



power to
change

business in
community
hands



Annual report 2020

Six years of supporting
community business



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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.

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



We made our emergency funding available to the entire sector, not just to those organisations that we already funded.

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 inequality, 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 England¹ 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 Highton 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.



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.

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.



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.



We want to reinforce the role that community businesses have as engines of local economic development, building on our current place-based work.



Image courtesy of Trinity Community Arts

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.

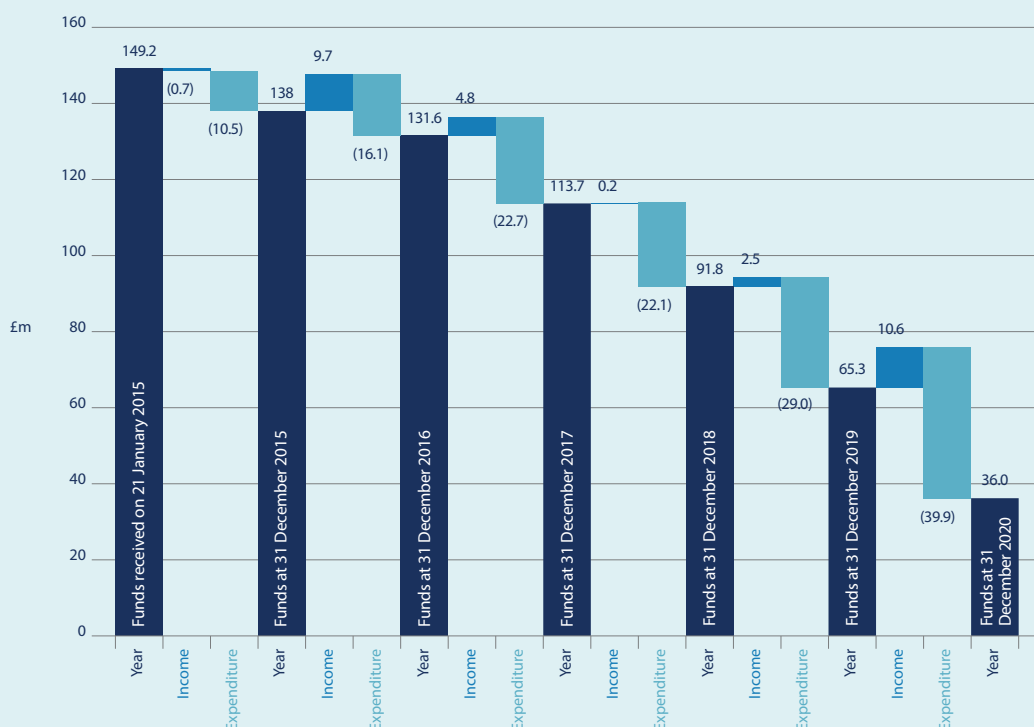


We are proud that we continue to be an employer with a high level of pay equality.

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
<p>The new strategy, cross cutting themes and business plan fail to meet their objectives and targets and thus the needs of the sector.</p>	<p>The Leadership Team regularly reviews progress against the business plan. KPIs are in development to track the impact of the new strategy.</p> <p>Oversight and appropriate challenge from each of the sub-committees, as well as the Board.</p> <p>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.</p> <p>Cross cutting themes of diversity, equity and inclusion, climate and digital are considered and tracked as individual component parts of programmes.</p>
<p>Due to delays and complexity of refinancing CORE assets future revenues do not generate the expected community benefit fund and communities become less engaged.</p>	<p>Refinance process due Q4 2021 which will provide more certainty on future funding and expected community benefit fund.</p> <p>The project timetable is being restructured with emphasis on engagement with communities.</p> <p>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.</p>

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		2019	
		Group £'000	Charity £'000	Group £'000	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

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power to
change

business in
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hands



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