



power to
change

business in
community
hands



COMMUNITY
FUND

ANNUAL REPORT

For the year ended 31 December 2021

Supporting communities to use
shared power and business to
transform where they live





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MESSAGE FROM THE CHAIR AND CHIEF EXECUTIVE

2021 was a year of reset and refresh for Power to Change

During 2021, the Covid-19 pandemic continued to disrupt lives and businesses, providing ongoing challenges for the community business sector as well as for our own organisation. There was, however, a shift compared to the difficult weeks and months of 2020. At Power to Change, we moved from emergency response to adaptation. We began to look forward. At the same time, the community business sector continued to show resilience, with an increased demand for their services and widespread adaptation of services to meet their communities' needs.

A new strategy for the post-Covid recovery

We developed and launched a new five-year strategy that reflected what we'd learned about the most pressing needs of the sector in the context of economic and social recovery. We reaffirmed our partnership with The National Lottery Community Fund and are delighted that they are supporting our new strategy with an additional £20 million. We also agreed significant new partnerships with Virgin Money Foundation and Open Society Foundations. We are clear about our role in the years ahead, as a catalyst and enabler that supports community businesses, working to place them at the heart of a fairer economy.

Our vision is a future where more communities in England are running community businesses that give them power to change what matters to them, creating places that are better to live and work in for everyone. Our role is to strengthen this vital sector, through direct support and through making the case for others to support and invest in community business.

Building on the legacy of our first five years

The development of our new programmes and other areas of activity has drawn on our experience from the first five years of Power to Change. We have worked closely with our delivery partners to close programmes responsibly, with evaluations to capture learning that has directly fed into the design of newer offerings.

We successfully transitioned our Research Institute, establishing an exciting new partnership with the Institute for Community Studies. We will collaborate over the coming years, maximising the value of our existing evidence base and continuing to commission new research and evaluation.

During 2021 we welcomed three new Trustees to our Board: Sarah Gorman, Melissa Mean and Jess Steele. Each brings deep knowledge of the sector we support from many years working in and running community businesses. We also thanked and said goodbye to Trustees Stan Chan, David Godden and Carla Stent, who have made enormous contributions to the success of Power to Change over the period of their appointment. We also wish to express our gratitude and best wishes to departing Chief Executive Vidhya Alakeson OBE, who was the founding CEO at Power to Change and instrumental in building the team and creating the organisation that it is today, creating a strong legacy for new CEO Tim Davies-Pugh and the staff team to build on.

An evolution in how we work

We are exploring a number of new areas of work, and have taken an iterative approach, using discovery research and co-designing with community businesses to help us identify how we can make the greatest impact.

We have invested in ourselves, and work is still ongoing to integrate the priorities that we have for community businesses into our own practice. It is important to us that dignity, justice and belonging are a feature of our own organisation, that we take positive steps to address our climate impact, and that we actively embrace digital transformation in how we work. These are all areas of focus for 2021 and beyond.

Support to thrive

Key for us in 2021 was helping the community business sector to get back onto a secure footing. Like many businesses affected by the Covid-19 pandemic, community businesses need support to adapt business models and respond to often greater demand.

During the year we spent £376,000 on our new Powering Up capacity strengthening programme for community businesses. It was developed through a process of service design, involving community businesses and other infrastructure partners, and the resulting programme gives community businesses control over the support they receive. 61 community businesses were supported in 2021, and this programme will remain a core plank of our support offer in 2022.

We agreed to invest close to £0.5m in the Community Shares Unit, a consortium led by Cooperatives UK, in partnership with Locality and Plunkett Foundation, to transform the community share market, draw in additional investment, and inspire a new generation of diverse and equitable community businesses to explore community shares.

Working in partnership

Our new strategy has put greater emphasis on partnerships, because we know that to achieve the scale of impact for community businesses that we aspire to, we will need to work with others, who can bring their influence, financial and other resources to the table. We are especially proud of our partnership with the Liverpool City Region Combined Authority. We co-funded and launched Kindred, an investment vehicle for the social economy in the region that is owned by local socially-trading organisations, and that aims to create a fairer economy on the city region. Our role as incubator of Kindred ended during 2021, as the organisation became fully independent with a new leadership team in place, distributing £1 million in grants during 2021.

As to how community businesses are faring, whilst not downplaying the significant strains they have experienced we are pleased that the research evidence we gathered during the year has been encouraging. Our annual survey of the community business market showed increased annual income across the sector, and community businesses responded to the demand they are experiencing by adding new services to their offer.

It's clear to us that community businesses have much to contribute to society and to their local economies in the years ahead, and we are committed to supporting them.



Stephen Howard LVO
Chair



Tim Davies-Pugh
Chief Executive





OUR VISION, MISSION AND VALUES

Our vision:

Powerful communities, better places

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

Our mission:

Strengthen community businesses

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

Our values:

At Power to Change, we believe that having values, embedding them and the behaviours that go with them in all aspects of our internal and external operations, will help us to achieve our vision.

Open

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

Informed

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

Collaborative

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

Bold

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

Authentic

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



WHAT WE ACHIEVED IN 2021

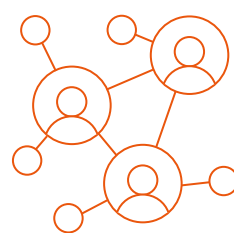
In 2021, drawing on the experience we gained during the first five years of our existence and in the context of a society emerging from the Covid-19 pandemic, we launched a new five-year strategy with the support of The National Lottery Community Fund. Our next five years are focused around three strategic priorities that are shaped by our reflections on the needs and potential of the community business sector at this point in time:



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

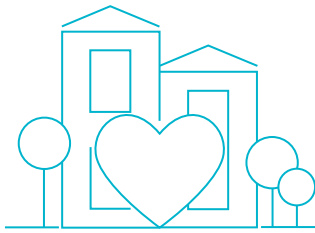


2. Making those community businesses more resilient



3. Ensuring that the sector is diverse, equitable and inclusive

As 2021 was our first year working towards this new strategy, we took an iterative approach to embarking on new activities, using discovery research to help us scope out areas for testing and learning how best to make an impact.



Community business at the heart of a fairer economy

We believe that community businesses should be at the heart of a fairer economy, tackling inequalities and creating more inclusive places. To support this, we work to improve the wider market conditions within which the sector operates and to make the case for community business. Key to this in 2021 has been maintaining strategic partnerships with infrastructure organisations that contribute to the health and resilience of the community business sector, strengthening the case for national and local government to create more opportunities for community control and continuing our engagement with local and regional partners.

Creating more opportunities for community power

We continued to build on our work supporting community ownership of important local buildings and green spaces, working with partners to bring more assets into community control. We were pleased to see the launch of the Government's Community Ownership Fund, having shared evidence from our funding experience and research programme to make the case for this intervention.

Working with community businesses, we established a new forum for innovation and practical ideas to change how communities access and own property through Platform Places, with our focus specifically on **high streets**. We developed our Take Back the High Street campaign to push for greater community involvement and ownership on the high street, which we believe is vital to their survival. We built a strong partnership with the Greater London Authority to pilot **Community Improvement Districts** (CIDs) in the capital, enabling communities to be at the heart of strategic decisions about their area. At the end of the year, we announced two pilot CIDs in the capital.

With a strong presence at the Labour and Conservative party conferences, alongside engagement with politicians and officials and our publications, [Backing our Neighbourhoods](#) and [Building our Social Infrastructure](#), we played a role in **influencing the national Levelling Up debate** in the run up to the government's white paper launch. Our focus was to highlight the important role played by community businesses and other community infrastructure in tackling inequality and improving places.

Continuing our local and regional engagement

2021 was a critical year for our incubation of [Kindred](#), an investment vehicle that supports the social economy in the Liverpool City Region. We exited our operational incubation of the organisation during the year, handing over to a permanent team. Kindred has gone from strength to strength, passing the milestone of £1 million invested during 2021.

During 2021, as our intensive phase of engagement with Kindred ended, we undertook work and commissioned research to identify other places to engage with from 2022 onwards. In late 2021 we signed a memorandum of understanding with [North of Tyne Combined Authority](#) to work together at a strategic level to support the social economy in the region. We also deployed a grant of £200,000 via [Bristol City Funds](#) as part of a blended finance offer to community businesses in the city, to promote the growth of the sector.

Since 2016, through our **Empowering Places programme** we have invested in ‘priority places’ to test and learn how community business can give local people a way to take the lead in improving where they live, reducing poverty and inequality. We built long-term partnerships in six places (Bradford, Grimsby, Hartlepool, Leicester, Plymouth and Wigan) with locally rooted ‘catalyst’ organisations. The catalysts have supported 77 community organisations, half of which are actively progressing the development of community businesses, a result that we are pleased with in the context of areas of high deprivation and the impacts of the pandemic.

Encouraging investment in community businesses

We also continued to champion community shares and blended finance as tools to encourage investment in community businesses. The [Community Shares Booster](#) programme supports community share offers in England with development grants and matched investment. 2021 was one of strongest years for the programme. With our partners Architectural Heritage Fund, we invested £726,000 in equity into 19 community businesses, alongside £118,000 in development grants made to 20 businesses and £42,000 in business development support provided to 15 organisations.

[Community Business Trade Up](#) supports early-stage community businesses to grow their traded income through a combination of small grants (of up to £10,850) matched against an increase in trading income, and an action learning programme delivered in eight locations across England. Run in partnership with the School for Social Entrepreneurs (SSE), the programme awarded £557,000 to 54 organisations in its fifth cohort.

Our partnership with Crowdfunder, [Community Business Crowdmatch](#), provides match-funding of up to £10,000 for community businesses fundraising via the online platform. The programme formed part of our Community Business Renewal Initiative, a package of support aimed at helping the sector to recover from the impacts of the Covid-19 pandemic. The first phase of Crowdmatch finished in June 2021 having delivered £170,000 in match-funding to 34 grantees. Building on previous success, the second round of the Crowdmatch programme launched in October 2021.

Situating community business within a fairer, more inclusive economy

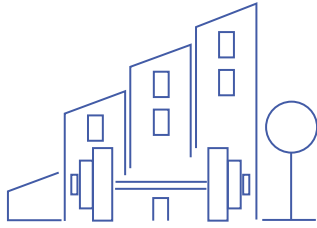
We recognise that it is important to support social capital development, enabling communities to develop local wealth through asset and business ownership. Building on our place-based successes, where we have supported communities to take on assets and contribute to transforming their areas, we continue to reinforce the role that community businesses have in local economic development and in creating fairer local economies. In 2021, we secured £1.128 million from [Open Society Foundations](#), to work to support **employee and worker ownership** and bring these together with community ownership, creating a more compelling vision of a broader shared economy and the routes to achieving it.

Maintaining and developing our strategic partnerships

To ensure the legacy of our **health and social care** work we made a strategic grant to infrastructure organisation, Community Catalysts, the secretariat for Coalition for Personalised Care, the network which focuses solely on personalised health and care. In partnership with Locality, we joined the **VCSE Health and Wellbeing Alliance** (HW Alliance), an initiative of the Department of Health and Social Care and NHS England, NHS Improvement and the Office for Health Improvement and Disparities (formerly Public Health England). Over the next three years, we will work with the HW Alliance to amplify the voices of community businesses, feed into national policy, and help create effective community-based health and care services.

We recognised the need to **expand our network** of infrastructure partners to reach a new range of audiences, in support of our strategy. We carried out scoping work that generated ideas to push us forward, alongside developing a Playbook for starting new infrastructure partnerships which will be published in 2022.





More resilient community businesses

The community business sector has continued to thrive in 2021, providing an economic and social boost, despite the pandemic. Over the last few years, community business leaders have displayed huge agility, playing a vital role in the recovery from crisis.

Our strategic priority to help make community businesses more resilient includes supporting them to evolve their business models, refine their leadership skills and further develop how they use digital systems.

Refining leadership skills

In partnership with Virgin Money Foundation we developed **Leading the Way**, a tailored learning programme that balances one-to-one development and group learning, with a grant of £8,000 to support the leaders' development and the impact of their organisations. In December 2021, Leading the Way opened for applications, seeking ten community leaders in the North East of England and ten community leaders in Yorkshire and the Humber to join the first cohorts.

Through research from [Think Social Tech](#) and engaging with community businesses, we learned that the sector often does not have the right tools or capabilities to grow and develop, specifically around building financial capabilities. We selected two delivery partners: [The Women's Organisation](#), leading on a Liverpool City Region-based financial capability improvement academy, and [Locality](#), working with online accounting software Xero to develop training, guides and templates for the community business sector to begin using cloud-based accounting software.

Tackling the climate crisis

As part of our new strategy, Power to Change committed to providing a flagship multi-million-pound **climate action funding and support programme** for community businesses, launching in 2022. To design the programme, in 2021 we completed an in-depth scoping study which involved extensive consultation of community businesses and other stakeholders on strategic issues, priority impact areas, and expectations of Power to Change.

At the United Nations Climate Change Conference (COP26) in November, we provided grants and resources to support a range of impactful activities including funding our partners Community Energy England to recruit a COP26 Community Energy Mobiliser to help coordinate a series of climate change events and to develop key messages, campaigns, and case studies ahead of the conference. We sponsored two events in partnership with thinktank Bright Blue, on community energy and a 'just transition'. We also sponsored the [Everyday Climate Heroes](#) campaign with partners Ashden and Futerra, that showcased community business leaders on billboards across the country, achieving high levels of reach and engagement in the run up to and during the conference.

We commissioned independent researchers to analyse our existing grants and to integrate environmental questions into our annual Community Business Market survey. Encouragingly, the results suggest that a significant majority of community businesses are already having a positive impact on the environment.

Commitment to community energy

We began to explore how to support community businesses to make a significant contribution locally to the transition to net-zero carbon dioxide emissions. Our work in the community energy field continued to build on the best examples of community businesses working to deliver climate benefits.

Community Owned Renewable Energy LLP (CORE), a social investment jointly held with Big Society Capital, secured a £31m inflation linked debt refinancing for its 36MW operational community energy solar portfolio from abrdn, one of the world's largest institutional investors with over £532bn in assets under management. This landmark transaction injected long-term institutional financing into the community renewable energy sector. It will also support a substantial community benefit fund being generated over the life of the financing, with over £300,000 distributed since 2018 to support projects like Emmaus Dover and Canterbury Umbrella.

We continued to support the establishment and development of community businesses working with CORE. This included activities to enhance the impact of the solar assets, such as biodiversity masterplanning, and natural capital assessments and battery storage, and develop new net zero community business opportunities that deliver against local needs and priorities. We awarded £241,000 of new grants to support these activities, taking the total to over £1m of grant and services since 2018.

Independent evaluation of our **Next Generation Innovation Fund** found it has enabled community energy businesses to take risks in developing new business models that are not dependent on Feed-in-Tariff subsidies. Being involved in the programme has built the skills and knowledge within 11 innovation groups, helping them to focus on potential new areas of work, including electric vehicles, LED lighting, heat pumps and flexibility services.

A climate positive organisation

In partnership with [AimHi](#) we ran a live and interactive five-part Climate and Sustainability leadership course to the Trustee Directors and our staff. We then rolled it out for free for the community business sector, during [Great Big Green Week](#) and COP26. Over 94% of participants surveyed reported increased confidence in talking about the climate and nature crisis as a result of taking the course. We are committed to continuing knowledge sharing, learning and capacity building opportunities on climate action for the community business sector in 2022.

Also in 2021, we were proud to achieve [Planet Mark](#) certification. We will monitor our progress on an annual basis and our aim is to become a climate positive organisation by 2025.

Developing digital systems

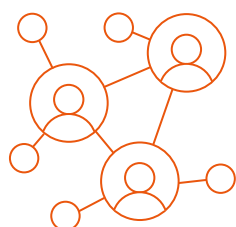
We explored how community business use digital tools, looking at the challenges and opportunities that digital presents to the sector, and levels of confidence in utilising it. The findings helped shape two distinct programmes of work.

For the first, on **Community Tech**, we researched the benefits of community ownership of technology, with the aim of establishing a collaborative programme to encourage and develop more technology that is made by, for and with place-based communities. Community businesses have demonstrated their incredible resilience over the pandemic, with many shifting to online and digital services, developing their own community technology, designed specifically to meet local need. This research makes the case for a longer-term community technology project, supporting more community businesses to design and develop the technology they need. During 2021 we began collaborating with thought leaders and technologists to support growth of the community tech movement, with the ambition of launching a support programme for community businesses in 2022.

Secondly, we responded to the need to **strengthen sector capabilities and confidence around digital**, working alongside community businesses to design a digital focus within our capacity support programme, Powering Up. Alongside this, we began work on an **internal digital strategy** to ensure that our own organisation reflects and benefits from the work we are pursuing with the community business sector on digital transformation.

Supporting community business development

Powering Up is a new initiative, that builds on a pilot programme that was part of our Community Business Renewal Initiative, supporting the community business sector through the pandemic. This programme represents for us a new way of providing support to community businesses, through Community Business Connectors, who guide applicants through the application process, and then run diagnostic exercises to ensure that guidance is tailored to the unique needs of their organisation. The programme provides technical expertise alongside professional development and wellbeing support. The first round focused on the enhancement of digital capabilities, with community businesses able to access up to £20,000 worth of support over a 12-month period. We undertook a collaborative design process with our digital partners and launched in November 2021.



A more diverse, equitable and inclusive sector

We have a responsibility to use our position to tackle inequity, particularly for minoritised groups who, historically, have had less access to support and funding and we are committed to increasing our focus in this area. Our grant making, research and support has been vital to community businesses, but we could do more to reach the whole sector.

We believe that community businesses are there for the whole community and we want to ensure everyone feels represented and recognises the importance of community and their spaces. By listening to minoritised groups, we strive to inspire them and rebalance power where we can so that it's easier for all types of people to get involved in community business.

Supporting younger people into community business

We want to encourage more young people into the community business sector, creating more inclusive communities where young people have an active voice and say in making their places better. We worked with Common Vision to run an interactive workshop to explore how young people can help build, grow and lead our local social economies, and we also commissioned research into the community business market to find out how they are interacting with young people, identifying gaps and exploring how we can support community businesses to engage with them.

We started exploring the routes young people might take into the community business sector and recognised that Stir to Action magazine is an introduction for many to community power. We sponsored 80 free places on Stir to Action's New Economy programme for young people, those from minoritised ethnicity communities and those living in IMD 1-3 in 2021, with the programme continuing into 2022.

Taking action to improve our diversity, equity and inclusion practices

Following the success of the Covid-19 Community-led Organisations Recovery Scheme, we began to explore how to monitor demographic data of community businesses in a meaningful way. We collaborated with our colleagues at foundations across the UK as they developed the **Diversity, Equity and Inclusion Data Standard** with 360Giving and TSI Consultancy. This is a co-ordinated effort to design best-practice monitoring of demographics across organisations receiving grants. The resulting data should allow us all to gain a better understanding of the makeup of the sector and of marginalisation within it.

We recognise that to improve conditions in the community business sector for people from minoritised ethnicity communities, we also have work to do internally. We've undertaken various steps relating to Diversity, Equity and Inclusion (DEI) including reviewing the language we use and developing best practises in the DEI Data Standard. We integrated DEI into our Key Performance Indications (KPI) to ensure we are held to account. All staff were offered anti-racism training, broadening our knowledge and helping the team to understand areas where we can make changes and improve. We improved our recruitment practices to be more accessible and recruited new board members with community business experience. We reviewed and updated all our policies, focusing on making Power to Change a more inclusive place to work.

Closing programmes

During 2021, we continued to work closely with our delivery partners to close a number of our programmes responsibly. Alongside existing evaluation of these programmes, we invested in securing their legacy through reviews that captured our learning in key areas such as community asset ownership, community leadership and community-led climate action. This learning has informed the development of our newer programmes, and has been shared with other funders and with policymakers.

Each of these programmes has delivered important investments in the community business sector, in the form of funding and capacity building support to community businesses. These programmes also helped to build a pipeline of applicants for our other funds, and for those distributed by others, such as the Community Ownership Fund, where a number of early grantees are community pubs that had received support from one of our programmes.

Homes in Community Hands developed the next generation of community-led housing, through investments in community-led projects at the pre-planning stage and sector infrastructure in specific city regions. Activities have now ceased on this programme, with no remaining grants.

Working with our delivery partners, Locality, we continued to close the **Bright Ideas** programme, ensuring monitoring progresses and End of Grant reports are submitted, and grants closed.

The **Community Business Renewal Fund** was launched to support community businesses through the pandemic. This programme is now closed to new applicants. Grant awards continued during this year, with 125 grantees in 2021. The flexible grants enabled communities to use the funding where it was most needed, and grantees reported that the confidence these grants gave them enabled them to develop and adapt services in an ever-changing environment.

More than a Pub is a programme that supported pubs to become community-owned multi-purpose facilities, responding to local needs and providing a variety of community benefits and services. The programme was extended until March 2021 to deliver grant and loan packages to support community pubs through the pandemic and the contract with Plunkett Foundation was closed in September 2021.

Research and Impact

After a successful five years, during 2021 we closed our Research Institute and integrated research and evaluation activities into Power to Change's core delivery. As part of this we created a refreshed Theory of Change for our new strategy and created an Impact and Learning Framework to accompany it, which will guide all of our research activity. Our aim is to know what impact we are having as an organisation, and to continually learn about how best to achieve this.

With the closure of our Research Institute, we formally launched our partnership with the **Institute for Community Studies** (ICS). While Power to Change will continue to commission our own research and evaluation, we transferred over hundreds of research reports and related case studies, blogs and reports, to be hosted on the ICS Repository. Part of the Young Foundation, ICS has collated our historical evidence base into one searchable collection and will continue to host reports from Power to Change's evaluations of programmes. ICS will work with us to produce digests of evidence and learning events around key topics, continuing to extract value from our back catalogue of evidence.

We have also experienced a shift in the way in which we think about sources and standards of evidence, and how evidence is used. Promoting and maintaining high standards of evidence remains important to us, as exemplified throughout our research portfolio. But we are keen to integrate alternative data sources, including the voices of those with lived experiences of the social issues we support community businesses to tackle. As an example, early in 2021, we commissioned Fellows from Year Here to undertake discovery research capturing the experiences of young people and those from minoritised communities with regards to accessing the community business model and sector.

Putting insight into action is also key to us, and discovery research has informed the design and development of several of our newest programmes. We have also supported continuing innovations in data analysis in the sector, including our ongoing use and promotion of the value of financial transaction data for understanding how local economies and high streets are recovering from the effects of Covid-19, as well as supporting new approaches such as the Resilience Index being developed by MyCake and Musgrave Analytics. The Resilience Index is a tool that scrapes historical data from the Charity Commission, and uses it to calculate both risk of closure and resilience to shocks for over 300,000 charities. We have sought as much as possible to integrate these different data sources into our own work and decision making, as well as supporting others to access and use them.

Research publication highlights

We discovered that while many businesses have struggled during the pandemic, the resilient community business sector has reported increased demand for services and adapted their offer to meet this demand. The 2021 iteration of our annual **Community Business Market Report** uses survey and interview data to describe a community business market bouncing back financially from the worst of the pandemic, diversifying their services and meeting the evolving needs of the communities they serve.

In particular the report showed that the median total annual income of community businesses increased to £130,000 this year (an increase of £20,000). The report also showed that these businesses have responded to the pandemic by evolving their services to meet their community's needs: three-quarters (76%) now offer more than one service to their community – a rise of 13 percentage points. It remains the largest scale research on the sector that exists, and continues to gain considerable traction across the sector.

We also published the latest findings from our long running **Community Life Survey hyperlocal booster study**. Since 2017 we have worked with Kantar Public to conduct a 'hyperlocal' version of the national Community Life Survey, focused on six places in England centred around locally rooted 'catalyst' organisations that empower communities to develop community businesses through Power to Change's Empowering Places programme. Using sophisticated statistical analysis techniques, we are able to observe positive and negative changes occurring within each neighbourhood over time, and compare them to similar areas to ascertain the potential contribution and impact of the Empowering Places programme to transforming these areas as places to live.

Impact

In March 2021, we launched our bi-annual **Impact Report**. To make the report more engaging and tell the story of how community businesses have supported their communities through the pandemic, alongside this report we launched a [micro website](#). The interactive microsite tells the story of community businesses and their impact, and invites new audiences to work with Power to Change to write their next chapter.

During the year we published over twenty new research and evaluation reports. This included providing new insight on how community businesses adapted digitally enhanced services during the national lockdowns, to how community businesses contribute to and engender good working practices. In addition to external dissemination of our reports and findings, we shared findings internally through sessions delivered at workstream meetings to provide a space for colleagues to learn and reflect, shared findings externally through blogs and newsletters, and promoted the research directly with partners.

Towards the end of the year we commissioned seven new research studies and evaluations, and we continue to manage ongoing legacy evaluations and research, supporting colleagues by using our expertise to ensure that all impact and learning activity is robust and informs our new strategy/impact and learning plan as well as supporting the wider community business sector and knowledge base.



OUR PRIORITIES FOR 2022

In 2022 we intend to build on the development work established in 2021, with new approaches to delivery and new offers to the community business sector that are informed by co-design with communities and the community businesses that serve them. Our strategic aims remain as set out in 2021:

1. Putting community businesses at the heart of a fairer economy
2. Making those community businesses more resilient
3. Ensuring that the sector is diverse, equitable and inclusive

Community business at the heart of a fairer economy

Creating more opportunities for community power

We will take our work around communities on the high street into a new phase of testing and implementation, working with supportive local and regional authorities, private firms, and other funders. We will launch our **Take Back the High Street** campaign, promoting the idea of a High Street Buyout Fund, a new Community Right to Buy, and, building on our pilot in London, we will initiate more **Community Improvement Districts** across England.

We will also continue to influence the government's levelling up agenda and related funding streams, pushing for greater community power and for recognition of the role of social and community infrastructure in addressing regional inequality. We will continue our support for [We're Right Here](#), a campaign for community power that is led and fronted by community leaders.

Continuing our local and regional support

Building on the legacy of our cities and counties work, which saw the development of Kindred in Liverpool City Region, we will look to expand our partnership working with local and combined authorities – working with North of Tyne Combined Authority and up to two other places. Our aim is to enable strategic recognition for the community business sector, and to test out ways of supporting and growing the sector that can be implemented at a local or regional level.

Encouraging investment in community business

Our successful **Community Business Trade Up** programme will relaunch in 2022, drawing on learning from previous years and enhanced by innovative ideas and new methodologies to address changing needs. The programme will offer smaller grants, more suited to the needs of new and start-up community businesses, and it will focus on attracting and supporting new and diverse audiences.

The **Community Business Crowdfundmatch** programme, which provides an incentive for community businesses to maximise crowdfunding campaigns by match-funding what they raise from a crowd, will continue in 2022.

Power to Change has signed an agreement for a new **Community Shares Booster** programme for 2022 and beyond: the focus will be on attracting new and diverse audiences alongside other institutional investors, capitalising on its strong pipeline.

Maintaining and developing our strategic partnerships

We will implement the recommendations of a review undertaken in 2021, which looked at our existing support for national infrastructure and our existing partnerships, and identified gaps that we should fill in order to be able to deliver our new strategy – such as new partnerships, and support for infrastructure, that help us to reach more diverse audiences for community business, or engage the right partners for climate action or digital transformation within the sector.

Situating community business within a fairer, more inclusive economy

Community ownership of assets is a central theme of our work, and in 2021 we began a process of expanding this work, taking a wider view on the value of shared ownership models such as employee and worker ownership. In 2022 we will build our case for the economic importance of alternative models of business and asset ownership if we want to generate more local wealth, give more people a stake in their local economy and create new paths to employment. We will be working closely with sector partners on policy, advocacy and systems demonstrators, ensuring our work is aligned and influential, developing demonstrators, and testing replicable models. We will be investing, alongside others, in building support across divides for democratically run, socially trading organisations, and greater community participation in asset ownership and local regeneration.

More resilient community businesses

Refining leadership skills

Leading the Way will commence supporting 20 community business leaders. The programme will seek to support applicants from groups under-represented in leadership positions, including from minoritised ethnic communities and disabled people.

Our **Financial Capabilities** programmes will launch in 2022, designed to improve financial capabilities in the community business sector, including financial management, cloud-based accounting, accessing funding and reviewing the business model. The programmes will be run by Locality, using online accounting software Xero, and the Women's Organisation, supporting community business leaders to build their financial capabilities in Liverpool City Region.

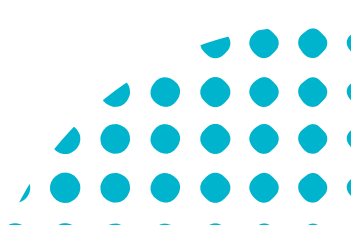
Tackling the climate crisis

Building on our climate action grants data analysis in 2021, we are commissioning major new research with the aim to build a better understanding of and generate insights on the benefits, opportunities and potential of community business led approaches in the transition to a fairer, greener economy.

The **Powering Up** programme will provide targeted capacity building support to community businesses to enable them to grow and enhance the climate and nature benefits they provide.

Commitment to community energy

To date we have invested £20m in community energy, focusing on community solar and innovative new business models. We plan to finalise the process of transferring the ground mounted solar farms we have acquired through **CORE** into community ownership, maximising the financial, environmental and social impact within those communities. We will also build on this earlier investment to look at how we can support community businesses to transition to net zero, including looking at the potential of a small grants programme.



Developing digital systems

As a result of our exploratory work and research on digital capabilities amongst community businesses, we believe there is a need to strengthen the community technologies that community organisations are already making and using – hardware, software and digital infrastructure produced by and for communities and community organisations that respect the plurality of their missions, visions and ways of working. We will explore options to create a sector-defining funding coalition with like-minded funders in **community tech**.

Supporting community business development

Our capabilities programme for community businesses, **Powering Up**, supports those who are looking for support to shift from an emergency mindset to investing in their future planning. Powering Up will focus its support to community businesses in four key areas across the year: starting with digital growth, then adding zero carbon and sustainability, financial resilience and a cross-cutting theme of diversity, equity and inclusion.



A more diverse and equitable sector

Supporting new audiences into community business

In 2022 we will prototype our equitable grant-giving practices, through programmes we deliver ourselves, to give us a blueprint for other programmes to follow. We will continue to improve our programmes, including guidance on tailoring to meet the needs of **marginalised groups**.

We understand how important representation is, and we have been actively trying to make all our marketing and communications representative of the full breadth of the community business sector, including developing a bank of case studies of **young people** working in community business to use in a campaign in 2022.

Continuing our focus on young people within a more diverse and equitable sector, we will launch a targeted social media campaign, using videos and image-based content to tell the story of community business through a young person's lens. We will use the data and share the learning from this campaign to support community businesses that may wish to work with, employ or inspire young people. We will be exploring ways to share all the data we have collected in the first half of the year.

Taking action to improve our diversity, equity and inclusion practices

Through assessment of our own impact historically, we will be taking steps to improve and mitigate ways we have contributed to marginalisation. We will continue to design programmes based on the needs of people we hope will apply. We will explore how we can best fund core costs, contributing to financial security for community businesses led by or supporting marginalised groups. We will always try to be representative, and we will work to be more flexible and better understand the value organisations based across a city or wider region bring to their communities, instead of focusing on supporting neighbourhood-level organisations.

A climate positive organisation

In 2019, along with 80 other charitable foundations, we signed the [Funder Commitment on Climate Change](#). In 2022, we will continue our work in this area and will report on our progress annually, notably through our Planet Mark certification. We will set organisation-wide KPIs to grow the community business model year-on-year in alignment with our strategic priorities. We will review and update our Grants Handbook to integrate climate action in how we design, assess, award and manage our grants.

Finally we will review our banking and pensions arrangements to ensure our climate action commitment is factored into our decision-making processes, while further climate and sustainability considerations were already included in our investment and procurement policies in early 2022.

Research and Impact

In 2022 we will continue to build the evidence base and to make the case for community business.

This means sharing more findings with the sector to ensure that we continue to have a strong and robust evidence base, providing all information in accessible and dynamic formats. We will continue to diversify the way in which we share information. For example, we are looking to share the results from the Community Business Market Survey in 2022 through a bespoke site that shares the story of the sector, rather than a static report.

We also plan to generate and share evidence under the framework of our Impact and Learning plan. We already ensure that all evidence we capture feeds into this plan, and are working on what outputs we will share under this structure. Finally, we will continue working collaboratively with colleagues, supporting them to engage in Impact and Learning through continuous reflection, growing our evidence base, and acting on evidence. We do this through facilitating space, sharing findings and ensuring that all Impact and Learning activity is built directly on need.



GENDER PAY GAP

We are pleased to report that as of April 2021 our median gender pay gap was -0.38% and our mean gender pay gap was -1.17%. In our organisation, 62.5% identify as female and 37.5% identify as male.

Our current median gender pay gap is similar to that of 2020 and 2019, which were -0.93% and 0% respectively. The mean gap continues to stay stable from -0.69% in 2020.

We are proud that we continue to be an employer with a high level of pay equality. This was recognised by staff in our recent engagement survey, where 89% replied positively to the question “I am rewarded fairly for the contribution I make in my job”.

The gender pay gap is how we measure whether there is a disadvantage (a gap) between what, on average, men earn and what, on average, women earn. This is different to equal pay, which is an individual contractual right to make sure men and woman are paid the same for same or similar work. We continuously review our pay and reward decisions to make sure we comply with equal pay legislation.

We will continue to review our pay and reward practices to make sure we maintain pay equity. We also have a wider programme of work to review and improve all our practices to make sure we have a diverse and inclusive workforce.

All organisations with more than 250 employees publish details of their gender pay gap. Although Power to Change does not have more than 250 employees, we are committed to reducing inequality in all areas and therefore we have voluntarily decided to publish this data.

In 2023 we will be in a position to report on our Ethnicity Pay Gap and our Disability Pay Gap. The reporting will mirror the census and best practice categories for ethnicity and disability.



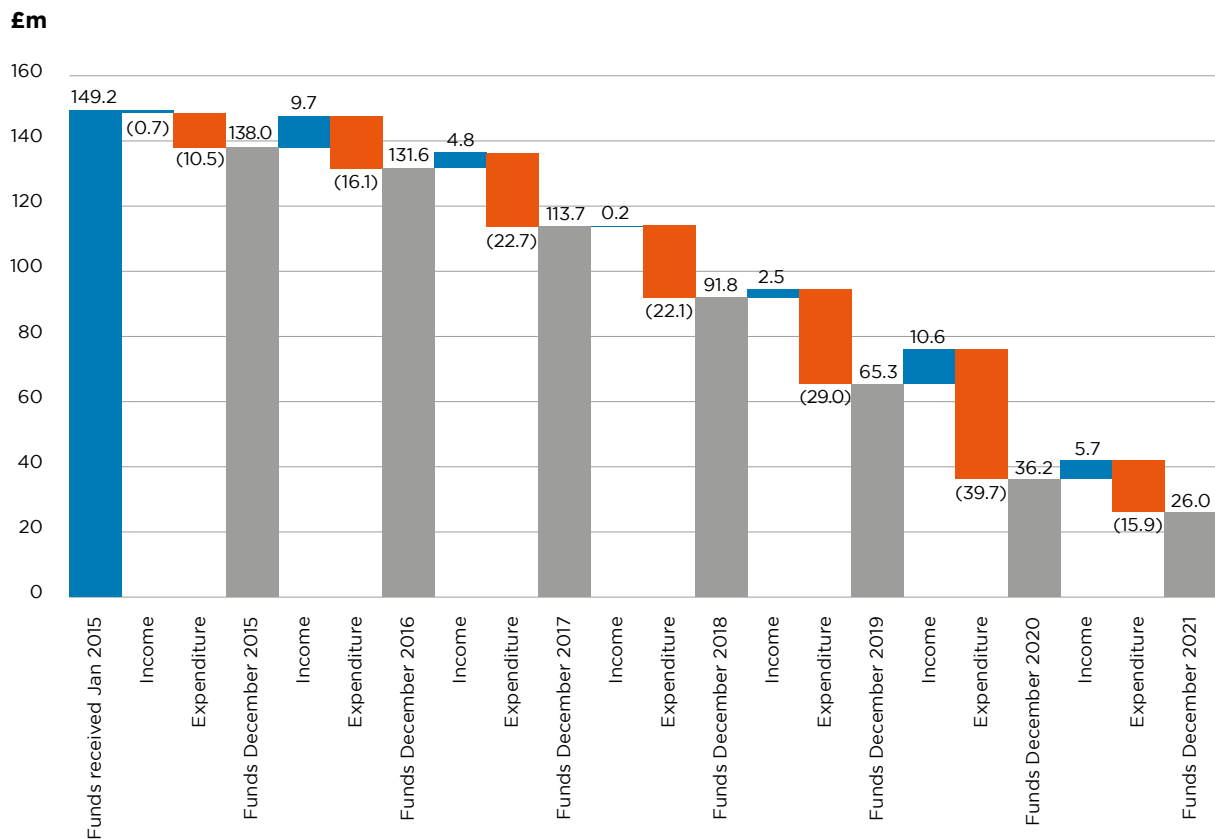
FINANCIAL REVIEW

Since 2015, Power to Change has spent c£156m on supporting business communities, using an expendable endowment provided by The National Lottery Community Fund, income generated from this endowment as well as additional restricted and unrestricted income received from time to time.

The chart below illustrates the variation of our reserves from January 2015 to December 2021, with annual expenses fluctuating between £10.5m and £39.7m and annual income varying between (£0.7m) and £10.6m across the seven-year period (NB: the negative income figure in 2015 was related to a net loss on investments).

In 2021 the expenditure amounted to £15.9m, after a high level of spend in 2020 when Power to Change responded to the Covid crisis and made funding available to the community business sector to replace lost trading income. Following the launch of a new five-year strategy in 2020/2021, £5.7m of income was raised in 2021, including £4.9m from The National Lottery Community Fund.

Fund flow over the last seven years



Expenditure

Total expenditure in 2021 was £15.86m. This is a significant (60%) decrease compared with 2020 (£39.76m) when we set up trading income support and other initiatives to help community businesses affected by the pandemic. The National Lottery Community Fund endowment funded c.71% of our expenditure in 2021, while the rest was covered by new income generated in the year, mostly through restricted funds.

Our budget for 2022 is based on a slightly lower amount of c. £13.6m in expenditure as some of our existing programmes are wound up. Thereafter we are budgeting expenditure of c.£10m per annum on average until 2025 for activities planned in the new strategy.

Our 2021 expenditure was nearly entirely in relation to charitable activities (99.6%) with fundraising accounting for the remainder (0.4%). Our five new workstreams represented 59% of our charitable spending (£9.39m), with Capabilities and New Economic Models the two largest amongst our new programmes (with spend of £4.22m and £2.81m respectively). Our closing programmes stood for 41% of our charitable spending (£6.41m).

Note 3 to the accounts shows a detailed analysis of our expenditure. The value of grants awarded decreased by 75% from £26.84m in 2020 to £6.61m in 2021. This is mostly linked to the fact that Covid-related expenditure (both made directly through C-19 programmes or associated support in existing workstreams) represented only 35% of expenditure in 2021 (vs 53% in 2020). Note 6 to the accounts provides detail of grant expenditure by programme in each year.

Programme delivery costs also decreased by 36% over the same period (from £3.49m to £2.25m); this rate of decline was smaller than for the grants spend because delivery partners were still administering in 2021 grants allocated in previous years. Similarly direct staff costs also decreased between 2020 and 2021 (from £2.82m to £2.55m) but at a more modest rate (9%) due to the more fixed nature of these costs.

Support to the sector increased as a percentage of total expenses (from 5% in 2020 to 8% in 2021) demonstrating the wider role we intend to play for the community businesses sector as part of our new strategy. Research and evaluation direct costs also increased from 4% in 2020 to 6% in 2021 of our total expenses as we continue to monitor the impact of our activities on the community business sector, share the lessons learnt and implement changes as we further develop new programmes.

Support costs in 2021 of £1.30m (2020: £1.43m) included support staff, governance, rent and office costs, IT, legal, training and depreciation. These represented 8.2% of total expenditure (2020: 3.6%) or 6.2% without governance costs. The increase in percentage terms was related to the fixed nature of these costs.

Income

Restricted funds represented 99% of our income in 2021 (2020: 96%) and included £4.86m of grant income from The National Lottery Community Fund to cover core costs related to our five-year strategy and a £0.79m grant from the Open Society Foundations to enable work on Alternative Ownership. Note 2 to the accounts details our various sources of income in 2021.

Group investments and funds summary

	2021 £'000s	2020 £'000s
Fixed asset investments: social investment (Community Owned Renewable Energy LLP)	7,886	7,738
Fixed asset investments: cash and deposits	14,670	17,132
Current asset investments: cash and deposits	2,937	12,423
Total investments	25,493	37,293
Cash at bank	6,061	11,249
Net (liabilities) outside cash and investments	(5,532)	(12,520)
Net assets	26,022	36,022
The National Lottery Community Fund expendable endowment Capital fund	24,513	35,301
Restricted funds	1,509	721
Total funds	26,022	36,022

Investment policy and strategy

Since 2019, the investment portfolio has become solely cash at bank and deposits (outside of CORE) as Power to Change prepared to close, with its funds fully committed by the end of 2022. Following the launch of a new strategy in 2020/2021, the lifetime of the Trust was extended and it is now anticipated to last until 2025 at least.

The objectives stated in the investment policy remain “to produce the best financial return within an acceptable level of risk and with capital preservation as a key criteria”. Given the operational uncertainty the pandemic caused, the low interest rates available in 2020/2021 and the free cash resources available then, the Trustee Directors considered that keeping the Trust’s assets in cash was the most prudent option and are of the opinion that the cash investments performed adequately over this period.

In early 2022, investments are still held in short term cash deposits. However, in light of a macro-environment with higher inflation and interest rates, the Trustee Directors might decide to explore again investment options to ensure our investment strategy still meets our risk appetite and cashflow requirements; this would be particularly true if the Trust secures significant additional advanced funding in the future.

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

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

Cash and deposits held at 31 December 2021 amounted to £23.67m (2020: £40.80m). These funds are split in the balance sheet between fixed assets (£14.67m) and current assets (£9.0m). Together they represent more than 12 months’ worth of budgeted programmatic and total operating expenses.

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

The social investment in CORE LLP is held at cost (£8,476k) in the Trust and at the value of its 50% share of net assets (£7,886k) in the group financial statements. Following a successful refinancing of CORE LLP in December 2021 and the return of £1,250k of capital invested by Power to Change in February 2022, the Trustee Directors are satisfied there are no indications of impairment in the year.

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

Investment performance

During 2021, the value of our investments (social, cash and deposits) reduced by £17.00m to £31.56m (2020: £48.54m). This reduction largely corresponds to cash withdrawn to fund our activities during the year.

As in 2020, there was no gain or loss in investment in the year due to the cash nature of our portfolio but income of £49k was generated from interest and investments (2020: £373k).

Meanwhile there was also a £148k increase in 2021 (2020: £158k decrease) in the value of our share in the net assets of the CORE social investment (from £7,738k in 2020 to £7,886k in 2021).

Funds

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

Income generated from the expendable endowment provided by The National Lottery Community Fund (the “Capital Fund”) is added to The National Lottery Community Income Fund (the “Income Fund”) on an ongoing basis. When required, money from the Capital Fund is also transferred to the Income Fund to meet our ongoing expenditure requirements, not met through other funding. During 2021, £10.79m was transferred from the Capital Fund (2020: £29.33m). The balance on the Capital Fund at 31 December 2021 was £24.51m (2020: £35.30m) of which £123k are tangible and intangible fixed assets and not freely available to spend.

In addition to The National Lottery Community Fund endowment which funded c.71% of our 2021 expenditure, we used restricted funds to fund most of our remaining expenditure. Below is a list of our main sources of restricted funding and related expenditure in 2021:

- Grant funding from The National Lottery Community Fund: £4,195k was used to cover core costs related to our five-year strategy (£4,861k was received in 2021 as part of a five-year grant of £20m and £666k remained to be spent at year-end);
- CCLORS (Community Led Organisations Recovery Scheme) funded by The National Lottery Community Fund: £742k was used in 2021 to cover expenses under this Covid-related programme, transfers or returns, thus bringing this fund which started in 2020 to an end;
- Liverpool City Region Combined Authority: £26k was spent in the year in relation to the Kindred programme. The total amount of restricted income received in 2021 was £47k and also covered 2020 expenses;
- Greater London Authority: £55k was spent on a pilot programme with Co-ops UK on Boosting Community Enterprise in 2021 (£115k was received in 2021 and £60k remained to be spent at year-end);
- Grant funding from the Open Society Foundations to enable work on Alternative Ownership initiated by the Open Society Foundations: £7k was spent in 2021 from a total amount of £790k received in 2021;
- Smaller amounts of restricted funding totalling £30k were also received in 2021 and entirely spent on research and Health and Social Care work in year.

Reserves and Going Concern

The Trustee Directors manage our reserves in line with the reserves policy, which is reviewed annually. In line with Charity Commission guidance on expendable endowments, the reserves policy does not stipulate a specific level of endowment or unrestricted reserves that are required. The Trustee Directors have agreed a business plan from 2021 to 2027 which indicates the Capital fund can support the organisation without other income until the end of 2024. The budget and the 2021-2027 business plan are reviewed annually and were last reviewed in December 2021 and February 2022 respectively.

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



STRUCTURE, GOVERNANCE AND MANAGEMENT

Legal structure

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

Charitable objects

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

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

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

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

Governance

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

The Charity Governance Code (as updated in 2020) has been reviewed and Trustee Directors have chosen to adopt and apply this code. The Principles, Outcomes and Recommended Practices have been discussed and have been applied. In 2021 Trustee Directors specifically focused on streamlining decision-making and controls (by reducing the number of sub-committees) and on improving equity, diversity and inclusion (notably at Board level thanks to the recruitment of three new Trustee Directors). With regard to the review of the Board's performance, the Board and each of the committees engaged in and undertook annual effectiveness reviews.

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

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

New Trustee Directors are sought by open advertisement and undergo a rigorous interview process. The ultimate decision on selection is a matter for the Trustee Directors already in post and overseen by the Nominations Committee. A strategic, operational and governance induction programme is in place. Trustee Directors are given information on the legal duties and expectations of a trustee and invited, on an ongoing basis, to attend relevant training events paid for by the Trust.

New Trustee Directors are initially appointed to serve for three years after which they will be eligible for reappointment. The Articles of Power to Change Trustee Limited provide for a minimum of five Trustee Directors and up to a maximum of 13. The Trustee Directors agree the broad strategy and areas of activity for the Trust including consideration of grant making, investment, reserves and risk management policies and performance. The programmatic activities of the organisation, including the administration of grants is delegated to the Chief Executive Officer (CEO) and his/her team.

The Board has met five times in 2021, with one of these meetings being an ad-hoc one to discuss the 2021-2027 Business Plan. All Trustee Directors give their time freely and no Trustee Director was paid remuneration. In 2021, the Trustee Directors claimed £45 of expenses (2020: £890) in connection with the Trust's business.

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

Stephen Howard LVO	Chair
Samuel Berwick	Chair of the Finance and Audit Committee
Christopher Stephens	Chair of the People and Governance Committee (from 01 March 2022)
Léonie Austin	
Ian Hempseed	
Dai Powell	
Sarah Gorman	Appointed 30 September 2021
Jess Steele	Appointed 30 September 2021
Melissa Mean	Appointed 30 September 2021

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

David Godden	Chair of the People and Governance Committee (until 28 February 2022)
Choong Fai (Stan) Chan	Trustee Director (until 31 January 2022) Chair of the Audit and Risk Committee (until July 2021)
Carla Stent	Vice Chair (until 31 January 2022) Chair of the Impact Committee (until July 2021)

Vidhya Alakeson OBE served as Company Secretary of Power to Change Trustee Limited from 27 September 2018 to 24 February 2022. Samantha da Soller was appointed as Company Secretary of Power to Change Trustee Limited on 24 February 2022.

Until July 2021 there were four sub-committees of the Board, which oversaw aspects of the Trust's work. In July 2021 the Board of Trustee Directors reviewed its governance structure in light of a new organisational strategy and reduced staff structure to ensure proportionate and effective governance going forward.

The Board of Trustee Directors decided with immediate effect to:

- dissolve the Impact Committee
- merge the Finance and Investment Committee and Audit and Risk Committee.

Under the new committee structure, risk and impact are reserved for scrutiny by the full Board of Trustee Directors.

The **Finance and Audit Committee** was duly established in July 2021 and met in September 2021 and November 2021 under its new Terms of Reference. They also met in February 2022 and June 2022.

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

Members: Samuel Berwick (Chair), Stephen Howard LVO and Dai Powell. Neil Spence attends as a co-opted member.

Choong Fai (Stan) Chan, Carla Stent and David Godden were members from July 2021 until they stood down from the Board on 31 January 2022 and 28 February 2022 respectively.

The **People and Governance Committee** oversees all people and governance matters at the Trust including composition of the Board, all policy and people related matters, diversity and adherence to the Trust's values. Members met three times in 2021 and once in April 2022.

Members: David Godden (Chair – to February 2022), Christopher Stephens (Chair – from March 2022), Stephen Howard LVO, Léonie Austin (member from March 2022).

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

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

The **Community Business Panel** was made up of 16 community business leaders who met with members of the Trust's Leadership Team and other staff representatives every quarter to debate, challenge and provide feedback on our plans. A decision was made in 2021 to disband the Community Business Panel as Power to Change has a more mature understanding of the community business sector, thanks notably to the appointment of Trustee Directors from the wider community sector to the Board. The final meeting took place on 25 May 2021, however we will continue to encourage the Panel to convene informally to maintain the connections made.

Key management personnel

The Chief Executive Officer and the Executive Directors comprise the key management personnel in charge of directing and controlling the Trust on a day-to-day basis.

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

The Leadership Team comprised:

Current members

Tim Davies-Pugh	Chief Executive Officer (from May 2022) Interim Chief Executive Officer (from February to May 2022) Director of Strategy and Programmes (from July 2021 to February 2022) Interim Director of Programmes (from December 2020 to July 2021)
Ailbhe McNabola	Director of Policy and Communications (from March 2021)
Stephen Miller	Director of Impact and Learning (from March 2021)
Nicola Fuschillo	Director of People and Governance (from July 2021)
Samantha da Soller	Director of Finance and Operations (from September 2021)

Previous members

Vidhya Alakeson OBE	Chief Executive Officer (until February 2022)
Maxine Draper	Chief Operating Officer (from March 2021 to July 2021) Director of Finance and Resources (from March 2020 to February 2021)
Kiran Ramchandani	Interim Director of Communications (from November 2020 to June 2021)
Richard Harries	Director of Research and Development (to March 2021)

Leadership Team pay is reviewed annually by the People and Governance Committee. Their remuneration, and the remuneration of all staff, is benchmarked with grant making charities and commercial entities of a similar size and activity. This is to ensure that the remuneration set is fair and consistent with that generally paid for similar roles.

Fundraising

The Trust did not undertake fundraising activities and therefore has nothing to disclose under the provisions of section 13 of the Charities (Protection and Social Investment) Act 2016.

Grant Making Policy

Grant making remains a key activity of the Trust. Our grant making processes are governed by the Grants Policy Framework which was revised and approved by the Board and given the consent of the Protector in 2019. We are currently reviewing and updating our grant making approach to better meet the needs of those who enquire, apply or receive funding from us.

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

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

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

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



RISK MANAGEMENT

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

The Trust has also prepared and agreed a risk appetite statement that identifies its appetite for risk across all its areas of activity. For example, income generation strategy has a different appetite for risk (high) compared to legal/regulatory and trust compliance where risk tolerance is low.

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

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

The last formal full review of the risk management framework and the statement of risk appetite by the Trustee Directors was in December 2021 while the risk register was last updated in February 2022.

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

Summary of significant risks

Area of risk	Mitigations
<p>Failure to meet our income generation targets over the 2021-2025 period (£11m) and potential delay in recovering our costs from CORE with potential impact on our ability to deliver our strategy and acceleration of the end of the trust's life.</p>	<p>Development of an income generation strategy identifying key activities / programmes with income generation potential; internal workshops to promote topic and raise staff awareness.</p> <p>Internal resources focused on CORE refinancing to ensure the Trust will get back its full investment within this strategy period.</p>
<p>Instability and loss of institutional knowledge caused by the poor management of the departure of key personnel and Trustee Directors and the arrival of new ones.</p>	<p>Investment in time to determine skills, competencies and behaviours required when recruiting and investment in resources to ensure appointment of professionals with best matching profile.</p> <p>Key staff included in onboarding process for new Trustee Directors and key personnel to ensure building of mutual trust and understanding.</p> <p>Managed process in place for Trustee Directors replacement (single headhunter appointed to work in partnership to manage new appointments and their sequencing; flexibility from many outgoing Board members to ensure that there is a smooth handover; clear internal comms plan on departures and recruitment processes).</p> <p>Long notice periods of senior level changes (creates time to plan for transition, recruitment and handover).</p> <p>Leadership team development programme with strong focus on ensuring stability and high performance in the senior team.</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 10 to 21.

Responsibilities of the Trustee Directors

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



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

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

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

Approved by the Trustee Directors on 7 July 2022 and signed on their behalf by:



Stephen Howard LVO
Chair



PROTECTOR'S STATEMENT

Background

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

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

Function of the Protector

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

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

Aims of the Trust

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

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

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

Administration of the Trust

As periodic restrictions were introduced in the early part of 2021 as a result of the COVID 19 pandemic, the Trust continued with virtual working in order to ensure the safety and wellbeing of staff whilst providing an uninterrupted service to its beneficiaries and stakeholders. The Board and Committees held extra meetings to make key decisions on the emergency funding support to community businesses and to agree the detail underpinning the new strategy for the organisation. During the year I have attended all meetings of the Board of Trustees and all meetings of the Trust Committees. In addition I have met or corresponded with the Chair and Chief Executive on specific matters and participated in Board workshops to consider the impact methodology for the new strategy and the linkages to the research outcomes gathered by the Trust to date. I have met with representatives of the Fund on four occasions to discuss the Trust's proposed new strategy and provided assurance on the effective governance oversight and management of the endowed fund. Following a request, I have also provided assurance to the Fund on the adequacy of the Code of Conduct and Declarations of Interest policy for Trustees. There have been no matters of significant concern that have required notification to the Fund.

There have been no requests for Protector consent during the year although the Trustees and executive continue to value and incorporate my comments and guidance into their decision making and I hope view me as a critical friend and sounding board. I am grateful to them for their inclusive approach and support.

I am satisfied that the Trust has been administered in accordance with the terms of the Trust Deed for the period 1 January 2021 to 31 December 2021.

The year under review

I reported last year that the pandemic had brought to the fore the contribution that community businesses make to their localities especially when those services normally provided by the state were put under severe strain. The Trust's deep understanding and knowledge of the sector were instrumental in targeting emergency support to help these businesses sustain their operations and recover from the pandemic shocks. The key concern I expressed at the time was that the Trust had sufficient time remaining and resources to expend to meet the demand it was facing while achieving the legacy the Founder, and the Trustees and staff, envisaged. The £20m grant award from the National Lottery Community Fund was testament to the credibility and trust that Power to Change has forged in the sector and the new strategy will focus on building greater resilience, placing community businesses at the heart of their local economies.

The Trust's reputation with policy makers, other grant funders and the research community has increased over the year. Of note was the careful and sensitive management of stakeholder and partner relationships as the organisation pivoted to its next five year strategy. Legacy grant programmes have been closed in an orderly way with clear and timely communication with grantees, beneficiaries and staff. The Trust were keen that the new programmes supported by both the new grant and the remaining endowment built upon the extensive body of research and evaluation that Power to Change has compiled since its inception thereby ensuring that new programmes were informed by evidence of need and the learning over the last seven years.

During the year the Trust has developed a much stronger focus on diversity, equity and inclusion with a greater emphasis in the new workstreams on tailoring support to under-represented and marginalised groups. The organisation has critically examined its own policies and practices to ensure it is role modelling and championing equity and inclusivity to the community business sector. The Board is committed to achieving greater diversity in its trustees as many of the longer serving trustees step down this coming year.

In July 2021 the National Lottery Community Fund brought together Protectors from a number of their endowed trusts. This was a timely opportunity to hear from both the Fund and other trusts the impact that the pandemic has had on their operations and beneficiaries. As some trusts were approaching closure and others extending their life and activities it was useful to share learning on the way that Protectors were supporting Trust Boards through periods of substantial change.

Board of Trustee Directors and Executive Changes

There were 13 Trustee Directors in post as of 31 December 2020. The Board recognised the need to strengthen the diversity of the Board and to bring people onto the Board with direct experience of leading community businesses as existing long serving Trustees approached the end of their terms of office. To this end, three new Trustee Directors were appointed in September 2021 and these trustees have individually and collectively brought a fresh perspective and challenge to the work of the Trust which has been welcome by the longer serving trustees and the executive team. Attendance at Board and Committee meetings is excellent and the commitment of the Trustee Directors (all of whom are unpaid and have other demanding roles) has been notable, particularly during the scrutiny of the risks, performance and outcomes framework of the new strategy. Visits to Community Businesses were curtailed due to the ongoing pandemic. The Community Business Panel was stood down in May 2021 as the Trust brought community business leaders onto its Board and broadened its partnerships to harness wider knowledge and experience to support new programmes.

The Board continues to operate in a challenging and collegiate manner. There is open and constructive discussion facilitated by comprehensive and clear Board papers, presentations and background briefings. The administration of the Trust is efficient and effective. The Board has streamlined its Committees during the year to reflect the new programme of supporting and enabling projects rather than large grant awards and also reflect a smaller, leaner organisational structure. As Protector, the proposal for new Committee arrangements were shared with me from the outset and my views incorporated. There is a clear understanding by the Board, Committees and the executive of those matters which fall within the strategy setting, oversight and monitoring role of the Trustee Directors and those that fall within the day to day responsibilities of the executive team. I am satisfied that the Board has had due regard to the risks and opportunities facing the Trust as it aligns its resources to the delivery of a new strategy in line with the aims and objectives set out in the Trust Deed.

A significant organisation restructure saw the appointment of a new executive team, with three internal staff members promoted to Director positions. A new Director of Finance and Operations was recruited externally and made an immediate positive contribution to the redesign of the financial reporting to the Board to improve the visibility of the new grant from the National Lottery Community Fund, income from other funders and the use of the remaining endowment. There was a seamless transition in reporting, financial and budget management and line management of the finance team.

Vidhya Alakeson, the Chief Executive of Power to Change, led the restructure of the team and ensured an early focus on embedding new ways of working, shared values and skills development. Throughout this fluid and busy period the Leadership Team provided expert support to the Board and its committees with clear, comprehensive papers that enabled fully informed discussion and a robust decision making process.

Governance

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

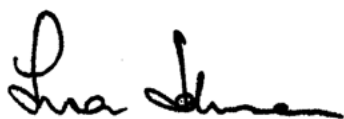
- a. The Finance and Audit Committee oversight of refinancing of the assets held in Community Owned Renewable Energy LLP (CORE) whilst ensuring the continued delivery of community benefit. The Committee actively monitors the risks associated with this innovative project to balance the return of capital against the longer term community benefit outcomes. An advisory panel chaired by Finance and Audit Committee Chair was established to examine the detail of the refinancing options which are complex and subject to market volatility. Financial reports to the Committee gave clarity and visibility on the use of the endowed funds, any returns or clawbacks that should be returned to the endowment balance and all the restricted grants in place from other funders. This Committee monitors performance against income generation targets and reviews the Delegations of Authority to ensure they remain fit for purpose as the work programme changes. Oversight of strategic risks and risk appetite are now reserved to the Board.
- b. The Impact Committee had oversight of the close down of legacy grant programmes and was fully engaged during the development of the new workstreams and the transitioning of the research and evaluation library to the Institute for Community Studies. The Committee gave thoughtful insight and robust challenge to the Theory of Change model used to define the five year work programme along with guidance and ideas on the impact methodology and metrics.
- c. The People and Governance Committee provided oversight and guidance on the new Board governance structure, the recruitment campaign for new trustees and sought assurance on the fair and transparent application of HR policies as the internal staff reorganisation was implemented. In December 2021 the Board agreed a Nominations Committee to take forward the appointment process for a new Chair and up to five additional trustees in light of further trustee retirements during 2022. Following the resignation of the CEO in early 2022 the Nominations Committee has also had oversight of the recruitment for a new CEO. The Committee has invited my views on the recruitment process and the skills and experience of potential candidates for all these roles.

From my observations of committee meetings and conversations with Trustee Directors, I conclude that the Trustee Directors apply a proportionate and appropriate level of scrutiny and challenge to operations. The Board was receptive to the comments and recommendations I have made over the year and the Leadership Team has responded positively and promptly to any queries or requests I have. This year the Board conducted a self effectiveness review reflecting on the progress made in improving the committee structure and recruiting trustees from community businesses. The Board recognised the need to engage fully in the appointment process for new Trustees and Chair to ensure the right blend of skills to guide the organisation over the coming five years. Trustees also acknowledge the contribution they could make in leveraging their networks to support the income generation needed to fully fund the five year strategic goals.

Looking Ahead

Over the coming year almost all the trustees that have been in post since the inception of Power to Change will have stepped down. The executive team has been in place six months and will be led by Tim Davies-Pugh who has been appointed permanent CEO following an open, external recruitment process. This will bring fresh thinking, new styles of working and differing skills sets. The outgoing Board and Chief Executive have provided strong and stable leadership for seven years. The impact that Power to Change has had, the partnerships and other relationships that have been established and the organisation's reputation and influence is in large measure a result of Vidhya's dedication and leadership. Tim brings a wealth of experience from his time at the National Lottery Community Fund and latterly as the Trust's Director of Strategy and Programmes, bringing continuity and understanding of the values, purpose and ambition of Power to Change. It will be important that the new Board quickly comes together and coalesces around the five-year strategy in order to sustain and build upon the reputation that Power to Change has carved in the community business sector.

The Trust will need to devote time and resource to income generation whilst ensuring it continues to work with trusted partners in a collaborative rather than competitive way. As the remaining endowed fund is spent down the Trust will also need to consider how it operates within the parameters of Trust Deed whilst meeting the governance requirements of other potential funders. I will continue to work closely with the National Lottery Community Fund and the Board as they refresh the Trust Deed and any accompanying governance documents.



Susan Johnson OBE

Protector, Power to Change Trust
July 2022

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Power to Change ('the charity') its subsidiary and joint venture ('the group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Financial Activities, Group and Charity Balance Sheets, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 December 2021 and of the group's income and receipt of endowments and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the trustee

As explained more fully in the trustee's responsibilities statement, the trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustee is responsible for assessing the group and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

Use of our report

This report is made solely to the charity's trustee, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

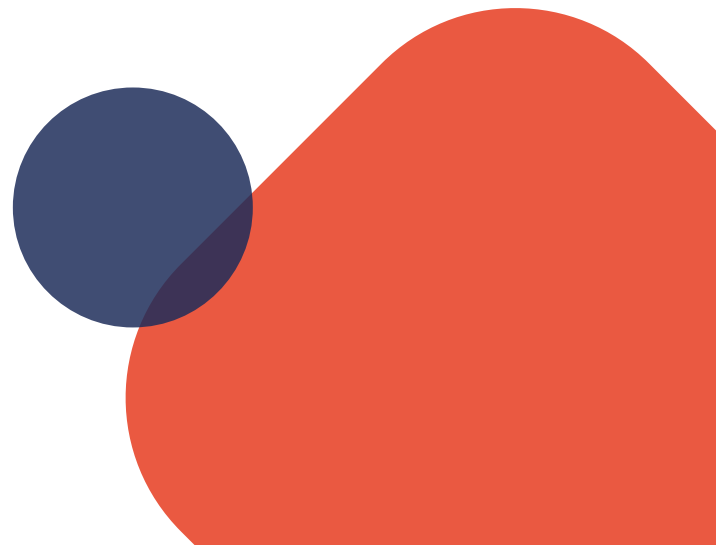
Crowe U.K. LLP

Statutory Auditor

London

Date: 13 July 2022

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





FINANCIAL STATEMENTS

Consolidated Statement of Financial Activities

for the year to 31 December 2021

		Endowment funds	Restricted funds	Unrestricted funds	2021 Total funds	2020 Total funds
	Notes	£'000	£'000	£'000	£'000	£'000
Income from:						
Donations	2	–	15	6	21	5
Charitable activities	2	–	5,616	21	5,637	10,257
Interest and investments	2	49	–	–	49	373
Total income		49	5,631	27	5,707	10,635
Expenditure on:						
Raising funds		57	–	–	57	18
Charitable activities:						
Capabilities		2,857	1,357	4	4,218	1,273
New Economic Models		1,767	1,040	–	2,807	2,655
Market Opportunities		289	917	23	1,229	1,906
Enabling Conditions		147	639	–	786	1,105
New & Diverse Audiences		13	333	–	346	–
Closing programmes		6,146	266	–	6,412	32,800
Total expenditure	3, 5, 6	11,276	4,552	27	15,855	39,757
Net gains/(losses) on investments	9	148	–	–	148	(158)
Net (expenditure)/income	4	(11,079)	1,079	–	(10,000)	(29,280)
Transfers between funds	13	291	(291)	–	–	–
Net movement in funds		(10,788)	788	–	(10,048)	(29,280)
Reconciliation of funds						
Total funds brought forward		35,301	721	–	36,022	65,302
Total funds carried forward	13	24,513	1,509	–	26,022	36,022

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

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

The accompanying notes on pages 62 to 83 form part of these financial statements.

Consolidated and Charity Balance Sheets

as at 31 December 2021

	Notes	Group £'000	2021 Charity £'000	Group £'000	2020 Charity £'000
Fixed assets					
Intangible assets	7	71	71	-	-
Tangible assets	8	52	52	44	44
Investments	9	22,556	23,146	24,870	25,608
		22,679	23,269	24,914	25,652
Current assets					
Cash at bank and in hand		6,061	6,061	11,249	11,249
Current asset investments		2,937	2,937	12,423	12,423
Debtors	10	1,786	1,786	3,100	3,100
		10,784	10,784	26,772	26,772
Current liabilities					
Creditors: amount falling due within one year	11	(6,936)	(6,936)	(14,836)	(14,836)
Net current assets		3,848	3,848	11,936	11,936
Total assets less current liabilities		26,527	27,117	36,850	37,588
Creditors: amount falling due after one year	11	(505)	(505)	(828)	(828)
Net assets		26,022	26,612	36,022	36,760
The funds of the charity					
Endowment funds	13	24,513	25,103	35,301	36,039
Unrestricted funds		-	-	-	-
Restricted funds	13	1,509	1,509	721	721
Total funds		26,022	26,612	36,022	36,760

Approved by the Corporate Trustee.
Authorised for issue on 07 July 2022 and
signed on behalf of the Trustee Directors:



Stephen Howard LVO
Chair

The accompanying notes on pages 62 to 83
form part of these financial statements.

Consolidated Cash Flow Statement

for the year to 31 December 2021

	2021 £'000	2020 £'000	
Cash outflow from operating activities			
Net expenditure	(10,000)	(29,280)	
Share of joint venture (gain)/loss	(148)	158	
Net expenditure before share of joint venture gain/loss	(10,148)	(29,122)	
Investment fees paid from capital	-	27	
Depreciation of tangible and intangible fixed assets	43	34	
Decrease in current asset investments	9,486	7,995	
Decrease/(Increase) in debtors	1,314	(432)	
(Decrease)/Increase in creditors	(8,223)	(1,181)	
Net cash flow from operating activities	(7,528)	(22,679)	
Cash inflow from investing activities			
Receipts from sale of fixed asset investments	2,462	27,616	
Investment income reinvested	-	(258)	
Payments to acquire tangible and intangible fixed assets	(122)	(25)	
Net cash flow from investing activities	2,340	27,333	
(Decrease)/Increase in cash in the period	(5,188)	4,654	
	2021 £'000	2020 £'000	
Analysis of changes in net funds			
Cash balance at the beginning of the period	11,249	6,595	
Increase in cash in the period	(5,188)	4,654	
Cash balance at 31 December	6,061	11,249	
Cash and cash equivalents/Investment			
Cash in hand	6,061	11,249	
Total cash and cash equivalents/Investment	6,061	11,249	
Reconciliation of cash equivalents and net debt			
	2020 £'000	Cashflow £'000	2021 £'000
Cash in hand	11,249	(5,188)	6,061
Total cash and cash equivalents	11,249	(5,188)	6,061





NOTES TO THE ACCOUNTS FOR THE YEAR TO 31 DECEMBER 2021

1. Accounting policies

Introduction

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

The financial statements have been prepared to give a true and fair view and follow the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP FRS 102) effective 1 January 2019.

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

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

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

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

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

1. Accounting policies (continued)

Going Concern

The board has considered budgets and forecasts for the period to 2025 alongside the available reserves (described on page 35) and are satisfied the funds available within the Trust's endowment and future fundraising activities are sufficient to cover existing commitments and planned spending over this period.

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

Income and endowments

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

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

Fund accounting

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

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

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

1. Accounting policies (continued)

Expenditure

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

Grants payable are accounted for in full as liabilities when approved and notified to grantees because there is a valid expectation that they would receive the grant as offered and accepted.

The cost of those staff whose responsibility was the direct management and administration of an activity are apportioned based on time spent in undertaking that activity. All charitable activities are classified in alignment with those undertaken in 2021.

Allocation of support costs

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

Raising funds

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

Governance costs

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

Pension

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

1. Accounting policies (continued)

Intangible fixed assets

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

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

Tangible fixed assets

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

Fixed and current asset investments

Fixed asset investments at the year end are cash deposits held in interest-bearing accounts.

Cash deposits are only considered fixed asset investments where the Trustee Directors are of the opinion that the deposits will not be expended within 12 months of the balance sheet date. Deposits that they consider are likely to be expended within 12 months are treated as current asset investments.

Fixed asset investments are reported at their fair values, being their market value, at the balance sheet date. For cash assets, market value is equivalent to amortised costs and therefore cash assets have been recognised on that basis. Gains and losses arising on the disposal of investments and the revaluation to market value are credited and charged to the statement of financial activities in that year.

Financial instruments

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

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

Operating leases

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

1. Accounting policies (continued)

Joint venture investment

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

2. Income

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'000	Total 2020 £'000
Donations	6	15	21	5
Income from charitable activities				
The National Lottery Community Fund – funding for the new five year strategy	–	4,861	4,861	–
The National Lottery Community Fund – CCLORS work	–	(212)	(212)	10,000
Liverpool City Region Combined Authority	–	47	47	257
The Open Society Foundations	–	790	790	–
Other	21	130	151	–
	21	5,616	5,637	10,257
Income from interest and investments				
Income from investments	–	–	–	336
Bank interest	–	49	49	37
	–	49	49	373
Total income	27	5,680	5,707	10,635

The negative income in-year for the TNLCF CCLORS funding represents underspent funds returned to the donor. Interest income is in the Endowment Income shown in note 13. Income from the Open Society Foundations represents the portion recognised in 2021 of the agreement total of £1.1m.

3. Expenditure allocation

£'000	Raising Funds	Capabilities	New Economic Models	Market Opportunities	Enabling Conditions	New & Diverse Audiences	Closing programmes	2021 Total	2020
Grants Awarded	-	2,664	1,211	190	149	-	2,394	6,608	27,818
Programme delivery costs (of which £716k via a grant)	-	328	537	79	-	-	1,302	2,246	3,492
Support to sector (of which £399k via a grant)	-	435	507	63	-	-	247	1,252	2,019
Direct staff costs	34	403	281	409	288	158	980	2,553	2,817
Research and evaluation direct costs	-	70	28	123	55	65	686	1,027	1,638
Other direct costs (of which training £15k)	-	154	130	200	177	59	148	868	539
Support costs	23	164	113	165	117	64	655	1,301	1,434
Total	57	4,218	2,807	1,229	786	346	6,412	15,855	39,757

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

Breakdown of support costs	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Staff costs – governance	233		284	
Direct costs – governance	81		89	
Governance		314		373
Staff costs – finance, operations and HR		439		434
Rent and office costs		242		407
Training costs		115		80
IT costs		99		140
Legal		49		-
Depreciation		43		-
Total		1,301		1,434

Legal costs and depreciation were treated as direct costs (not support) costs in 2020.

Prior year expenditure allocation:

2020 costs £'000	Raising Funds	Capabilities	New Economic Models	Market Opportunities	Enabling Conditions	New & Diverse Audiences	Closing programmes	2020 Total
Grants Awarded	-	845	721	1010	752	-	24,490	27,818
Programme delivery costs	-	137	616	223	-	-	2,516	3,492
Support to sector	-	206	871	107	-	-	835	2,019
Direct staff costs	-	54	293	259	136	-	2,075	2,817
Research and evaluation direct costs	-	-	-	18	20	-	1,600	1,638
Other direct costs	18	3	5	157	128	-	228	539
Support costs	-	28	149	132	69	-	1,056	1,434
Total	18	1,273	2,655	1,906	1,105	-	32,800	39,757

4. Net Expenditure for the year

This is stated after charging:

	2021 £'000	2020 £'000
Operating lease rentals (rent)	115	181
External audit fees	24	24
External audit fees – non-assurance fees	-	2
Internal audit fees	16	29
Depreciation	43	34
Total	198	270

5a. Staff costs & numbers

	2021 £'000	2020 £'000
Wages and salaries	2,559	2,570
Social security costs	252	262
Employer pension contributions	128	130
Other employee benefits	39	35
	2,978	2,997
Training (support costs)	115	80
Training (direct costs)	15	-
Contractor costs	171	454
Recruitment costs	76	83
Total staff costs	3,355	3,614

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

	2021	2020
Charitable expenditure	35	43
Support and governance	10	7
	45	50

The number of employees who received remuneration of more than £60,000 in the year was as follows:

	2021	2020
£60,000 – £69,999	1	2
£70,000 – £79,999	2	5
£80,000 – £89,999	2	–
£90,000 – £99,999	1	1
£100,000 – £109,999	1	–
£110,000 – £119,999	–	1
£120,000 – £129,999	1	1
£150,000 – £159,999	–	1

Total key management personnel costs for the year were £635k (2020: £640k).

Details of key management personnel are set out on page 40.

Included in the wages and salaries costs are termination payments of £222,650 (2020: £87,232). A restructure took place in the first half of 2021.

5b. Trustee Directors

Trustee Directors received no remuneration during the year (2020: £nil). In total one Trustee Director received reimbursement for travel and subsistence expenses of £45 during the year (2020: 6 Trustee Directors – £890).

The Protector received remuneration of £15k for the year (2020 relating to Nov 2018 – Dec 2020: £33k) representing their fee as stipulated by the Trust Deed. The Protector also received reimbursement of travel and subsistence expenses of £57 (2020: £168).

The operating cost of the pension scheme during the period was £1,200 (2020: £1,200).

6. Grants awarded

	2021 £'000	2020 £'000
Capabilities		
C-19 Renewal	2,586	805
Other	78	40
New Economic Models		
Community Business Trade Up	530	722
Community Shares	499	-
Empowering Places	126	(1)
Assets	56	-
Market Opportunities		
CORE and Next Generation Community Energy Programme	122	890
Health, Social Care and Wellbeing	68	120
Enabling Conditions		
Infrastructure	128	752
Making the case	21	-
Closing programmes		
Blended Finance	520	307
C-19 Community-Led Organisations Recovery Scheme	68	9,288
C-19 Trading Income Support Scheme	26	4,628
Cities and Counties	189	70
Community Business Bright Ideas	(5)	875
Community Business Fund	149	4,811
Community Business Panel (seed grants)	-	2
Homes in Community Hands	513	814
More than a Pub	191	1,514
Resilient Neighbourhoods Fund	-	300
Capacity Building – Peer Brokerage	179	-
Community Shares Booster	316	642
Research and policy	248	258
	6,608	26,837
Other grants		
Grants to delivery partners for delivery costs / capacity building	1,115	981
	7,723	27,818

External grants awarded in 2021 are net of £1,023k of grants withdrawn (2020: £1,032k).

The value of grants withdrawn represent those grants that have been withdrawn completely or have been subject to a variation.

Major grant programmes are explained in the 'What we achieved in 2021' section above.

7. Intangible fixed assets (Group and Charity)

	Software £'000	Twine Application £'000	Website £'000	2021 Total £'000	2020 Total £'000
Cost					
Brought forward	87	281	83	451	451
Additions	-	-	82	82	-
Disposals	-	-	(83)	(83)	-
Carried forward	87	281	82	450	451
Amortisation					
Brought forward	87	281	83	451	451
Charges for the year	-	-	11	11	-
Disposals	-	-	(83)	(83)	-
Impairment	-	-	-	-	-
Carried forward	87	281	11	379	451
Net book value					
Brought forward	-	-	-	-	-
Carried forward	-	-	71	71	-

Software pertains to customer relationship management software.

During the year, our new website was launched and hence our previous one was treated as a disposal.

8. Tangible fixed assets

	IT Equipment	Fixtures and Fittings	2021	2020
	£'000	£'000	£'000	£'000
Cost				
Brought forward	168	-	168	143
Additions	1	39	40	25
Disposals	(80)	-	(80)	-
Carried forward	89	39	128	168
Depreciation				
Brought forward	124	-	124	90
Charges for the year	27	5	32	34
Disposals	(80)	-	(80)	-
Carried forward	71	5	76	124
Net book value				
Brought forward	44	-	44	53
Carried forward	18	34	52	44

The tangible fixed assets held in 2020 related to IT equipment.

Obsolete computer equipment was decommissioned in the year.

Additions mainly relate to fixtures and fittings in our refurbished London office.

9. Fixed assets – investments

	2021 Group £'000	Charity £'000	2020 Group £'000	Charity £'000
Social investment				
Community Owned Renewable Energy LLP	–	8,476	–	8,476
Share of joint venture net assets	7,886	–	7,738	–
Cash and deposits	14,670	14,670	17,132	17,132
Total investments	22,556	23,146	24,870	25,608

The social investment in 2021 of £8,476k (2020: £8,476k) relates to Community Owned Renewable Energy LLP (CORE LLP) which is a joint venture with Big Society Capital. At 31 December 2021, Power to Change had a commitment to invest up to a further £1,524k (2020: £1,524k) into CORE LLP although the Trustee Directors do not anticipate that any further investment will be made.

The difference between the value of the Charity investment and the Group share of joint venture net assets relates to cumulative losses of £580k up to 31 December 2019, a loss of £158k relating to 2020 and a gain of £148k relating to 2021.

Movement in year

	2021 Group £'000	Charity £'000	2020 Group £'000	Charity £'000
Social investment				
Movement in share of joint venture net assets	148	–	(158)	–
Cash and deposits				
Invested/(withdrawn) in the year	(2,462)	(2,462)	(27,616)	(27,616)
Income reinvested	–	–	258	258
Management fees paid from capital	–	–	(27)	(27)
Decrease/(increase) in investments	(2,314)	(2,462)	(27,543)	(27,385)
Brought forward investments	24,870	25,608	52,413	25,608
Total investments at the end of the year	22,556	23,146	24,870	25,608

Social investments

The Group has invested in the following entities as part of its commitment to community-owned energy businesses:

Investment	Shares held
PTC Renewable Energy Ltd (10847365, England and Wales)	100%
Community Owned Renewable Energy LLP (OC418078)	50%
Investment held by PTC Renewable Energy Ltd	
Joint venture with Big Society Capital	
CORE Aries Limited (11081463, England and Wales)	50%
100% subsidiary of CORE LLP	
CORE Newton Downs Limited (08559996 England and Wales)	50%
100% subsidiary of CORE Aries Limited	
CORE Libra Limited (11653375, England and Wales)	50%
100% subsidiary of CORE LLP	
CORE Scorpio Limited (11653373, England and Wales)	50%
100% subsidiary of CORE LLP	
Sheriffhales Solar Community Interest Company (09643746, England and Wales)	25%
50.1% subsidiary of CORE Scorpio Limited	
CORE Aquarius Limited (11653365, England and Wales)	50%
100% subsidiary of CORE LLP	
Orchard Farm Community Solar 2 CIC (09606654, England and Wales)	50%
100% subsidiary of CORE Aquarius Ltd	
CORE Gemini Limited (11653374, England and Wales)	25%
50.1% subsidiary of CORE LLP	
Homestead Community Solar C.I.C. (09615191, England and Wales)	25%
100% subsidiary of CORE Gemini Limited	
CORE Capricorn Limited (11739169, England and Wales)	50%
100% subsidiary of CORE LLP	
NewCo 7GS9 Limited (11344525, England and Wales)	50%
100% subsidiary of CORE Capricorn Ltd	
Creacombe Solar C.I.C. (11366479, England and Wales)	50%
100% subsidiary of NewCo 7GS9 Limited	
Marlands Solar Ltd (11575628, England and Wales)	50%
100% subsidiary of NewCo 7GS9 Limited	
Creacombe Grid Ltd (11595042, England and Wales)	50%
100% jointly owned by Creacombe Solar CIC and Marlands Solar Ltd	
CORE Leo Limited (11739005, England and Wales)	50%
100% subsidiary of CORE LLP	
CORE Taurus Limited (11739220, England and Wales)	50%
100% subsidiary of CORE LLP	
Twemlows HoldCo Limited (10490066, England and Wales)	50%
100% subsidiary of CORE Taurus Limited	
Community Energy Twemlows C.I.C. (09644669, England and Wales)	50%
100% subsidiary of Twemlows HoldCo Limited	
Community Energy Twemlows 2 C.I.C. (09644332, England and Wales)	50%
100% subsidiary of Twemlows HoldCo Limited	
CORE Community Investments Limited (13153678, England and Wales)	44%
85.7% jointly owned by CORE Taurus Limited, CORE Aries Limited, CORE Gemini Limited, CORE Capricorn Limited, CORE Aquarius Limited and CORE Pisces Limited (which is ultimately owned by Big Society Capital)	
CORE Portfolio Investments Limited (13157440, England and Wales)	44%
100% owned by CORE Community Investments Limited	

The registered office for PTC Renewable Energy Ltd is The Clarence Centre, 6 St George's Circus, London SE1 6FE. The registered office for all the other subsidiaries is W106 Vox Studios, 1-45 Durham Street, London, SE11 5JH.

PTC Renewable Energy Ltd did not trade during 2021 or 2020. At 31 December 2021 it had net assets of £8,476k (2020: £8,476k) representing its investment in CORE LLP.

In February 2022, the LLP made a £1,250k distribution of member capital to PTC Renewable Energy Ltd. Thereafter a capital reduction of £1,250k took place at PTC Renewable Energy Ltd alongside a cash distribution of an equivalent amount from PTC Renewable Energy Ltd to the Charity.

The Group's share of the income, expenditure, assets and liabilities of Community Owned Renewable Energy LLP and its wholly owned subsidiaries (the CORE Group) are:

	2021		2020	
	CORE LLP Group	PTC Group 50% Share	CORE LLP Group	PTC Group 50% Share
	£'000	£'000	£'000	£'000
Income for the year	4,261	2,131	3,424	1,712
Expenditure for the year	3,967	1,983	3,740	1,870
Net (gain) / loss for the year	(296)	(148)	316	158
Net assets (excluding non-controlling interest)	15,772	7,886	15,476	7,738

10. Debtors (Group & Charity)

	2021	2020
	£'000	£'000
Prepayments	157	251
Advances to intermediaries	1,622	2,682
Other debtors	7	167
	1,786	3,100

The advances to intermediaries represent funds advanced to Power to Change's delivery partners for onward advance to grantees but which had not been defrayed at the end of the financial year.

11. Creditors (Group & Charity)

	2021 £'000	2020 £'000
Due within one year		
Trade creditors	150	488
Grants payable	6,086	13,398
Accruals	566	803
Other creditors	134	147
	6,936	14,836
Due after one year		
Grants payable	505	828
	505	828

Grants payable amounts are summarised below:

	2021 £'000	2020 £'000
Grants payable		
Balance brought forward	14,226	16,104
External grants awarded	6,608	27,818
Amounts defrayed	(14,243)	(29,696)
Balance carried forward	6,591	14,226
Balance carried forward (note 11)		
due within one year	6,086	13,398
due after one year	505	828
	6,591	14,226

12. Related party transactions

As explained in note 9, the Group has made a social investment in Community Owned Renewable Energy LLP (CORE LLP) which, in turn, has invested in several community energy businesses. In 2021 the Trust made grants to two of these community energy businesses: a grant of £25k to Community Energy Twemlows CIC (2020: £nil) and a grant of £100k to Creacombe Solar CIC (2020: £nil).

Vidhya Alakeson, the CEO of Power to Change Trust and Company Secretary of Power to Change Trustee Ltd until February 2022 was also a Trustee at The Young Foundation and was not involved in any decisions concerning grants awarded to this organisation. During the year £190k (2020: £40k) was granted to The Young Foundation in order to secure the legacy of the Research Institute.

Vidhya is also a community shareholder of Nudge Community Builders, and was not involved in any decisions concerning grants awarded to this organisation. £49k was granted in the year and £10k expenditure incurred with Nudge Community Builders (2020: £nil).

Until June 2021 Vidhya was also a Director at Kindred CIC, a collaborative network of socially-trading organisations based in Liverpool. Kindred's development is joint funded by both Power To Change Trust and Liverpool City Region Combined Authority. In the year, expenses of £500 (2020: £500) were paid to Kindred, and a grant agreement signed for £977k, of which £126k was awarded in-year (2020: £nil). In return for providing support to establish Kindred, PTC received grant income of £47k (2020: £258k) from Liverpool City Region Combined Authority.

Tim Davies-Pugh, Director of Strategy and Programmes in the year was a Trustee of the Virgin Money Foundation until March 2021. Power to Change and the Virgin Money Foundation have agreed to co fund a leadership programme, Leading the Way. Tim Davies-Pugh took no part in partnership negotiations or decisions on either side. (at PTC or VMF). Income of £3k (2020: £nil) was received in the year.

Stephen Miller, Director of Impact and Learning, since 2021 is also a Trustee for the Charity Evaluation Working Group and was not involved in any decisions concerning the transfer of Power to Change funds to this organisation: £80 was spent in the year.

Ailbhe McNabola, Director of Policy and Communications since 2021, is also the Co-Chair on the Social Research Association's Board of Trustees and was not involved in any decisions concerning the transfer of Power to Change funds to this organisation: £249 was spent in the year.

Jess Steele was appointed as a Power to Change Trustee Director on 30 September 2021 and was therefore not in post when Power to Change incurred spend of £1k with Jericho Road, of which Jess is a Director.

13. Group Funds

	2021			2020		
	Endowment funds	Other restricted funds	Total	Endowment funds	Other restricted funds	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Allocation of assets by fund						
Intangible assets	71	-	71	-	-	-
Tangible assets	52	-	52	44	-	44
Investments	14,670	-	14,670	17,132	-	17,132
Share of joint venture net assets	7,886	-	7,886	7,738	-	7,738
Current assets	9,275	1,509	10,784	26,051	721	26,772
Current liabilities	(6,936)	-	(6,936)	(14,836)	-	(14,836)
Liabilities falling due after one year	(505)	-	(505)	(828)	-	(828)
	24,513	1,509	26,022	35,301	721	36,022

Movement in 2021	Balance b/f	Income	Expenditure	Investment gains	Transfers	Balance c/f
	£'000	£'000	£'000	£'000	£'000	£'000
Expendable endowment	-	-	-	-	-	-
The National Lottery Community Fund	-	-	-	-	-	-
"Capital Fund"	35,301	-	-	-	(10,788)	24,513
The National Lottery Community Fund	-	-	-	-	-	-
"Income Fund"	-	49	(11,276)	148	11,079	-
Total endowment funds	35,301	49	(11,276)	148	291	24,513
Restricted funds						
TNLCF - CCLORS	742	(212)	(239)	-	(291)	-
Liverpool City Region Combined Authority	(21)	47	(26)	-	-	-
TNLCF - 5 year strategy from 2021	-	4,861	(4,195)	-	-	666
GLA - Boosting Community Enterprise	-	115	(55)	-	-	60
Open Society Foundations	-	790	(7)	-	-	783
Other research and HSC work	-	30	(30)	-	-	-
Total restricted funds	721	5,631	(4,552)	-	(291)	1,509
Unrestricted funds	-	27	(27)	-	-	-
Total funds	36,022	5,707	(15,855)	148	-	26,022

During the year money from the Capital Fund was transferred to the Income Fund to meet the Charity's ongoing expenditure requirements not met through other funding.

Movement in 2020	Balance b/f	Income	Expenditure	Investment gains	Transfers	Balance c/f
	£'000	£'000	£'000	£'000	£'000	£'000
Expendable endowment	-	-	-	-	-	-
The National Lottery Community Fund	-	-	-	-	-	-
"Capital Fund"	64,652	-	(18)	-	(29,333)	35,301
"Income Fund"	-	373	(29,706)	-	29,333	-
Total endowment funds	64,652	373	(29,724)	-	-	35,301
Restricted funds						
TNLCF – C-19 Trade Income Support	-	10,000	(9,258)	-	-	742
Liverpool City Region Combined Authority – Kindred	-	257	(278)	-	-	(21)
MHCLG – More than a Pub	650	-	(650)	-	-	-
Total restricted funds	650	10,257	(10,186)	-	-	721
Unrestricted funds	-	5	(5)	-	-	-
Total funds	65,302	10,635	(39,915)	-	-	36,022

Endowment Funds

The National Lottery Community Fund (TNLCF, formerly the Big Lottery Fund) endowment of £149m is considered in two parts:

- The Income Fund is the earned interest on the investment of the endowment and only available to be used in accordance with the funding terms as set out by TNLCF
- The Capital Fund represents the original endowment

Other Restricted Funds

Within this, there are various restricted funds:

- A £10m grant from TNLCF specially for the COVID-19 Community Led Organisations Recovery Scheme
- Grant funding from Liverpool City Region in respect of PTC's work on the Kindred, a collaborative network of socially-trading organisations
- A £20m grant from TNLCF over 5 years to support our new strategy
- Grant funding from the GLA for a pilot programme with Co-ops UK on Boosting Community Enterprise
- Grant funding from the Open Society Foundations to enable work on Alternative Ownership commenced by the Open Society Foundations to continue
- Smaller pieces of funding (grants / donations) for research and Health and Social Care work

14. Operating Leases

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

	2021	2020
	£'000	£'000
Payment due:		
Within one year	82	145
Within two to five years	119	130
Over five years	-	-
	201	275

During the year our rental agreements were all renewed.

15. Status of the Charity

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

16. Prior year statement of Financial Activities

As stated in the Accounting Policies, charitable activities are now classified in alignment with those undertaken in 2021, and hence have been reclassified from the headings below.

		Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
	Notes					
Income from:						
Donations	2	-	-	5	5	-
Charitable activities:	2	-	-	-	-	-
C-19 Trading Income Support		-	10,000	-	10,000	-
Cities and Counties		-	257	-	257	-
Pubs		-	-	-	-	650
Investments	2	373	-	-	373	948
Total income		373	10,257	5	10,635	1,598
Expenditure on:						
Raising funds		18	-	-	18	68
Charitable activities:						
Grants awarded	6	20,245	9,258	5	29,508	21,384
Grantee support		6,320	278	-	6,598	3,565
Market development		564	650	-	1,214	1,498
Research		2,419	-	-	2,419	2,155
Share of joint venture loss	9	158	-	-	158	282
Total expenditure	3	29,724	10,186	5	39,915	28,952
Net operating expenditure		(29,351)	71	-	(29,280)	(27,354)
Net gains on investments		-	-	-	-	873
Net expenditure		(29,351)	71	-	(29,280)	(26,481)
Reconciliation of funds						
Total funds brought forward		64,652	650	-	65,302	91,783
Total funds carried forward	13	35,301	721	-	36,022	65,302

REFERENCE DETAILS AND DETAILS OF AUDITORS

Registered office

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

Charity Commission number

1159982

Trustee

Power to Change Trustee Limited

Company number 8940987 – England & Wales

(The Directors of the Trustee company are
listed on page 38)

Protector

Susan Johnson OBE

Auditor

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Banker

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