes
- a new community-led housing enabler hub (regional organisations supporting community-led housing groups to deliver projects) in the Tees Valley
- support for the wider community-led housing infrastructure, with £155k to the Community-Led Homes central team to support the England-wide network of enabler hubs
- a £500k contribution to Charities Aid Foundation's new Community Housing Fund, to enable a blended loan and grant for community-led housing groups at the early stages of developing affordable housing schemes.

Energy

The Next Generation Community Energy programme supported the transfer of existing solar farms into community ownership and the development of new and innovative community energy projects and business models, with a package of targeted grant funding and support. Six Next Generation projects were awarded funding in 2020, taking the total to 11 projects now being supported to develop decentralised, decarbonised, and democratised energy business models.

Our social investment partnership with Big Society Capital and Finance Earth – Community Owned Renewable Energy (CORE) Partners – accelerated more than £195k of community benefit funding to its community partners to help them tackle local issues arising from the Covid-19 crisis. CORE-owned solar farms saved approximately 8,000 tonnes of carbon and powered the equivalent of more than 7,500 rural homes.

Health and social care

We are building evidence and promoting the role of community businesses in improving health and delivering social care. We want to see more resources coming in to strengthen the sector.

To achieve this, we delivered a number of exemplar grants in 2020. One such grant was £80k to Keighley Community Health, which supported eight community businesses in Keighley to develop or deliver services that meet non-medical but health related need. The up-front investment and connection to local primary care services has already meant that community businesses have been supporting the local Covid vaccine roll-out to ensure high levels of take-up. Also, the local health and wellbeing board has agreed in principle to a 1 per cent shift in its budget from 2022 to local voluntary, community and social enterprise organisations. If this is successful it will form a basis for campaigning for other areas to do the same.

We are also working with, and have awarded a grant to, Social Finance to research community ownership of primary care premises, so that we fully understand the potential of this model.

Pubs

More than a Pub is a programme that supported pubs over two years to become community-owned multi-purpose facilities, responding to local needs and providing a variety of community benefits and services. It is delivered with Plunkett Foundation with financial support from the Ministry of Housing, Communities and Local Government. Community groups in England receive a comprehensive package of business development support and peer support and visits, plus loan and grant funding. Although phase two of the programme was due to finish in October 2020, we extended the open programme until the end of the year in light of the pandemic.

- Our loan and grant programme approved 14 £100k loan and grant packages that will each bring a pub into community ownership. Our adviser and bursary support facilitated a further two.
- We funded 22 share offers awarded the Community Shares Standard Mark – nearly three times the original target – adding 3,320 new shareholders who bought shares with a total value of £3.9m.
- Plunkett Foundation set up a small grants programme to help pubs diversify their services and offer during lockdown. We issued 35 of these grants, primarily to help pubs set up new food and provision offerings and delivery services.

Bursary grants allowed 27 new groups to register as legally constituted bodies – the first major step towards securing ownership.

Community-owned assets

Power to Change has worked in partnership with Locality to deliver a sustainable community asset ownership programme.

As part of the research phase for the programme during 2020, we carried out significant online engagement, working in seven places, delivering 12 workshops and engaging almost 300 people.

The results show that there is a high level of interest in community ownership amongst local authorities. Community businesses are still keen to take on assets and local authority understanding of the benefit of community assets has been strengthened through their role in crisis response and the subsequent recovery.

Key insights from the research will contribute to our ongoing work to support community ownership of assets.

Priority places

Since 2016, we have invested in nine 'priority places' to test and learn how community business can give local people a way to take the lead in improving where they live, as well as working with strategic stakeholders to include community business and the social economy in their plans and strategies. Our priority places are Bradford, Bristol, Grimsby, Hartlepool, Leicester, Liverpool City Region, Plymouth, Suffolk and Wigan.

Empowering Places

Empowering Places harnesses the potential of community business to reduce poverty and inequality in six places (Bradford, Grimsby, Hartlepool, Leicester, Plymouth and Wigan), by building long-term partnerships with locally rooted catalyst organisations and supporting their capacity to effect change in their communities.

Since the start of the pandemic, the catalysts have found their peer network invaluable and have drawn down 135 mentoring days between them. The programme adapted to meet current needs, supporting catalysts to distribute more than £17k of grants to very early-stage local community businesses, and contract £130k of new support with a focus on strategic planning and improving online presence. We have granted a similar amount to support local collaboration in the wider priority places.

We also launched online training with the Relationships Project and enterprise coaching with Participate as part of our capacity support offer and have been working closely with our evaluators, Renaisi, to share learning from the programme.

Cities and Counties

Cities and Counties is a systems-level approach to place-based funding, working across the geographic scale of a city, city region or county, to learn about what conditions are needed to enable community business to thrive, and to work with stakeholders to implement these in each place. The programme commenced in 2018 and works in Liverpool City Region (LCR), Bristol and Suffolk.

In response to the pandemic, non-financial support to socially trading organisations in LCR, including community businesses, was accelerated through Kindred – the social investment and support vehicle for the social economy in the area, which Power to Change is incubating:

- Kindred had £5.5m funding approved by LCR Combined Authority. We have pledged £1m match funding alongside this to support the growth of community businesses in the city region.
- Since April, Kindred has engaged with 250 socially trading organisations and has become an independent community interest company (CIC) with an interim board.
- The social economy, including Kindred, was recognised by LCR Combined Authority as a critical pillar of the economic recovery strategy for the city region.

In Bristol:

- We funded Black South West Network (BSWN) to research the needs and opportunities for the voluntary and community business sector in the city post-pandemic, partnering with Locality and Voscur. We are part of a group developing a new strategy for the sector based on this research, with the aim of embedding community business within the economic recovery of the city.
- We supported three organisations with minoritised ethnicity leaders that had lost trading income due to the pandemic with grants of £20k in total, via BSWN, which we fund to deliver capacity-building and organisational development to a cohort of six such organisations.

Although, in 2019, we had decided to withdraw priority place status from Suffolk following a review of the impact of our investment, we extended delivery to the end of June 2020. When the pandemic struck, we worked with our local partners MENTA and Community Action Suffolk to adapt the support being offered to community businesses in the county, and nine community businesses took up the new one-to-one support being offered.

Creating a more enabling environment for community business

Market infrastructure

As planned, we provided support to a number of infrastructure organisations that support community businesses through strategic partnership grants, working closely with them to understand the needs of community businesses as the pandemic hit. In April 2020, we expanded our strategic partner portfolio to include Social Enterprise UK, advocating on behalf of community businesses and the wider social economy for greater government support, and The Ubele Initiative, whose research into the impact of Covid-19 on organisations led by minoritised ethnicity leaders and the communities they support was critical in leveraging additional support.

We also continued to support the infrastructure collaboration we established with Locality, Plunkett Foundation and Co-operatives UK. This became an important forum for developing our emergency response, as well as collectively drawing attention to the importance of community businesses to the pandemic response at local level.

In January 2020 we re-launched the Twine website, and have added a range of new tools over the year including Twine Benchmark, to support community businesses to better understand their organisation's financial health in light of the pandemic. We also published a guide to delivering digital services.

As lockdown restrictions eased and businesses re-opened for the summer, we saw many community businesses sign up for Twine Visitor, our visitor registration app which facilitates 'track and trace'. We also updated Twine Volunteer, our app to manage voluntary work, to help businesses work safely and manage their services remotely.

> Kindred had £5.5m funding approved by LCR Combined Authority. We have pledged £1m match funding alongside this to support the growth of community businesses in the city region.



Research

We published 20 research and policy reports over the course of the year, providing insight into the state of the sector and the vital work community businesses are doing against the backdrop of the pandemic. This included a 12-week study in partnership with The Young Foundation to capture the experiences of community businesses in 'real time', highlighting the many ways they were adapting to uncertain and rapidly changing circumstances. It became clear that the resilience of community businesses is not determined by their ability to pull on financial capital, but rather determined by the strength of their social capital – their professional networks, community support, cooperative ways of working and reciprocity.

We began the year with a paper exploring the funding landscape for community businesses, using data from 360Giving, later using this to coordinate our emergency response with other trusts and foundations. We published multiple evaluation reports – on housing, energy, business growth support and match-trading – as well as learning papers on everything ranging from the challenges facing local communities to the value of peer networks.

We also summarised our entire research evidence base, bringing together key findings from 70 reports from 2015 to 2019.

Policy

Making the case for community businesses was a big part of our work in 2020, a year that saw a government-commissioned review of civil society by Danny Kruger MP, making a number of recommendations in favour of community businesses. Our high streets report inspired a series of three webinars attracting more than 370 attendees and featuring some high-profile panellists, including Bill Grimsey, who has conducted several high street reviews for the government, and Professor Cathy Parker, co-chair of the Institute of Place and Management and research lead for the government's High Streets Task Force.

We published a paper exploring the emerging concept of community improvement districts, examining their context and history, the policy landscape and mechanisms that support community participation, with a view to making this a key feature of our influencing work on high streets in 2021.

Strengthening the movement

Supporting mutual aid

In April, we provided financial support to establish a grassroots Community Business Mutual Aid group. Community business leaders joined weekly and then monthly calls to share practical advice, tips and their experiences of supporting local people and their business through lockdown and beyond. The free network has grown to 60 members and has rebranded as the Community Business Patchwork.

Celebrating community businesses on the frontline of the crisis

We postponed our annual in-person Community Business Weekend and went online instead to deliver the first Community Business Festival.

Over two days in August, we showcased 35 community businesses, providing fun and practical sessions to engage the public and show how community businesses support local places and the people that live there, from inclusive exercise groups to sessions on designing community-led housing solutions, managing biodiversity and supporting the most vulnerable through lockdown. Eight in ten participants said they were likely to recommend a Power to Change event to a friend after attending, and three-quarters wanted to find out about a community business in their area.

Liberating community spirit with MyCommunity.org

Community spirit soared in lockdown and a poll we ran showed that 68 per cent of people want to get involved in their communities. To make it easier for them to do so, we relaunched MyCommunity.org alongside 11 partner organisations, creating a 'go-to' space with trusted resources to help people find the information they need about the support options available, while encouraging people to come together and take positive community action. The website had more than 72,000 unique visitors in its first six months.

"

Community business leaders joined weekly and then monthly calls to share practical advice, tips and their experiences of supporting local people and their business through lockdown and beyond.

Our impact so far

In 2015 we started out with an ambition to grow the community business sector, transform places and make the case for community business.

We've achieved this by making bold decisions with our funding, often leading the way for others to invest in projects they might otherwise have overlooked. We've worked with community businesses and academics to build a rigorous evidence base to demonstrate the impact of the sector. We've collaborated with experienced and well networked partners in the sector and actively intervened in areas where we saw potential for community business, such as social care, community pubs and renewable energy.

Growing the sector

Since 2015, we've helped the sector double in size to 11,300 community businesses in England[1] and fostered their sense of belonging to a national movement. We've invested £97 million in community businesses, and drawn in an extra £70.3 million through working with partners including Architectural Heritage Fund; Big Issue Invest; CAF Venturesome; Liverpool City Region Combined Authority; the Ministry of Housing, Communities and Local Government; The National Lottery Community Fund and many others.

We have also drawn in additional investment from the community through our support for community shares, a powerful tool to support community ownership. Through £2.6m of matched equity investments, we have helped to raise an additional £7.3m from 10,000 community investors.

We've invested in infrastructure to support the sector, including digital platforms, new approaches to finance, such as community shares, and collaboration across national infrastructure providers. Alongside funding for over 1000 community businesses, we've provided more than 4,000 days of capacity-building support, to improve financial resilience and develop revenue streams. Two-thirds of all of our funding and support has gone into the 30% most deprived areas, as measured by the Indices of Multiple Deprivation, and almost half to the North of England, providing support where it's needed most.

This has helped put buildings and spaces in community hands, contributing to the development of over 6,300 community-owned assets across England, with the majority in strong financial health. And our evidence shows that more community-owned spaces mean more volunteering opportunities and jobs created for local people, many of whom would otherwise be excluded from the jobs market.

1 Higton et al (2021) The Community Business Market in 2020. London (Power to Change). Available at https://www.powertochange.org.uk/research/the-community-business-market-in-2020/

Transforming places

We've built new market opportunities in multiple places, for example helping to grow the community pubs sector in England by over 250% and supporting it to raise £15m in community shares and moving over 50 pubs into community ownership. We've tested community-led health and social care models in Bristol, Devon and Keighley, and supported community energy business model innovation across the South coast. We've also helped community groups to fund feasibility studies and prepare planning applications for community-led, affordable housing developments in Leeds City Region, Liverpool City Region, Tees Valley City Region, West of England and West Midlands Combined Authority areas.

And six organisations have been working with us in some of the most deprived wards in the country to stimulate community business growth through our Empowering Places programme. Our energy and investment have also helped integrate community businesses into strategic plans in Bristol and Liverpool City Region.

Making the case

In 2015 we set out to make the case for community business, exploring how community businesses work, their benefits, challenges and impact. Working with universities, community businesses and academics, we created a rigorous evidence base through our Research Institute that not only helps community businesses improve their practice but also shows the value of high quality analysis in a sector previously overlooked by commissioners and policy makers.

We have influenced policy at central and local/regional level, creating recognition for community business and the social economy in national and local policy. We have positioned community power and community ownership in ongoing policy debates – work that continues to be a priority in the coming months and years.

Through national campaigns and events such as Community Business Weekend, we've raised awareness, creating a national platform for the sector and bringing organisations together more coherently to build a bigger, more impactful movement.

“

We have positioned community power and community ownership in ongoing policy debates – work that continues to be a priority in the coming months and years.

Strategic priorities for 2021–2025

As the pandemic unfolded, the Power to Change board took the decision not to close the organisation as planned but instead to implement a new strategy, focused on supporting community businesses to recover sustainably from Covid-19 and continue contributing to the nation's economic and social recovery.



Before and during the pandemic, community business leaders worked relentlessly and displayed great agility to make where they live better for everyone.

Our new strategy has three priorities:

1. Community business at the heart of a fairer economy

We have seen time and again that communities are ideally placed to know what is needed in their local area, from reclaiming high streets to creating inclusive opportunities for local people to improve their lives. That is why community businesses are well placed to help tackle inequalities exacerbated by the pandemic and create a more inclusive economy in which more people can participate and where money is reinvested locally. We will work with government, other funders and new partners to grow the sector and improve funding and support so that more communities can take the lead in local decisions, take buildings or green spaces into community ownership, or take on the running of local services.

2. More resilient community businesses

Before and during the pandemic, community business leaders worked relentlessly and displayed great agility to make where they live better for everyone. They have a crucial role to play in the recovery from the immediate post-pandemic crisis, and in preparing for and tackling others in future such as climate change. Like all businesses, they need to be continually evolving and improving to meet these challenges. They are already taking action and we'll be alongside them with support to develop even more sustainable business models, refine their leadership skills, and further develop how they use digital technology to make their businesses more resilient.

3. A more diverse, equitable and inclusive sector

As a funder, we have a responsibility to use our power to tackle inequity, particularly for minoritised groups who, historically, have had less access to support and funding. We are committed to addressing this. We also know that there is an urgent need to generate new energy and enthusiasm to carry on the work of community businesses across the country. That is why we want to inspire younger and more diverse 'changemakers' to get involved in the sector. Listening to these groups, we will strive to inspire them and rebalance power where we can, so it is easier for everyone to get involved.

We will focus on six workstreams to deliver our priorities:

– New and diverse audiences: We want to open up community business to as wide an audience as possible and address the barriers that disadvantaged communities of all kinds face to adopting the community business model. We want to renew the leadership of the sector by bringing in younger people to carry it into the future.

– Capabilities: In the face of changing circumstances, community businesses need to adapt their skills and expertise in key areas such as digital transformation, finance and risk management. We will help them to build their capabilities in these key areas and support the transformation the sector requires to adapt to the post-Covid environment.

– Enabling conditions for community business: We want to build a strong case to influence government and other funders to increase their funding and support for community business and continue to strengthen the infrastructure that is a critical enabler of community business.

– New economic models: We want to reinforce the role that community businesses have as engines of local economic development, building on our current place-based work. This includes supporting them to take on assets and continuing to develop the community shares market.

– Market opportunities: Covid-19 has created opportunities for community businesses to develop new income streams and play a greater role in new sectors. We will continue our work in health and social care as a critical area of growth in the sector and explore other new market opportunities. We want to support community businesses to make a significant contribution locally to the transition to net-zero carbon dioxide emissions. We will continue our work on community energy, as well as building on the best examples of community businesses working to deliver climate benefits.

In addition, we will work to build a strong legacy from our first six years of activity, widely sharing the lessons we have learned as well as using them to underpin our own future work.



Image courtesy of Trinity Community Arts

“

We want to reinforce the role that community businesses have as engines of local economic development, building on our current place-based work.

Our priorities for 2021

As 2021 is our first year with a new strategy, we will take an iterative approach when we are embarking on new activities, using discovery research to help us scope out areas for testing and learning how best to make an impact. Experimenting and learning will be central to our approach and co-designing with communities and the community businesses that serve them will underpin everything we do.

Our priorities for each workstream in 2021:

New and diverse audiences: As this is a new area of activity for us we will initially focus on using research to identify ways to open up the community business model and our support for younger people and more diverse communities. This will inform experiments from which we can learn how best to make an impact in these areas. We will co-design and develop this work with those communities we are seeking to reach and involve, ensuring their experiences build our understanding and shape our approach.

Capabilities: We will continue with our Renewal Initiative, supporting community business' response to Covid-19, adding further elements like Powering Up, building the capacity and capability of community business leadership with access to technical expertise, professional development and wellbeing support.

Supporting the development of digital skills will be a key concern in 2021. Many community businesses showed incredible flexibility by shifting services online in a matter of days, and we want to ensure that all community businesses can realise the opportunities offered by digital technology.

We will launch a leadership development programme to build a strong and more diverse generation of new community business leaders. This will build on what we have learned from previous approaches to developing leaders within our programmes, and include the kind of peer support that business leaders are drawing on in our peer brokerage programme.

Enabling conditions for community businesses: We will maintain the strategic partnerships we have developed with key infrastructure organisations that contribute to the health and resilience of the community business sector, using research to explore how else we might support infrastructure to accelerate growth, resilience and sustainability in the sector.

We will continue to make a strong case for the contribution that community businesses can make to a fair recovery from the pandemic. A key element will be our active involvement in the Community Power Group, a new alliance of organisations and community leaders who believe communities are best placed to understand what is most needed where they live and should have more power to deliver change. We will work together to strengthen the collective case for national and local government to create more opportunities for community control as we emerge from the pandemic.

At a regional level, we will continue to incubate Kindred, an innovative new vehicle in the Liverpool City Region that provides investment and support to socially trading organisations, including community businesses. By the end of 2021, we expect to transfer control to a permanent board and executive team.

New economic models: We will build on our work supporting community ownership of important local buildings and green spaces, working with partners to bring more assets into community control. We will also continue to champion community shares and blended finance as tools to encourage investment in community businesses.

We will continue to support the places we have prioritised with investment through the Empowering Places programme, and do more to share what we have learned with local authorities, trust and foundations and others to inform place-based investment elsewhere.

We will continue the Community Business Trade Up programme in partnership with the School for Social Entrepreneurs, providing match trading grants and a structured learning programme for early-stage community businesses. Evaluation demonstrates that the match trading grants increase trading income more than traditional grants.



Image courtesy of Jubilee Pool

Market opportunities: We will continue to invest in exemplar organisations and projects that can demonstrate the benefits of a community-led approach to health and social care, and partner with others in the field to amplify their work to create stronger collective influences on the existing health and care system.

Our research and policy work will continue to make the case for the critical role that communities and community businesses can play in the future of our high streets and town centres and we will conduct a feasibility study for a social buyout fund to accelerate community ownership on the high street.

Although we have already invested substantially in environmental issues, for example through our work on community energy, we will explore new market opportunities for community businesses, including the potential created by local responses to climate change.

Legacy: We will work closely with our delivery partners to close a number of our programmes responsibly. Alongside existing evaluation of these programmes, we will further invest in securing their legacy through a new website and reviews that capture our learning in key areas such as community asset ownership, community leadership and community-led climate action.

Making Power to Change fit for the future

We will need to work differently to deliver the new strategy effectively, and have restructured our team in the first half of 2021. We will introduce new ways of working, with a stronger emphasis on cross-team and project-based work. This builds on our approach to emergency funding in 2020, when cross-functional teams came together to deliver timely support to community businesses.

We are delighted and grateful that The National Lottery Community Fund has awarded us a further £20m which will, alongside repurposed funds from our original endowment, underpin our new five-year strategy. We will also invest to grow our capacity to generate income, diversifying our funding sources over the next five years to help us achieve the full scope of our ambitions for community business.

Alongside focusing on our organisational approach to addressing net zero, we will continue with critical work on implementing the diversity, equity and inclusion plan we developed as a result of the review conducted for us by Change Out in 2020.

Gender pay gap

We are pleased to report that as of April 2020 our median gender pay gap was -0.93% and our mean gender pay gap was -0.69%. In our organisation, 56.25% identify as female and 43.75% identify as male.

Our current median gender pay gap is similar to that of 2019, which was 0%. The mean gap has stabilised from +4.06% in 2018 to -3.24% in 2019 to -0.69% in 2020.

We are proud that we continue to be an employer with a high level of pay equality. This was recognised by staff in our recent engagement survey, where 92% replied positively to the question "I am rewarded fairly for the contribution I make in my job", an increase of 9% from 2019.

The gender pay gap is how we measure whether there is a disadvantage (a gap) between what, on average, men earn and what, on average, women earn.

We will continue to review our pay and reward practices to make sure we maintain pay equity. We also have a wider programme of work to review and improve all our practices to make sure we have a diverse and inclusive workforce.

All organisations with more than 250 employees publish details of their gender pay gap. Although Power to Change does not have more than 250 employees, we are committed to reducing inequality in all areas and therefore we have voluntarily decided to publish data about the difference between how much we pay our staff.

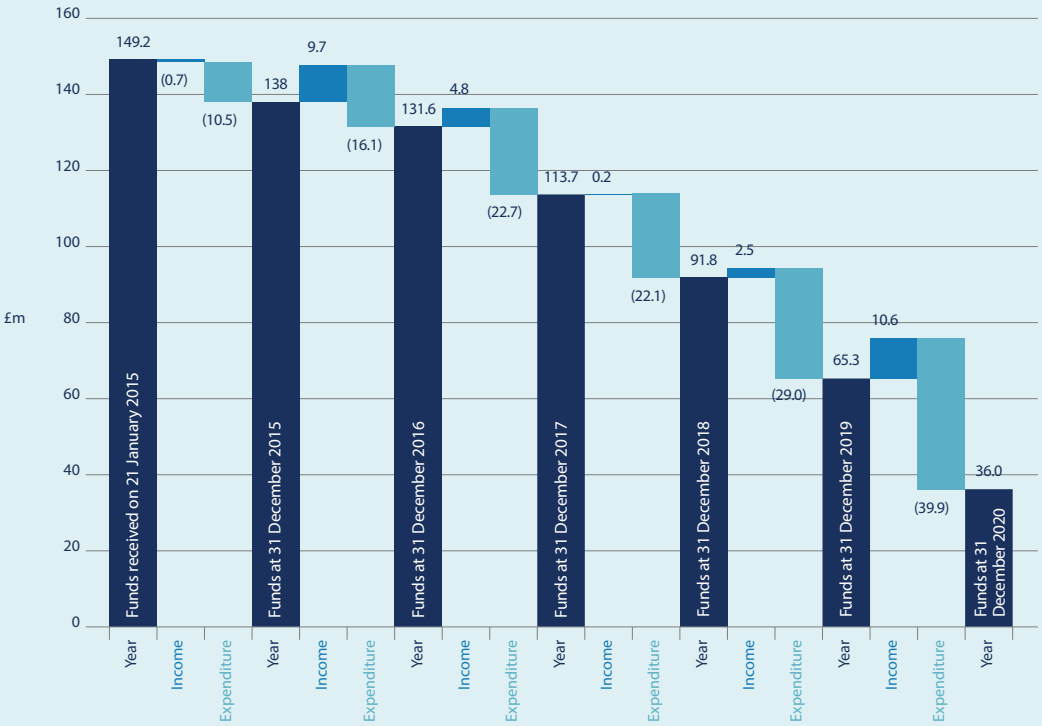
"

We are proud that we continue to be an employer with a high level of pay equality.

Financial review

for the year to 31 December 2020

Fund flow over the last six years



The chart opposite illustrates our expenditure across the past six years.

In 2020 the expenditure far outweighed the budget of £27.6m as PTC responded to the coronavirus and made funding available to replace lost trading income. In 2020/21 a new strategy has been implemented. This will see us continue for the next five years working with the community business sector and will introduce a fundraising element to our work. This is a departure from the wind down strategy which would have taken us to 2022.

Group investments and funds summary	2020 £'000	2019 £'000
Growth portfolio	1	7
Reserve portfolio	2,131	15,453
Investments managed by Cazenove Capital Management	**2,132**	**15,460**
Investment – Community Owned Renewable Energy LLP	**7,738**	**7,896**
Fixed asset investments: cash deposits	15,000	29,057
Fixed asset investments (note 9)	**24,870**	**52,413**
Current asset investments: cash deposits	12,423	20,418
Total investments	**37,293**	**72,831**
Net liabilities outside investment portfolio	(1,271)	(7,529)
Net assets	**36,022**	**65,302**
National Lottery community fund expendable endowment Capital fund	35,301	64,652
MHCLG restricted funds	–	650
Other restricted funds	721	–
Total funds (note 13)	**36,022**	**65,302**

Investment strategy

Since 2019, the investment portfolio became solely cash deposits (outside of CORE) as Power to Change prepared to close. In 2020 the investment strategy objectives were to produce the best financial return within an acceptable level of risk. Considering the operational uncertainty the pandemic caused and low interest rates available, the cash investments performed adequately with the timeframes and free cash resources available.

In 2021 investments continue to be held in short term cash deposits. With more certainty from the new strategy and funding, we are exploring other investment options that would meet our risk appetite and cashflow requirements.

To limit risk, cash deposits are managed to ensure that no more than 33% of Power to Change's cash deposits are held with any one financial institution.

Cash deposits held in addition to the Cazenove-managed funds at 31 December 2020 were £27.42m (2019: £49.48m). These funds are analysed in the balance sheet between fixed asset investments, which are funds expected to remain on deposit for at least 12 months from the balance sheet date, and current asset investments, which are funds expected to be used within the next 12 months. These cash deposits represent 73% (2019: 68%) of the investment portfolio.

In addition, the Trust has made a social investment in Community Owned Renewable Energy LLP (CORE LLP), a joint venture between Power to Change and Big Society Capital.

The CORE LLP portfolio completed in 2019 and no further investment is planned. CORE LLP works alongside local community energy groups to support, develop and refinance these solar farms with a view to maximising the benefit for these communities over the life of the investment venture.

The investment is held at cost (£8.48m) in the Trust and at the value of its 50% share of net assets (£7.74m) in the group financial statements. Trustees are satisfied there are no indications of impairment in the year.

The consolidated results of CORE LLP and its subsidiaries are summarised in note 9 to the financial statements.

Investment performance

During 2020, the value of fixed asset investments reduced by £27.54m (2019: £25.49m). The closing market value of fixed asset investments at 31 December 2020 was £24.87m (2019: £52.41m). This reduction is largely cash withdrawn from investments to fund our activities during the year. In addition, by recognising our share in the reduction in net assets of the CORE social investment of £158k (2019: £282k).

The investment portfolio benefited from the reinvestment of interest income of £258k (2019: £422k). There was no gain or loss in investment in the year due to the cash nature (2019: gain of £923k).

Expenditure

Total expenditure in 2020 was £39.92m. This is a significant (38%) increase compared with 2019 (£28.95m). This was due to the coronavirus pandemic as we paused existing programmes and set up trading income support and other initiatives to help Community Businesses affected by the pandemic. It also represents our commitment and dedication to the sector through the previous year. Our Business Plan for 2021 budgets a lower amount of c. £17m in expenditure representing continuing coronavirus support and the wind up of existing programmes. Thereafter we are budgeting £10m-£12m per annum until 2025 for activities planned in the new strategy.

Note 3 shows a detailed analysis of expenditure. We increased the value of grants made directly to community businesses by 55% from £16.55m in 2019 to £25.74m in 2020. Note 6 provides detail of grant expenditure by programme in each year.

Covid related expenditure (both made directly through C-19 programmes or associated support in existing workstreams) dominated expenditure in 2020. In total £18.57m was spent across the organisation representing the sizeable shift in strategy in the year and response to the pandemic. Of this £15.63m was specifically for C-19 grants made available as a result of the crisis.

Whilst existing programmes were initially paused to stand up the emergency response these did resume in the year and were responsible for £17.54m of expenditure.

Market development programmes were the most impacted from the pandemic and they saw a reduction on budget of 37% compared to the prior year of 19%. Despite this over £2m was spent in this area on Health and Social Care, Cities and Counties, Infrastructure and Assets.

Investment into research and impact as well as policy expenditure continued at similar levels to previous years with costs of £1.90m. The Communication costs of £487k were somewhat curtailed due to Covid and the move to online events.

Support costs in 2020 of £1.43m (2019: £1.30m) include support staff, governance, rent, IT and office costs. This represents 3.6% of total expenditure (2019: 4.5%).

Funds

Retained funds and movements in the funds are shown in note 13 of the accounts.

Income generated from the expendable endowment provided by The National Lottery Community Fund (the "Capital Fund") is added to The National Lottery Community Income Fund (the "Income Fund") on an ongoing basis. When required, money from the Capital Fund is also transferred to the Income Fund to meet our ongoing expenditure requirements. During 2020, £29.33m was transferred from the Capital Fund (2019: £27.84m). The balance on the Capital Fund at 31 December 2020 was £35.30m (2019: £64.65m) of which £44k are fixed assets and not freely available to spend.

In addition to The National Lottery Community Fund endowment, from time to time we receive additional restricted funds.

- At the beginning of 2020, we had one restricted fund with an opening balance of £650k. The grant was restricted funding received from the Ministry of Housing, Communities and Local Government for the More than a Pub programme. This was fully expended in the year.
- During the year £10m was received from The National Lottery Community Fund for a programme supporting coronavirus called CCLORS. The fund concludes in 2021 and £742k remained unspent at the year end.
- Liverpool City Region Combined Authority awarded £257k in the year in relation to the Kindred programme. This was all allocated in year.
- Sharegift donated £5k unrestricted funding which was fully spent by 31 December 2020.

Reserves and Going Concern

The Trustee Directors manage our reserves in line with the Reserves Policy, which is reviewed annually. In line with Charity Commission guidance on expendable endowments the reserves policy does not stipulate a specific level of endowment or unrestricted reserves that are required. The trustees have agreed a business plan from 2020 to 2025 of which the Capital Fund can support without other income until the end of 2023. The business plan and budgets are reviewed at least annually.

As such there are no material uncertainties surrounding the Trust's ability to continue as a going concern and the financial statements have been prepared on that basis.

Structure, governance and management

Legal structure

Power to Change Trust (the "Trust" or the "Charity") is a charitable trust registered in England and Wales (Charity Commission registration number 1159982) and is constituted under a revised Trust Deed dated 28 September 2016. The Trust came into existence on 21 January 2015 upon receipt of a £149,204,000 endowment from The National Lottery Community Fund (formerly the Big Lottery Fund). Power to Change Trustee Limited is the sole corporate Trustee. It is a private company (company number 8940987 – England and Wales) limited by guarantee.

Charitable objects

The charitable objects of the Trust are set out in the Trust Deed and include the following (which do not limit the Trust's overriding general charitable object):

- relief of poverty and unemployment
- advancement of education
- promotion of the voluntary sector
- advancement of citizenship or community development
- promotion of sustainable development
- development of the capacity and skills of disadvantaged groups in society
- urban and rural regeneration in areas of social and economic deprivation
- promotion of social and economic inclusion

The Trust's overall vision of "powerful communities, better places" is delivered through a mission to strengthen community businesses to tackle some of society's biggest challenges at a local level, including climate change, digital transformation and social inequalities. Funding is provided where a charitable purpose can be identified.

The Trustee Directors have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning our future activities. They have concluded that the Trust meets the definition of a public benefit entity under FRS 102.

Governance

Board members are directors of Power to Change Trustee Limited and are referred to as Trustee Directors throughout this report. The Trustee Directors are listed below.

The Charity Governance Code (as updated in 2020) has been reviewed and Trustee Directors have chosen to adopt and apply this code. The Principles, Outcomes and Recommended Practices have been discussed and have been applied. With regard to review of the Board's performance, the Board and each of the committees currently engage in and undertake annual effectiveness reviews.

Power to Change has one subsidiary company: PTC Renewable Energy Ltd. The Trustee Directors approve the appointment of directors of PTC Renewable Energy Ltd.

PTC Renewable Energy Ltd owns 50% of Community Owned Renewable Energy LLP, which is a joint venture with Big Society Capital. The joint venture is governed by an LLP Partnership Agreement dated 1 August 2017. Day-to-day management is through a Management Board that has terms of reference agreed by both parties. Each joint venture partner has an appointed member to the Management Board.

New Trustee Directors are sought by open advertisement and undergo a rigorous interview process. The ultimate decision on selection is a matter for the Trustee Directors already in post. An operational and governance induction programme is in place. Trustees are given information on the legal duties and expectations of a Trustee and invited, on an ongoing basis, to attend relevant training events paid for by the Trust.

New Trustee Directors are initially appointed to serve for three years after which they will be eligible for reappointment. The Articles of Power to Change Trustee Limited provides for a minimum of five Trustee Directors and up to a maximum of 13. The Trustee Directors agree the broad strategy and areas of activity for the Trust including consideration of grant making, investment, reserves and risk management policies and performance. The day-to-day decision-making and administration of grants and the processing and handling of applications is delegated to the Chief Executive and her team.

To date the Board has met four times in 2021, with one of these meetings being an ad-hoc one to discuss the 2021-2027 Business Plan. An additional meeting is scheduled for December 2021.

All Trustee Directors give their time freely and no Trustee Director was paid remuneration. In 2020, the Trustee Directors claimed £890 of expenses (2019: £5,491) in connection with the Trust's business.

The Trustee Directors in post during the year and up to the date of signing of this report were:

Stephen Howard	Chair
Carla Stent	Vice Chair, Chair of the Impact Committee
Samuel Berwick	Chair of the Finance and Investment Committee
Choong Fai (Stan) Chan	Chair of the Audit and Risk Committee
David Godden	Chair of the People and Governance Committee
Leonie Austin	
Ian Hempseed	
Dai Powell	
Christopher Stephens	
Sarah Gorman	Appointed 30 September 2021
Jess Steele	Appointed 30 September 2021
Melissa Mean	Appointed 30 September 2021
Jessica Prendergrast	Resigned 31 December 2020

Vidhya Alakeson has served as Company Secretary of Power to Change Trustee Limited since 20 September 2018.

For 2020 and through to July 2021 there were four sub-committees of the Board, which oversaw aspects of the Trust's work.

The **Impact Committee** reviewed the delivery, risks, success and impact of all grant programmes.

In addition, it reviewed selected programmes in depth, offering strategic input and constructive challenge to ensure each programme achieves maximum impact for communities. Members met four times in 2020 and once in 2021. This committee replaced the Board Grants Committee, which focused on grant approval and process.

Members: Carla Stent (Chair), Leonie Austin, David Godden, Dai Powell, Christopher Stephens.

All Trustee Directors and Community Business Panel members are welcome to attend meetings of the Impact Committee. The Community Business Panel is made up of 16 community business leaders who meet with members of the Trust's Leadership Team and other staff representatives every quarter to debate, challenge and provide feedback on our plans. A decision was made in 2021 to disband the Community Business Panel, with its final meeting taking place 25 May 2021.

The **Finance and Investment Committee** oversaw most financial aspects of the Trust including budgeting, financial and management reporting and investment. It formulated the Trust's investment policy, selected investment managers and monitored investment performance. Members met six times in 2020 (two out of session meetings were to discuss the emergency response to the Covid-19 pandemic) and twice in 2021.

Members: Samuel Berwick (Chair), Carla Stent, Stephen Howard.

The **Audit and Risk Committee** oversaw all systems of control at the Trust, including the annual audit and all its risk management processes. Members met three times in 2020 and twice in 2021.

Members: Choong Fai (Stan) Chan (Chair), David Godden, Dai Powell, and Neil Spence, who is not a Trustee Director, serves as an independent member of the Audit and Risk Committee.

The **People and Governance Committee** oversees all people and governance matters at the Trust including composition of the Board, all policy and people related matters, diversity and adherence to the Trust's values. Members met three times in 2020 and twice to date in 2021.

Members: David Godden (Chair), Stephen Howard, Christopher Stephens.

In July 2021 the Board of Trustee Directors reviewed its governance structure in light of a new organisational strategy and reduced staff structure to ensure proportionate and effective governance going forward. The Board of Trustee Directors decided with immediate effect to:

– dissolve the Impact Committee

– merge the Finance and Investment Committee and Audit and Risk Committee.

The **Finance and Audit Committee** was duly established in July 2021 and met in September 2021 under its new Terms of Reference. This Committee now oversees financial aspects of the Trust including budgeting, financial and management reporting. It also oversees all systems of control at the Trust, including the annual external audit and the internal audit process. An additional meeting is scheduled for November 2021.

Members: Samuel Berwick (Chair), Stephen Howard, Carla Stent, Choong Fai (Stan) Chan, David Godden and Dai Powell. Neil Spence attends as a co-opted member.

The **People and Governance Committee** continues.

Under the new committee structure, risk and impact are reserved for scrutiny by the full Board of Trustee Directors.

Key management personnel

The Chief Executive and her colleagues on the Leadership Team comprise the key management personnel in charge of directing and controlling the Trust on a day-to-day basis. The Leadership Team comprised:

Current members	
Vidhya Alakeson	Chief Executive
Tim Davies-Pugh	Interim Director of Programmes (from December 2020 to July 2021) and Director of Strategy and Programmes (from July 2021)
Ailbhe McNabola	Director of Policy and Communications (from March 2021)
Stephen Miller	Director of Impact and Learning (from March 2021)
Nicola Fuschillo	Director of People and Governance (from July 2021)
Samantha da Soller	Director of Finance and Operations (from September 2021)
Previous members	
Alex Fowles	Interim Director of Finance and Operations (from August 2019 to March 2020)
Richard Harries	Director of Research and Development (to March 2021)
Mark Gordon	Director of Communications and Partnerships (to December 2020)
Kate Stewart	Director of Programmes (to December 2020)
Kiran Ramchandani	Interim Director of Communications (from November 2020 to June 2021)
Maxine Draper	Chief Operating Officer (from March 2021 to July 2021) Director of Finance and Resources (from March 2020 to February 2021)

Leadership Team pay is reviewed annually by the People and Governance Committee. Their remuneration, and the remuneration of all staff, is benchmarked with grant making charities and commercial entities of a similar size and activity. This is to ensure that the remuneration set is fair and consistent with that generally paid for similar roles.

Fundraising

The Trust did not undertake fundraising activities in 2020 and therefore has nothing to disclose under the provisions of section 13 of the Charities (Protection and Social Investment) Act 2016.

Grant making policy

Grant making is core to the Trust's activities. Grant making processes are governed by the Grants Policy Framework which was last revised in February 2019 and was approved by the Board and given the consent of the Protector.

The Board has appointed the Executive Grants Committee (EGC) as an executive decision-making body of the Trust with delegated authority to award grants in accordance with the Trust's objectives and to ensure that all grants are awarded in line with the Grants Policy Framework. The EGC reported directly to the Impact Committee until its dissolution in July 2021, since when it reports to the Board.

The EGC has the power to delegate grant decisions to sub-committees. These subcommittees, which are often run in conjunction with the Trust's delivery partners, have terms of reference which include membership, voting and a maximum grant value they can award.

Most grants made by the Trust to community businesses are through its grant programmes. The Trust invites applications for these grants through its website, through its partner websites, news boards, email bulletins and other relevant publications.

Some grants are made to other organisations however, for example to develop a new programme or conduct research relevant to the community business sector. The process and authority levels for approving these grants follow the same processes as grants made through grant programmes.

In addition to the Covid specific grants made in 2020, our existing Social Investment programmes of Community Share Booster, Housing, Energy and Pubs recorded £5.21m in expenditure against an original budget of £7.04m. Similarly early-stage programmes (Bright Ideas, Trade Up and Empowering Places) spent 87% of their original budgets committing £3.59m across the year. At £5.55m growth stage (Community Business Fund and Resilient Neighbourhoods Fund) programmes exceeded planned expectations as the Community Business Fund programme had a successful C-19 element worth £2.11m added for trading support which was run entirely in-house for existing beneficiaries in this fund.

Many of our programmes are delivered and managed by outsourced partners. In 2020 the costs for these reflected our increase in grant making and were £3.49m, a rise of 37% on 2019, mirroring a similar rise in grant making.

Risk management

The Trustee Directors recognise that the effective management of risks is central to the Trust's ability to achieve its objectives, and aims to anticipate and, where possible, manage risks rather than dealing with their unforeseen consequences.

The Trust has a five-step approach to risk: clarify objectives, identify risks to achieving objectives, assess and rate the risks, determine the appropriate response to each risk and then finally reviewing and reporting on those risks.

The Trust has also prepared and agreed a risk appetite statement that identifies its appetite for risk across all its areas of activity. For example, grant making has a different appetite for risk (medium/high) compared to legislative/regulatory compliance where risk tolerance is low.

The key risk review and reporting mechanisms at Power to Change are:

- **Risk register and matrix.** Together these form the Trust's primary mechanism for considering long-term risks, set in the context of the Trust's risk appetite. They identify all known long-term risks and assign them for management, according to their likelihood and impact, to both an individual member of the Leadership Team and Board committee. They are reviewed regularly by the Leadership Team and overseen by the Audit and Risk Committee up to July 2021, and since then by the Board.
- **Key Performance Indicators (KPIs).** Strategic objectives are identified annually, with associated KPIs. These are the tools by which the Trust measures its performance against identified short-term risks. They are reviewed quarterly by the Leadership Team and reported to the Board quarterly.
- **Management accounts reforecast and budgets.** These identify and measure financial performance against financial objectives and the risks of not achieving them. Management accounts are prepared monthly. Reforecasts are produced at least quarterly, and budgets are produced annually. These are reviewed by the Finance and Investment Committee and the Board.

The last formal full review of the risk register, risk appetite and framework by the Trustee Directors was in May 2021.

The most significant areas of risk (after considering mitigating actions) are summarised on the next page together with a summary of the mitigations.

Summary of significant risks

Area of risk	Mitigations
The new strategy, cross cutting themes and business plan fail to meet their objectives and targets and thus the needs of the sector.	The Leadership Team regularly reviews progress against the business plan. KPIs are in development to track the impact of the new strategy. Oversight and appropriate challenge from each of the sub-committees, as well as the Board. Programme initiation includes a test and learn phase to ensure sector needs are sought and considered, as well as if the intervention will be successful. Cross cutting themes of diversity, equity and inclusion, climate and digital are considered and tracked as individual component parts of programmes.
Due to delays and complexity of refinancing CORE assets future revenues do not generate the expected community benefit fund and communities become less engaged.	Refinance process due Q4 2021 which will provide more certainty on future funding and expected community benefit fund. The project timetable is being restructured with emphasis on engagement with communities. The grant programme continues to provide comprehensive support to all community partners with generous direct grants and enhanced capacity building. It will continue to be available until CORE ends in 2022.

Trustee Directors' statement of responsibilities

in respect of the Trustee Directors' annual report and the financial statements

Focus of the activities

The Trustee Directors have given due consideration to the Charity Commission guidance on the operation of the public benefit requirement and are satisfied that the work of Power to Change Trust meets that requirement. The public benefit requirement is demonstrated through the charitable activities undertaken by the Charity as described on pages 5 to 12.

Responsibilities of the Trustee Directors

The Trustee Directors are responsible for preparing a Trustee Directors' annual report and financial statements in accordance with applicable law and FRS 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

The law applicable to charities in England and Wales require the Trustee Directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing the financial statements, the Trustee Directors are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the applicable Charities Statement of Recommended Practice
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures that must be disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business

The Trustee Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Trustee Directors on 18 October 2021 and signed on their behalf by:



Stephen Howard
Chair

Protector's statement

Background

I was appointed as Protector of the Power to Change Trust ('the Trust') on 1 November 2018 for a period of three years. The Trust is a UK registered charity set up for broad charitable purposes, with a corporate trustee controlling its affairs. The corporate trustee is Power to Change Trustee Limited, which in turn is controlled by a board of directors (the Board) who meet regularly. The Board delegate the day-to-day running of the Trust to the Chief Executive.

The founder of the Trust is The National Lottery Community Fund ('the Fund'), previously known as 'The Big Lottery Fund', which invested £149m in setting up and endowing the Trust with a view to making 'community-led enterprise across England a sustainable solution to local social and economic needs and opportunities'.

Function of the Protector

The function of the Protector is set out in the Trust Deed dated 3 November 2014 and subsequent thereto supplemental deeds dated 6 January 2015 and 28 September 2016. The fiduciary duty of the Protector as stated in the Trust Deed is to 'ensure the integrity of the administration of the Charity and the propriety of its procedures'. The Protector is not involved in the decision making and is not a trustee of the Charity. If necessary, the Protector must report matters of serious concern to the Fund or to the Charity Commission. The function of the Protector therefore is to ensure the Trustees administer the Trust properly and to act as a 'watch-dog', monitoring the Trustee and preventing it from abusing its powers or breaching its duties. More positively, the Protector must seek to ensure, as far as possible, that the Trust is administered in accordance with the terms of the Trust Deed and give or withhold consent or approval to the exercise of certain powers by the Trustee.

I am required under the Trust Deed to prepare a statement for publication by the Trustee in its annual report, explaining the Protector's function, how the function has been exercised and, if appropriate, identifying any areas of administration that require improvement and steps to be taken by the Trustee to affect such improvement.

Aims of the Trust

The Fund established the Trust to bring about a widespread recognition of the economic and social benefits of community-led enterprise and asset ownership so that more local people are enabled to improve the places where they live. The objectives of the Trust include:

- The relief of poverty and unemployment
- The advancement of education
- The promotion of the voluntary sector
- The advancement of citizenship or community development
- The promotion of sustainable development
- The development of the capacity and skills of disadvantaged groups in society
- Urban and rural regeneration in areas of social and economic deprivation
- The promotion of social and economic inclusion

The permitted methods of achieving the objectives are widely drawn within the Trust Deed and the Fund sets out the key supporting interventions that it wishes the Trust to use in exercising its powers and duties. The Fund's desired outcome is that the Trust should encourage and develop sustainable community businesses and help to bridge the gaps in market infrastructure, including intermediaries, while increasing the understanding of the key variables that drive community business creation and sustainability. The Fund expects the Trust to do this by working in partnership with others in the public, private and voluntary sectors and building an evidence base that demonstrates how community businesses become sustainable and deliver better outcomes for people and communities most in need.

Administration of the Trust

As I reported last year, the Trust adapted swiftly to new ways of working as the Government introduced emergency measures to respond to the public health risks caused by the pandemic. The Board and Committees held extra meetings to make key decisions as the organisation sought to flex its financial support to the community business sector. During the year I have attended all meetings of Board of Trustees, all meetings of the Audit and Risk and Impact Committees, and all but one of the meetings of the Finance and Investment and People and Governance Committees. In addition, I have met or corresponded with the Chair and Chief Executive on specific matters and attended a development session delivered by Change Out for the Trustees on how the Trust could improve its performance on diversity, equity and inclusion. I have met with representatives of the Fund on six occasions to discuss the Trust's proposed new strategy and provided assurance on the effective governance oversight and management of the endowed fund. There have been no matters of significant concern that have required notification to the Fund.

I am satisfied that the Trust has been administered in accordance with the terms of the Trust Deed for the period 1 January 2020 to 31 December 2020.

Board of Trustee Directors and Executive Changes

There were 10 Trustee Directors in post as of 31 December 2020. One Trustee Director, Jessica Prendergrast, stepped down at the end of the year and the Chair, with the agreement of the Board, proposed to hold the appointment of a replacement until The National Lottery Community Fund reached a decision on any future financial support for the new strategy. The Board recognises the need to strengthen the diversity of the Board and to bring people onto the Board with direct experience of leading community businesses. Attendance at Board and Committee meetings is excellent and the commitment of the Trustee Directors (all of whom are unpaid and have other demanding roles) has been notable, particularly during the intensive work on setting up the emergency Covid 19 and recovery funding and building the vision for the new strategy. Whilst visits to community businesses supported by the Trust have not been possible due to the pandemic, Trustees have sought to engage community business leaders in the design of emergency funding programmes, particularly those targeted at communities and sectors most severely affected by the economic downturn.

The Board continues to operate in a challenging and collegiate manner. There is open and constructive discussion facilitated by comprehensive and clear Board papers, presentations and background briefings. The administration of the Trust is efficient and effective with appropriate delegations to the four Board sub committees which also report key recommendations and decisions to the full Board in a timely way. There is a clear understanding by the Board, Committees and the executive of those matters which fall within the strategy setting, oversight and monitoring role of the Trustee Directors and those that fall within the day-to-day responsibilities of the executive team. I am satisfied that the Board has had due regard to the risks and opportunities facing the Trust as it formulated the new strategy in line with the aims and objectives set out in the Trust Deed.

A new Director of Finance and Operations was appointed in March 2020 and made an immediate positive contribution to the redesign of the funding streams to accommodate a steep increase in demand for Covid 19 support funding and an additional £10m grant award from The National Lottery Community Fund for the Covid-19 Community-Led Organisations Recovery Scheme. There was a seamless transition in reporting, financial and budget management and line management of the finance team.

Vidhya Alakeson, the Chief Executive of Power to Change, continues to lead a hardworking and competent Leadership Team. The Team quickly brought forward proposals to the Board for emergency funding to meet immediate needs of community businesses with a streamlined grant approval process which assured proportionate risk assessment and due diligence but enabled rapid deployment of funds. Working with trusted partners the Trust was further able to deploy the £10m from The National Lottery Community Fund by leveraging from the existing strong relationships with key partners. Board members also adapted the reporting and meeting frequency to reflect the rapidly changing environment for community businesses and the demands being placed on them by the community led response to the pandemic. Throughout this fluid and busy period, the Leadership Team provided expert support to the Board and its committees with clear, comprehensive papers that enabled fully informed discussion and a robust decision-making process.

Protector consent requests

Protector consent has been requested and granted for two grant awards during this period. These awards were made to Onion Collective CIC and consent was required due to one of the Power to Change Trustee Board members also serving as a Director of Onion Collective CIC. I was assured that the conditions required in the Trustee Conflict of Interest Policy and the terms relating to the same in the Trust Deed had been met. I therefore granted approval to an award to Onion Collective CIC from the Community Business Fund Emergency Trading Income Support Scheme Grant (CBF TISS) and the award of a Communications and Partnerships Grant.

Governance

The Trust has an effective committee structure and I have attended most of their meetings during the year. In compliance with the Trust Deed and reflecting the wishes of the Fund, I have particularly noted the following:

a. The Finance and Investment Committee oversight of the options appraisals relating to the refinancing of the assets held in Community Owned Renewable Energy LLP (CORE) and consideration of the timing of any investment return to the Trust as a result of the volatility in the renewable energy market caused by the pandemic. The Committee actively monitors the risks associated with this innovative community sector to balance the return of capital against the longer-term community benefit outcomes. The Committee has sought assurance on the capacity of grantees to draw down from the grant programmes in place due to challenging trading conditions for community businesses over the year. Financial reports to the Committee gave clarity and visibility on the use of the endowed funds and all the restricted grants in place from other funders. The Committee also examined the financial forecasting and timescale for closure of programmes in the event that the Trust closed whilst in parallel advising on the financial elements of the new grant proposal to The National Lottery Community Fund.

b. The Impact Committee was fully engaged during the development of the various Covid emergency grant schemes that were funded either through the core endowment or from the CCLORS £10,000k grant from The National Lottery Community Fund. The Committee sought assurance on the financial resilience and viability of the grantees whilst advising on the structure and criteria for grant awards to ensure they were targeted, simple to access and provided both short- and medium-term support to community businesses as they moved into recovery from the pandemic. The Committee has continued to monitor the control framework around core grant making with particular attention to due diligence and the ongoing viability and capacity of the Trusts primary delivery partners through a difficult operating environment. The Committee's review of the annual impact report synthesized the difference that the Trust makes on the community business sector – an appetite for experimentation; market making; backing businesses that others don't; working alongside community businesses in partnership and collaboration; being the authoritative expert – thereby fulfilling the purpose set out in the Trust Deed and building the case for the continuation of the work of the Trust.

c. The People and Governance Committee carefully considered a restructure plan for the Trust to ensure an orderly, fair and well managed transition to a new five-year plan that is focused on sustaining the growth in the community business sector. The Committee sought assurance on how the structure and the necessary change in skill sets would ensure that programmes were wound up in a transparent and systematic way whilst the organisation geared up to scope and deliver new workstreams. The governance work has focused on considering the options for the future legal structure of the Trust, the positioning of the Trust Deed within a more diverse funding model and a proportionate governance structure for a smaller organisation that will make far fewer grant awards. I have been fully engaged in these discussions and have provided advice to both the Trust and the Fund on the options available.

d. The Audit and Risk Committee has examined a comprehensive review of the Trust's risk register and risk appetite in light of the operational impact of Covid-19, including on the health and welfare of the Trust staff; and the risk to achieving the aims of the Trust Deed as the resilience of community businesses has been tested; the increased likelihood of fraud as emergency grant programmes were introduced at speed; and the change management programme that is taking place as the new strategy has developed. I am pleased that the Committee initiated internal audit reviews of the organisation's core corporate policies and functions to strengthen its assurance to the Board on the overall control framework for the Trust.

From my observations of committee meetings and conversations with Trustee Directors, I conclude that the Trustee Directors apply a proportionate and appropriate level of scrutiny and challenge to operations. The Board was receptive to the comments and recommendations I have made over the year and the Leadership Team has responded positively and promptly to any queries or requests I have made for further clarification. The Board and Committee self-effectiveness reviews have resulted in targeted areas for improvement particularly in relation to the future committee structure, succession planning for new Trustees with diverse skills sets and strengthening the Board with people who have led or established community businesses.

Looking ahead

The pandemic has brought to the fore the contribution that community businesses make to their localities especially when those services normally provided by the state are put under severe strain or are temporarily withdrawn to deal with the immediate response to a public health emergency. Those community businesses that depend on trading income have suffered as a result of the necessary restrictions placed on our everyday lives. The Trust's response to providing emergency funding and recovery support, coupled with the targeting of additional funding from The National Lottery Community Fund to those community organisations led by minoritised ethnicity leaders or supporting communities experiencing racial inequity who were disproportionately affected by the crisis, has demonstrated the deep understanding and knowledge that Power to Change now has of this sector. The key concern I expressed in my report last year was that the Trust has sufficient time remaining and resources to expend to meet the demand it was facing while achieving the legacy the Founder, and the Trustees and staff, envisaged. The last year has illustrated the value that the Trust brings to community-led businesses but also that its legacy can only be assured by helping to build greater resilience in the sector.

The Trust's reputation with policy makers, other grant funders and the research community has increased over the year. The Board is alive to the challenge of sustaining this reputation as the shape and focus of the organisation changes over the months ahead. The Trust will need to devote time and resource to income generation whilst ensuring it continues to work with trusted partners in a collaborative rather than competitive way. As the remaining endowed fund is spent down the Trust will also need to consider how it operates within the parameters of the Trust Deed whilst meeting the governance requirements of other potential funders. I will continue to work closely with the Board as they explore the options open to them.



Susan Johnson OBE
Protector, Power to Change Trust
July 2021

Independent auditor's report

to the Trustee of Power to Change

Opinion

We have audited the financial statements of Power to Change ('the charity') its subsidiary and joint venture ('the group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Financial Activities, Group and Charity Balance Sheets, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

– give a true and fair view of the state of the group's and the parent charity's affairs as at 31 December 2020 and of the group's income and receipt of endowments 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 Charities Act 2011.

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 group 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 trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 charity's or the group'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 trustee with respect to going concern are described in the relevant sections of this report.

Independent auditor's report (continued)

Other information

The trustee is responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustee's report; or
- sufficient and proper accounting records have not been kept by the parent charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the trustee

As explained more fully in the trustee's responsibilities statement, the trustee is 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 trustee 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 trustee is responsible for assessing the group and the parent charity'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 trustee either intends to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report (continued)

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section of the Charities Act 2011 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity and the group for fraud. The laws and regulations we considered in this context for the UK operations were taxation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustee and other management and inspection of regulatory and legal correspondence, if any.

Independent auditor's report (continued)

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charity's trustee, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustee 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 charity and the charity's trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor

London

19 October 2021

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Financial statements

Consolidated statement of financial activities

for the year to 31 December 2020

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
Income from:						
Donations	2	–	–	5	5	–
Charitable activities:	2					
C-19 Trading Income Support		–	10,000	–	10,000	–
Cities and Counties		–	257	–	257	–
Pubs		–	–	–	–	650
Investments	2	373	–	–	373	948
Total income		**373**	**10,257**	**5**	**10,635**	**1,598**
Expenditure on:						
Raising funds		18	–	–	18	68
Charitable activities:						
Grants awarded	6	20,245	9,258	5	29,508	21,384
Grantee support		6,320	278	–	6,598	3,565
Market development		564	650	–	1,214	1,498
Research		2,419	–	–	2,419	2,155
Share of joint venture loss	9	158	–	–	158	282
Total expenditure	3	**29,724**	**10,186**	**5**	**39,915**	**28,952**
Net operating expenditure		**(29,351)**	**71**	**–**	**(29,280)**	**(27,354)**
Net gains on investments		–	–	–	–	873
Net expenditure		**(29,351)**	**71**	**–**	**(29,280)**	**(26,481)**
Reconciliation of funds						
Total funds brought forward		64,652	650	–	65,302	91,783
Total funds carried forward	13	**35,301**	**721**	**–**	**36,022**	**65,302**

All amounts related to continuing activity and are restricted funds, and all charitable activities are in relation to Power to Change programmes.

All gains and losses are included in the statement of financial activities.

The accompanying notes on pages 45 to 67 form part of these financial statements.

Consolidated and charity balance sheets

as at 31 December 2020

Charity No 1159982

	Notes	2020 Group £'000	2020 Charity £'000	2019 Group £'000	2019 Charity £'000
Fixed assets					
Intangible assets	7	–	–	–	–
Tangible assets	8	44	44	53	53
Investments	9	24,870	25,608	52,413	52,993
		24,914	**25,652**	**52,466**	**53,046**
Current assets					
Cash at bank and in hand		11,249	11,249	6,595	6,595
Current asset investments		12,423	12,423	20,418	20,418
Debtors	10	3,100	3,100	2,668	2,668
		26,772	**26,772**	**29,681**	**29,681**
Current liabilities					
Creditors: amount falling due within one year	11	(14,836)	(14,836)	(15,103)	(15,103)
Net current liabilities		**11,936**	**11,936**	**14,578**	**14,578**
Total assets less current liabilities		**36,850**	**37,588**	**67,044**	**67,624**
Creditors: amount falling due after one year	11	(828)	(828)	(1,742)	(1,742)
Net assets		**36,022**	**36,760**	**65,302**	**65,882**
The funds of the charity					
Endowment funds	13	35,301	36,039	64,652	65,232
Restricted funds	13	721	721	650	650
Total funds		**36,022**	**36,760**	**65,302**	**65,882**

Approved by the Corporate Trustee. Authorised for issue on 18 October 2021 and signed on behalf of the Trustee Directors:



Stephen Howard
Chair

The accompanying notes on pages 45 to 67 form part of these financial statements.

Consolidated cash flow statement

for the year to 31 December 2020

	2020 £'000	2019 £'000
Cash outflow from operating activities		
Net expenditure	(29,280)	(26,481)
Share of joint venture loss	158	282
Net expenditure before share of joint venture loss	(29,122)	(26,199)
Gains on investment	–	(923)
Investment fees paid from capital	27	84
Depreciation of tangible and intangible fixed assets	34	39
Decrease in current asset investments	7,995	4,582
Increase in debtors	(432)	(1,098)
(Decrease)/Increase in creditors	(1,181)	2,936
Net cash flow from operating activities	**(22,679)**	**(20,579)**
Cash inflow from investing activities		
Receipts from sale of fixed asset investments	27,616	26,471
Investment income reinvested	(258)	(422)
Payments to acquire tangible and intangible fixed assets	(25)	(45)
Payments to acquire social investment	–	–
Net cash flow from investing activities	**27,333**	**26,004**
Increase in cash in the period	**4,654**	**5,425**

	2020 £'000	2019 £'000
Analysis of changes in net funds		
Cash balance at the beginning of the period	6,595	1,170
Increase in cash in the period	4,654	5,425
Cash balance at 31 December	**11,249**	**6,595**
Cash and cash equivalents/Investment		
Cash in hand	11,249	595
Notice deposits	–	6,000
Total cash and cash equivalents/Investment	**11,249**	**6,595**

Notes to the accounts

for the year to 31 December 2020

1. Accounting policies

Introduction

The Trustee Directors are pleased to present the consolidated financial statements for the Group and for Power to Change Trust ("the Charity"). The consolidated Group financial statements include the results of all material subsidiaries on a line-by-line basis and all material joint ventures on an equity accounting basis, after the elimination of relevant intercompany balances and transactions. Note 9 lists all group companies and joint ventures.

The financial statements have been prepared to give a true and fair view and follow 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 (FRS 102) effective 1 January 2015.

In the application of the Charity's accounting policies and the applicable charity laws and regulations in England and Wales, the Trustee Directors are required to make judgements, estimates and assumptions about the carrying values of the assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

In the view of the Trustee Directors, no assumptions concerning the future or estimation of uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Power to Change Trust meets the definition of a public benefit entity under FRS 102.

Consolidated financial statements are prepared under historical cost convention in pounds sterling, which is the functional currency of the Charity.

Going concern

The board has considered budgets and forecasts for the period to 2025 alongside the available reserves (described on page 23) and are satisfied the funds available within the Trust's endowment and future fundraising activities are sufficient to cover existing commitments and planned spending over this period.

As such there are no material uncertainties surrounding the Trust's ability to continue as a going concern and the financial statements have been prepared on that basis.

Notes to the accounts for the year to 31 December 2020 (continued)

1. Accounting policies (continued)

Income and endowments

Income resources are recognised in the period where the Charity becomes entitled to the funds, receipt is probable, and the amount can be measured reliably. Income is deferred only when the Charity must fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Grant income is recognised in the statement of financial activities when received or when the Charity becomes entitled to receipt. Grants that have been received are treated as deferred income where there are specific requirements in the terms of the grant that the income recognition is dependent on certain activities being completed in a future accounting period.

Fund accounting

Endowment funds represent capital gifted in 2015 by The National Lottery Community Fund (formerly the Big Lottery Fund). Any unspent income arising from the Capital Fund is added to The National Lottery Community Income Fund and the Trustee Directors may transfer amounts from the Capital Fund to the Income Fund to cover any shortfalls in that fund.

Restricted funds are funds that have been given for particular purposes and projects. Restricted funds must be used in accordance with the funders' or donors' wishes.

Unrestricted funds are available to spend on activities that further any of the purposes of the organisation.

Expenditure

Expenditure is included on an accruals basis for the charitable activities, cost of raising funds and governance. Resources expended are allocated to a particular activity where the cost relates directly to that activity.

Grants payable are accounted for in full as liabilities when approved and notified to grantees because there is a valid expectation that they would receive the grant as offered and accepted.

The cost of those staff whose responsibility was the direct management and administration of an activity are apportioned based on time spent in undertaking that activity.

Allocation of support costs

Support costs are those costs which enable the generation of funds and which enable charitable activities to be carried out. These costs include governance costs, finance, human resources and information technology. Support costs are allocated to each of the activities in the same proportions as the direct staff allocations above.

Notes to the accounts for the year to 31 December 2020 (continued)

1. Accounting policies (continued)

Raising funds

The costs of raising funds are the investment management fees charged by Cazenove Capital Management for managing the investment portfolios. Fees were charged quarterly and based on the daily average value of the portfolio over the quarter. Investment fees include VAT which cannot be recovered.

Governance costs

Governance costs are the costs associated with the governance arrangements of the Charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the Charity's activities. Governance costs include an element of staff time based on the proportional allocation described under the expenditure policy above.

Pension

The Charity operates a group personal pension scheme. The pension cost charge represents contributions payable under the scheme by the Charity to the fund and are recognised in the Statement of Financial Activities in the period to which they relate. The Charity has no liability under the scheme other than the payment of the contributions.

Intangible fixed assets

Website development costs and customer relationship management software have been capitalised within intangible assets as they can be identified with a specific project anticipated to produce further benefits. At 31 December 2020 all intangible assets were fully amortised. Amortisation was provided to write off assets on a straight-line basis over their estimated useful economic life of three years.

Amortisation charges begin in the month of purchase and are included in charitable activities expenditure.

Tangible fixed assets

All assets costing more than £1,000 are capitalised and are carried at cost. The only tangible asset recognised in the balance sheet during the period under review is IT equipment. Depreciation is provided to write off assets on a straight-line basis over their estimated useful economic life of three years. The depreciation charge begins in the month of purchase and is included in charitable activities expenditure.

Notes to the accounts for the year to 31 December 2020 (continued)

1. Accounting policies (continued)

Fixed and current asset investments

Fixed asset investments at the year end are cash deposits held in interest-bearing accounts.

Cash deposits are only considered fixed asset investments where the Trustee Directors are of the opinion that the deposits will not be expended within 12 months of the balance sheet date. Deposits that they consider are likely to be expended within 12 months are treated as current asset investments.

Fixed asset investments are reported at their fair values, being their market value, at the balance sheet date. For cash assets, market value is equivalent to amortised costs and therefore cash assets have been recognised on that basis. Gains and losses arising on the disposal of investments and the revaluation to market value are credited and charged to the statement of financial activities in that year.

Financial instruments

The Charity has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective-interest method. Financial assets held at amortised cost comprise cash at bank and in hand, current asset investments, cash held as fixed asset investments, and trade and other debtors. Financial liabilities held at amortised cost comprise of trade and other creditors.

Instruments other than cash, held as part of a portfolio, are stated at fair value at the balance sheet date with gains and losses being recognised within income and expenditure.

Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

Joint venture investment

Joint ventures are those entities over whose activities the Group has joint control. Investments in joint ventures are accounted for by the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss after the date of acquisition. If the Group's share of the profit or loss exceeds the carrying amount of its investment, the Group discontinues recognising its share of further losses. Additional losses are recognised as a provision only to the extent that the Group has a legal or constructive obligation to make payments on behalf of the joint venture. The Group only resumes recognising its share of profits after they equal the share of losses not recognised. Loans to joint ventures are included in fixed asset investments.

Notes to the accounts for the year to 31 December 2020 (continued)

2. Income

	Total 2020 £'000	Total 2019 £'000
Donations		
Sharegift	**5**	**–**
Income from charitable activities		
The National Lottery Community Fund	**10,000**	**–**
Liverpool City Region Combined Authority	**257**	**–**
Ministry of Housing, Communities and Local Government	**–**	**650**
Total income from charitable activities	**10,257**	**650**
Investment income		
Income from investment cash	336	654
Bank interest on current accounts	37	69
Fixed interest from bonds	–	53
Dividends from equities	–	40
Income from multi-asset funds	–	97
Other income	–	35
Total investment income	**373**	**948**
Total income	**10,635**	**1,598**

Notes to the accounts for the year to 31 December 2020 (continued)

3. Expenditure allocation

	Grants awarded £'000	Grantee support £'000	Market develop-ment £'000	Research £'000	Raising funds £'000	2020 Total £'000	2019 Total £'000
Direct costs							
Direct grants awarded	**25,739**	**–**	**–**	**–**	**–**	**25,739**	**16,554**
Capacity building	**1,646**	**2,019**	**–**	**–**	**–**	**3,665**	**3,160**
Programme delivery	**–**	**3,492**	**–**	**–**	**–**	**3,492**	**2,544**
Programme and sector development	**145**	**–**	**–**	**–**	**–**	**145**	**165**
Research and policy	**258**	**–**	**–**	**1,638**	**–**	**1,896**	**1,946**
Communications programmes	**30**	**–**	**457**	**–**	**–**	**487**	**684**
Investment management fees	**–**	**–**	**–**	**–**	**18**	**18**	**68**
Direct staff costs (inc. contractors)	**1,112**	**693**	**498**	**514**	**–**	**2,817**	**2,204**
Legal costs	**12**	**7**	**5**	**6**	**–**	**30**	**17**
Depreciation	**–**	**34**	**–**	**–**	**–**	**34**	**30**
Total direct costs	**28,942**	**6,245**	**960**	**2,158**	**18**	**38,323**	**27,372**
Support costs							
Governance costs	**147**	**92**	**66**	**67**	**–**	**372**	**292**
Support staff costs (inc. contractors)	**203**	**126**	**91**	**94**	**–**	**514**	**442**
IT and consultancy	**55**	**35**	**25**	**26**	**–**	**141**	**108**
Rent and office costs	**161**	**100**	**72**	**74**	**–**	**407**	**447**
Depreciation	**–**	**–**	**–**	**–**	**–**	**–**	**9**
Total support costs	**566**	**353**	**254**	**261**	**–**	**1,434**	**1,298**
Total expenditure (Charity)	**29,508**	**6,598**	**1,214**	**2,419**	**18**	**39,757**	**28,670**
Share of joint venture losses						**158**	**282**
Total expenditure (Group)						**39,915**	**28,952**

Notes to the accounts for the year to 31 December 2020 (continued)

4. Net expenditure for the year

This is stated after charging:

	2020 £'000	2019 £'000
Operating lease rentals	181	170
External audit fees	24	23
External audit fees – non-assurance fees	2	7
Internal audit fees	29	33
Depreciation	34	39
Total	**270**	**272**

5a. Staff costs and numbers

	2020 £'000	2019 £'000
Wages and salaries	2,570	2,035
Social security costs	262	215
Employer pension contributions	130	101
Other employee benefits	35	31
	2,997	**2,382**
Training	80	80
Contractor costs	454	319
Recruitment costs	83	88
Total staff costs	**3,614**	**2,869**

The operating cost of the pension scheme during the period was £1,200 (2019: £1,200).
Included in the wages and salaries costs are termination payments of £87,232 (2019: £16,539).

Notes to the accounts for the year to 31 December 2020 (continued)

5a. Staff costs and numbers (continued)

The average number of employees (excluding contractors) during the year was as follows:

	2020	Restated 2019
Charitable expenditure	43	38
Support and governance	7	5
	50	**43**

The 2019 restatement is due to that year's calculation being originally performed on a full-time equivalent basis rather than headcount. 2020 represents headcount.

The number of employees who received remuneration of more than £60,000 in the year was as follows:

	2020	2019
£60,000–£69,999	2	6
£70,000–£79,999	5	–
£80,000–£89,999	–	2
£90,000–£99,999	1	1
£100,000–£109,999	–	1
£110,000–£119,999	1	–
£120,000–£129,999	1	–
£150,000–£159,999	1	–

Total key management personnel costs for the year (staff and contractors) were £640k (2019: £584k). Details of key management personnel are set out on page 27.

5b. Trustees Directors and Protector

Trustee Directors received no remuneration during the year (2019: £nil). In total six Trustee Directors received reimbursement for travel and subsistence expenses of £890 during the year (2019: 10 Trustee Directors – £5,491).

The Protector received remuneration of £33k (2019: £nil) representing their fee from November 2018 to December 2020 as stipulated by the Trust Deed. The Protector also received reimbursement of travel and subsistence expenses of £168 (2019: £585).

Notes to the accounts for the year to 31 December 2020 (continued)

6. Grants awarded

	2020 £'000	2019 £'000
C-19 Community-Led Organisations Recovery Scheme	9,288	–
Community Business Fund	4,811	7,467
C-19 Trading Income Support Scheme	4,628	–
More than a Pub	1,514	105
Community Business Bright Ideas	875	698
Homes in Community Hands	814	961
C-19 Renewal	805	–
Next Generation Community Energy	790	437
Community Business Trade Up	664	710
Community Shares Booster	642	621
Blended Finance	307	1,036
Resilient Neighbourhoods Fund	300	–
Health and Social Care	120	278
CORE Energy Programme	100	100
Cities and Counties	70	216
Infrastructure	30	95
M&S Partnership	10	132
Community Business Panel (seed grants)	2	14
Grant to SASC Housing Fund (see below)	–	1,000
Sandbox	–	55
Contingency Fund	–	35
Empowering Places	(31)	2,594
	25,739	**16,554**

Notes to the accounts for the year to 31 December 2020 (continued)

6. Grants awarded (continued)

	2020 £'000	2019 £'000
Other grants		
Grants to delivery partners for delivery costs and capacity building	1,791	3,207
Research and policy	258	364
Communications programmes	30	2
External grants awarded	**27,818**	**20,127**
Direct staff costs	1,112	809
Other costs	12	6
External grants and direct costs	**28,942**	**20,942**
Support costs	566	442
Total grants awarded expenditure	**29,508**	**21,384**

External grants awarded in 2020 are net of £1,032k of grants withdrawn (2019: £797k).

The value of grants withdrawn represent those grants that have been withdrawn completely or have been subject to a variation.

Major grant programmes are explained on pages 5 to 12.

Typically, the Charity makes grant awards of up to £350k. Only one award was made in 2020 above this value (2019: 1). In 2020 we made a £352k award to Participate for their Made in Manningham project under the Empowering Places programme. The fund will address a major social issue by increasing the stock of quality homes that will be available to communities for the long term.

Notes to the accounts for the year to 31 December 2020 (continued)

6. Grants awarded (continued)

	2020 £'000	2019 £'000
Grants payable		
Balance brought forward	16,104	13,142
External grants awarded	27,818	20,127
Amounts defrayed	(29,696)	(17,165)
Balance carried forward	**14,226**	**16,104**
Balance carried forward (note 11)	13,398	14,362
due within one year	828	1,742
due after one year	**14,226**	**16,104**

7. Intangible fixed assets (Group and Charity)

	Software £'000	Website £'000	Twine Application £'000	2020 Total £'000	2019 Total £'000
Cost					
Brought forward	87	83	281	451	451
Additions	–	–	–	–	–
Disposals	–	–	–	–	–
Carried forward	**87**	**83**	**281**	**451**	**451**
Amortisation					
Brought forward	87	83	281	451	442
Charges for the year	–	–	–	–	9
Disposals	–	–	–	–	–
Impairment	–	–	–	–	–
Carried forward	**87**	**83**	**281**	**451**	**451**
Net book value					
Brought forward	–	–	–	–	9
Carried forward	**–**	**–**	**–**	**–**	**–**

Notes to the accounts for the year to 31 December 2020 (continued)

8. Tangible fixed assets (Group and Charity)

	2020 £'000	2019 £'000
Cost		
Brought forward	143	98
Additions	25	45
Disposals	–	–
Carried forward	**168**	**143**
Depreciation		
Brought forward	90	60
Charges for the year	34	30
Disposals	–	–
Carried forward	**124**	**90**
Net book value		
Brought forward	53	38
Carried forward	**44**	**53**

The tangible fixed assets represent IT equipment.

Notes to the accounts for the year to 31 December 2020 (continued)

9. Fixed asset investments

	2020		2019	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Investment asset allocation				
Cazenove Capital Management				
Cash and deposits	2,132	2,132	15,460	15,460
	2,132	**2,132**	**15,460**	**15,460**
Equity investment				
Community Owned Renewable Energy LLP	–	8,476	–	8,476
Share of joint venture net assets	7,738	–	7,896	–
Bank: Term deposits	15,000	15,000	29,057	29,057
Total investments	**24,870**	**25,608**	**52,413**	**52,993**

The social investment in 2020 of £8,476k (2019: £8,476k) relates to Community Owned Renewable Energy LLP (CORE LLP) which is a joint venture with Big Society Capital. At 31 December 2020, Power to Change had a commitment to invest up to a further £1,524k (2019: £1,524k) into CORE LLP although the Trustee Directors do not anticipate that any further investment will be made.

Notes to the accounts for the year to 31 December 2020 (continued)

9. Fixed asset investments (continued)

Movement in year

	2020		2019	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Commercial investments				
Capital invested/(withdrawn) in the year:				
Cazenove Capital Management	(13,559)	(13,559)	(35,376)	(35,376)
Bank term deposits	(14,057)	(14,057)	8,905	8,905
	(27,616)	(27,616)	(26,471)	(26,471)
Income reinvested	258	258	422	422
Management fees paid from capital	(27)	(27)	(84)	(84)
Gains on investment values	–	–	923	923
	(27,385)	**(27,385)**	**(25,210)**	**(25,210)**
Social investments				
Movement in share of joint venture net assets	(158)	–	(282)	–
	(158)	**–**	**(282)**	**–**
Decrease in investments	**(27,543)**	**(27,385)**	**(25,492)**	**(25,210)**
Brought forward investments	52,413	52,993	77,905	78,203
Total investments at the end of the year	**24,870**	**25,608**	**52,413**	**52,993**

Notes to the accounts for the year to 31 December 2020 (continued)

9. Fixed asset investments (continued)

Social investments

The Group has invested in the following entities as part of its commitment to community-owned energy businesses:

Investment	Shares held
PTC Renewable Energy Ltd (10847365, England and Wales)	100%
Community Owned Renewable Energy LLP (OC418078) Investment held by PTC Renewable Energy Ltd Joint venture with Big Society Capital	50%
CORE Aries Ltd (11081463, England and Wales) 100% subsidiary of CORE LLP	50%
CORE Newton Downs Ltd (08559996, England and Wales) 99.99% subsidiary of CORE Aries Ltd	50%
CORE Libra Ltd (11653375, England and Wales) 100% subsidiary of CORE LLP	50%
CORE Scorpio Ltd (11653373, England and Wales) 100% subsidiary of CORE LLP	50%
Sheriffhales Solar CIC (09643746, England and Wales) 50.1% subsidiary of CORE Scorpio Ltd	25%
CORE Aquarius Ltd (11653365, England and Wales) 100% subsidiary of CORE LLP	50%
Orchard Farm Community Solar 2 CIC (09606654, England and Wales) 100% subsidiary of CORE Aquarius Ltd	50%
CORE Gemini Ltd (11653374, England and Wales) 100% subsidiary of CORE LLP	50%
Homestead Community Solar CIC (09615191, England and Wales) 50.1% subsidiary of CORE Gemini Ltd	25%
CORE Capricorn Limited (11739169, England and Wales) 100% subsidiary of CORE LLP	50%
NewCo 7GS9 Limited (11344525, England and Wales) 100% subsidiary of CORE Capricorn Ltd	50%
Creacombe Solar CIC (11366479, England and Wales) 100% subsidiary of NewCo 7GS9 Ltd	50%
Marlands Solar Limited (11575628, England and Wales) 100% subsidiary of NewCo 7GS9 Ltd	50%
Creacombe Grid Limited (11595042, England and Wales) 100% jointly owned by Creacombe Solar CIC and Marlands Solar Ltd	50%

Notes to the accounts for the year to 31 December 2020 (continued)

9. Fixed asset investments (continued)

Investment	Shares held
CORE Leo Limited (11739005, England and Wales) 100% subsidiary of CORE LLP	50%
CORE Taurus Limited (11739220, England and Wales) 100% subsidiary of CORE LLP	50%
Twemlows HoldCo Limited (10490066, England and Wales) 100% subsidiary of CORE Taurus Ltd	50%
Community Energy Twemlows C.I.C. (09644669, England and Wales) 100% subsidiary of Twemlows HoldCo Ltd	50%
Community Energy Twemlows 2 C.I.C (09644332, England and Wales) 100% subsidiary of Twemlows HoldCo Ltd	50%

The registered office for PTC Renewable Energy Ltd is The Clarence Centre, 6 St George's Circus, London SE1 6FE. The registered office for all the other subsidiaries is W106 Vox Studios, 1–45 Durham Street, London, SE11 5JH.

PTC Renewable Energy Ltd did not trade during 2020 or 2019. At 31 December 2020 it had net assets of £8,476k (2019: £8,476k) representing its investment in CORE LLP.

The Group's share of the income, expenditure, assets and liabilities of Community Owned Renewable Energy LLP and its wholly owned subsidiaries (the CORE Group) are:

	2020		2019	
	CORE LLP Group £'000	PTC Group 50% Share £'000	CORE LLP Group £'000	PTC Group 50% Share £'000
Income for the year	3,424	1,712	3,327	1,664
Net loss for the year	316	158	564	282
Net assets	15,476	7,738	15,792	7,896

Notes to the accounts for the year to 31 December 2020 (continued)

10. Debtors (Group and Charity)

	2020 £'000	2019 £'000
Prepayments	251	298
Advances to intermediaries	2,682	1,457
Other debtors	167	913
	3,100	**2,668**

The advances to intermediaries represent funds advanced to Power to Change's delivery partners for onward advance to grantees but which had not been defrayed at the end of the financial year.

11. Creditors (Group and Charity)

	2020 £'000	2019 £'000
Due within one year		
Trade creditors	488	237
Grants payable	13,398	14,362
Accruals	803	388
Other creditors	147	116
	14,836	**15,103**
Due after one year		
Grants payable	828	1,742
	828	**1,742**

Notes to the accounts for the year to 31 December 2020 (continued)

12. Related party transactions

As explained in note 9, the Group has made a social investment in Community Owned Renewable Energy LLP (CORE LLP) which, in turn, has invested in several community energy businesses. In 2020 the Trust made a grant of £183k to Yealm Community Benefit Society (2019: £100k) which it used to pay for development and planning costs of Creacombe Solar CIC Marlands Solar CIC and CORE Newton Downs Ltd. It also awarded £68k (2019: £nil) to Wight Community Energy which it used for Homestead Community Solar CIC. Lastly, £24k (2019: £nil) was awarded to Shropshire and Telford Community Energy which it used for Community Energy Twemlows CIC and Community Energy Twemlows CIC 2.

The Power to Change conflict of interest policy requires Trustee Directors to remove themselves from discussions and excludes them from voting on matters where they have a direct conflict of interest. In addition, because the grant involved a Trustee Director, the grant required the consent of the Protector. This consent was given.

Jessica Prendergrast, a Trustee Director until 31 December 2020, is also a director at the Onion Collective CIC. During the year Power to Change paid Onion Collective £32k (2019: £71k) for peer brokerage support services and managing networking events. Additionally, the Onion Collective was the recipient of a C-19 trading support grant for £27k (2019: £nil) and a community narratives award worth £30k (2019: £nil). Both awards were made at arm's length.

Vidhya Alakeson, the CEO of Power to Change Trust and company secretary of Power to Change Trustee Limited is a trustee at The Young Foundation. During the year £40k was granted to The Young Foundation for a Community Business Recollective project, research design, data collection and analysis. Vidhya Alakeson played no part in the award.

Vidhya is also the interim Chair and director at Kindred CIC, a collaborative network of socially-trading organisations based in Liverpool. Kindred's development is joint funded by both Power to Change Trust and Liverpool City Region Combined Authority. In the year, expenses of £500 were paid to Kindred, and £3,900 to Liverpool City Region Combined Authority. In return for providing support to establish Kindred, PTC received grant income of £257,709 from Liverpool City Region Combined Authority.

Notes to the accounts for the year to 31 December 2020 (continued)

13. Group funds

	2020			2019		
	Endowment funds £'000	Other restricted funds £'000	Total £'000	Endowment funds £'000	Other restricted funds £'000	Total £'000
Allocation of assets by fund						
Intangible assets	–	–	–	–	–	–
Tangible assets	44	–	44	53	–	53
Investments	17,132	–	17,132	44,517	–	44,517
Share of joint venture net assets	7,738	–	7,738	7,896	–	7,896
Current assets	26,051	721	26,772	29,031	650	29,681
Current liabilities	(14,836)	–	(14,836)	(15,103)	–	(15,103)
Liabilities falling due after one year	(828)	–	(828)	(1,742)	–	(1,742)
	35,301	**721**	**36,022**	**64,652**	**650**	**65,302**

Endowment funds

The National Lottery Community Fund (TNLCF, formerly the Big Lottery Fund) endowment of £150m is considered in two parts:

- The Income Fund is the earned interest on the investment of the endowment and only available to be used in accordance with the funding terms as set out by TNLCF
- The Capital Fund represents the original endowment.

Other restricted funds

Within this, there are three restricted funds:

- A £10m restricted grant from TNLCF specially for trading support following the Covid-19 pandemic
- Restricted funding from Liverpool City Region in respect of PTC's work on Kindred, a collaborative network of socially-trading organisations
- Funding for the More than a Pub programme from the Ministry of Housing, Community and Local Government.

Notes to the accounts for the year to 31 December 2020 (continued)

13. Group funds (continued)

Movement in 2020

	Balance b/f £'000	Income £'000	Expenditure £'000	Investment gains £'000	Transfers £'000	Balance c/f £'000
Expendable endowment						
The National Lottery Community Fund						
"Capital Fund"	64,652	–	(18)	–	(29,333)	35,301
"Income Fund"	–	373	(29,706)	–	29,333	–
Total endowment funds	**64,652**	**373**	**(29,724)**	**–**	**–**	**35,301**
Restricted funds						
TNLCF – C-19 Trade Income Support		10,000	(9,258)	–	–	742
Liverpool City Region Combined Authority – Kindred		257	(278)			(21)
MHCLG – More than a Pub	650	–	(650)	–	–	–
Total restricted funds	**650**	**10,257**	**(10,186)**	**–**	**–**	**721**
Unrestricted funds		5	(5)	–	–	–
Total funds	**65,302**	**10,635**	**(39,915)**	**–**	**–**	**36,022**

During the year money from the Capital Fund was transferred to the Income Fund to meet the Charity's ongoing expenditure requirements.

The balance on the Kindred reserve was received as income in 2021.

Notes to the accounts for the year to 31 December 2020 (continued)

13. Group funds (continued)

Movement in 2019

	Balance b/f £'000	Income £'000	Expenditure £'000	Investment losses £'000	Transfers £'000	Balance c/f £'000
Expendable endowment						
The National Lottery Community Fund						
"Capital Fund"	91,689	–	(68)	873	(27,842)	64,652
"Income Fund"	–	948	(28,790)	–	27,842	0
Total endowment funds	**91,689**	**948**	**(28,858)**	**873**	**–**	**64,652**
MHCLG grants						
2016 – More than a Pub	74	–	(74)	–	–	–
2018 – Infrastructure and research	20	–	(20)	–	–	–
2019 – More than a Pub	–	650	–	–	–	650
Total restricted funds	**94**	**650**	**(94)**	**–**	**–**	**650**
Total funds	**91,783**	**1,598**	**(28,952)**	**873**	**–**	**65,302**

Notes to the accounts for the year to 31 December 2020 (continued)

14. Operating leases

At the end of the period the group had future minimum commitments under operating leases as follows:

	Property 2020 £'000	Property 2019 £'000
Payment due:		
Within one year	145	145
Within two to five years	130	384
Over five years	–	–
	275	**529**

15. Status of the Charity

Power to Change Trustee Ltd (Company No. 8940987) is the corporate trustee of Power to Change Trust. The Charity came into existence on 21 January 2015 upon receipt of the endowment of £149,204,000 from The National Lottery Community Fund.

16. Reconciliation of cash equivalents and net debt

	2019 £'000	Cashflows £'000	2020 £'000
Cash in hand	595	10,654	11,249
Notice deposits	6,000	(6,000)	–
Cash equivalents and net debt	6,595	4,654	11,249

Notes to the accounts for the year to 31 December 2020 (continued)

17. Prior year statement of financial activities

	Endowment funds £'000	Restricted funds £'000	2019 Total funds £'000	2018 Total funds £'000
Income and endowments				
Funding	–	650	650	110
Investment income	948	–	948	1,089
Total income	**948**	**650**	**1,598**	**1,199**
Expenditure on:				
Raising funds	68	–	68	120
Charitable activities:				
Grants awarded	21,384	–	21,384	15,754
Grantee support	3,565	–	3,565	2,567
Market development	1,498	–	1,498	1,173
Research	2,061	94	2,155	2,389
Share of joint venture loss	282	–	282	187
Total expenditure	**28,858**	**94**	**28,952**	**22,190**
Net operating expenditure	**(27,910)**	**556**	**(27,354)**	**(20,991)**
Net gains/(losses) on investments	873	–	873	(891)
Net expenditure	**(27,037)**	**556**	**(26,481)**	**(21,882)**
Reconciliation of funds				
Total funds brought forward	91,689	94	91,783	113,665
Total funds carried forward	**64,652**	**650**	**65,302**	**91,783**

Reference details and details of advisors

Registered office

The Clarence Centre
6 St George's Circus
London SE1 6FE

Charity Commission number

1159982

Trustee

Power to Change Trustee Limited
Company number 8940987 –
England and Wales

(The Directors of the Trustee company are listed on page 25.)

Protector

Susan Johnson OBE

Auditor

Crowe U.K. LLP
55 Ludgate Hill
London EC4M 7JW

Bankers

Lloyds Banking Group
25 Gresham Street
London EC2V 7HN

Investment fund managers

Cazenove
1 London Wall Place
London EC2Y 5AU

Solicitor

Wrigleys Solicitors LLP
19 Cookridge Street
Leeds LS2 3AG

power to change | business in community hands

COMMUNITY FUND

Power to Change
The Clarence Centre
6 St George's Circus
London SE1 6FE

020 3857 7270

info@powertochange.org.uk

powertochange.org.uk

@peoplesbiz

Registered charity no. 1159982

Design: red-stone.com