LLOYDS BANK FOUNDATION FOR ENGLAND & WALES

England & Wales · Charity number 327114

Details

Other names	LLOYDS TSB FOUNDATION FOR ENGLAND AND WALES, Lloyds Bank Foundation
Status	Registered
Legal form	Charitable company
Company number	01971242
Registered	1986-05-13
Register	View on the Charity Commission register

Contact

Address	Society Building 8 All Saints Street London N1 9RL
Phone	02073784610
Email	enquiries@lloydsbankfoundation.org.uk
Website	www.lloydsbankfoundation.org.uk

Activities

Objects: ANY CHARITABLE PURPOSE, INCLUDING IN PARTICULAR:A) TO ADVANCE EDUCATION AND TRAINING IN ALL ASPECTS OF KNOWLEDGE BY MEANS OF (BUT NOT LIMITED TO) THE MAKING OF GRANTS, INCLUDING THE ESTABLISHMENT OF SCHOLARSHIPS AND PRIZES, AND OTHER LIKE AWARDS. B) TO ADVANCE SCIENTIFIC OR MEDICAL RESEARCH, ON THE CONDITION THAT ALL USEFUL RESULTS OF SUCH SCIENTIFIC OR MEDICAL RESEARCH ARE PUBLISHED, AND EDUCATION IN SCIENTIFIC OR MEDICAL RESEARCH BY MEANS OF (BUT NOT LIMITED TO) THE MAKING OF GRANTS, INCLUDING THE ESTABLISHMENT OF SCHOLARSHIPS AND PRIZES, AND OTHER LIKE AWARDS. C) TO PROMOTE THE PROVISION OF FACILITIES IN THE INTEREST OF SOCIAL AND COMMUNITY WELFARE FOR RECREATION AND LEISURE TIME OCCUPATION AND ENJOYMENT OF THE ARTS WITH THE OBJECT OF IMPROVING THE CONDITIONS OF LIFE OF PEOPLE WHO ARE DISADVANTAGED BY YOUTH, AGE, INFIRMITY OR DISABLEMENT, POVERTY OR SOCIAL AND ECONOMIC CIRCUMSTANCES.

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Activities: To be a leading grant maker supporting and working in partnership with recognised charitable organisations which help people, especially those who are disadvantaged or disabled, to play a fuller role in communities throughout England and Wales.

Classification

- **How:** Makes Grants To Organisations
- **What:** General Charitable Purposes, Education/training, The Advancement Of Health Or Saving Of Lives, Disability, The Prevention Or Relief Of Poverty
- **Who:** Other Charities Or Voluntary Bodies

Geography

- **Area of benefit:** PRINCIPALLY ENGLAND WALES AND ISLE OF MAN
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£27,756,576	£24,763,004	£25,353,265	53
2023-12-31	£19,219,068	£24,220,619	£21,147,509	50
2022-12-31	£16,459,118	£19,859,306	£24,885,576	48
2021-12-31	£19,356,049	£19,859,306	£33,482,893	48
2020-12-31	£24,608,006	£28,203,826	£32,695,238	47

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Trustees

Name	Role	Appointed
Ajneet Jassey		2024-01-01
Baroness Ruth Elizabeth Hunt		2026-02-02
Bushra Anoud Ahmed		2022-07-01
CHERRIE BIJA		2023-01-02
Clara Louise Berry		2026-02-02
Claud Leon George Williams		2023-01-02
Enver Solomon		2025-10-01
Laura Needham		2024-01-01
Mark Patrick Barrow		2026-02-02
Miles John Ravenhill		2025-05-01
Sarah Catherine Legg		2021-07-01

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LLOYDS BANK FOUNDATION FOR ENGLAND & WALES

England & Wales - Charity number 327114

Accounts

Trustees' Report and Financial Statements 2024

LLOYDS BANK FOUNDATION
ENGLAND & WALES

We're an independent charitable foundation funded by Lloyds Banking Group. We work in partnership with small and local charities, people and communities, changing lives and working towards a more just and compassionate society.

The needs and aspirations of people drive our work. We strengthen the small and local charities that support them and the communities they live in, and advocate for a better future.

Through unrestricted funding, support to develop, and influencing policy and practice we help small and local charities thrive, communities grow stronger, and people overcome complex issues and barriers so they can transform their lives.

Front cover: WODIN, a women's digital inclusion charity in Liverpool, awarded a grant of £75,000

LLOYDS BANK FOUNDATION
ENGLAND & WALES

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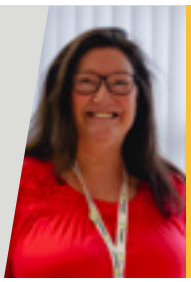

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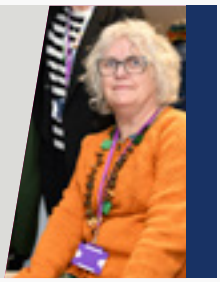

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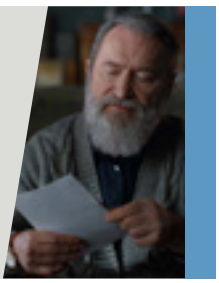

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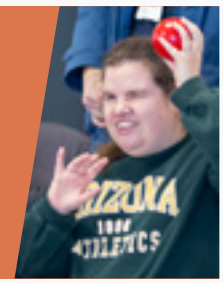

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A note from our Chair

Throughout 2024, our charity partners spoke to us about adapting to a continually shifting environment – but one in which the fundamentals of the problems they're tackling remained stubbornly the same. Government might have changed but many of the challenges are deep rooted.

In the following pages, we share how we have adapted as a Foundation to ensure we're delivering what charities need. We've continued to strengthen the resilience of small charities through our unrestricted funding and bespoke development support. This is enabling charities to reach more people and unlock more funding and opportunities. Alongside this, we have helped build connections across the charity sector and beyond, so that local organisations can collaborate in serving people facing some of the greatest difficulties.

> *"Charities we support have changed policy to reduce refugee homelessness, and improved the financial circumstances of as many as 60,000 carers.*

We were delighted to see our charity partners delivering real change as a result. Charities we support have influenced Government to commit to a new relationship with the sector, changed policy to reduce refugee homelessness, and improved the financial circumstances of as many as 60,000 carers.

Change came to the Foundation as well. We were delighted to welcome Matt Hyde OBE as our new Chief Executive. His first few months at the Foundation have been marked by engagement with the charities, people and communities we support and determined action to lift charities' voices to the highest levels of government.

One of the greatest challenges is the deep inequality which still exists in our society. I was proud to see the Foundation's efforts to share power recognised with the Equity, Diversity and Inclusion award at the 2024 Charity Times Awards for our work on supporting racial equity and Deaf and Disabled People's organisations.

None of these achievements would have been possible without the passion and dedication of our staff and trustees, alongside committed volunteers from Lloyds Banking Group. Together, we can truly help Britain prosper.

Dame Ann Limb DBE DL
Chair of Trustees

A note from our Chief Executive

I started my role as Chief Executive of the Foundation in 2024. It's a real privilege to be serving small and local charities, and investing in people and communities right across England and Wales. With each charity I've met, I've seen their inspiring passion and resolve to be there for people facing complex issues like homelessness, domestic abuse and addiction.

> *There are structural challenges to tackle which need more funding, and more than funding, to solve. The complex issues people are experiencing require cross-sector solutions.*

That was brought home powerfully when I spent time with Asylum Link Merseyside, whose community had felt the full impact of the summer's riots. But they also spoke of hope, the swell of neighbours who rose to defend the charity's building, and their shared determination to stand up against hate in all its forms.

That courage calls on all of us to do more. I'm proud the Foundation played its part during that time of crisis. We swiftly reached out to all our charity partners and provided financial support to equip them with the resources needed to keep people safe.

But there are structural challenges to tackle which need more funding, and more than funding, to solve. The complex issues people are experiencing require cross-sector solutions. That's why I am extremely grateful for the welcome I have received from Lloyds Banking Group colleagues at all levels, and the commitment they have made to our partnership. 2025 marks 40 years of working together, and the opportunity to explore new ways of doing so for the decades ahead.

Government is the other part of the equation. I have been raising charities' voices at the top of government, highlighting how government, the private sector and charities working together hold the key to our country's renewal.

In 2025, we set to work on an ambitious new strategy. I'm looking forward to working with the team at the Foundation, and hearing ideas from across the sector, to envision how we can have an even greater impact in the years ahead.

Matt Hyde OBE
Chief Executive

2024 impact at a glance

"Anytime I'm in trouble, anytime something is too much and I'm in tears, I know I can go to Rebuild for help which is very good. I just knock on the door and they open it, they're always checking in on me and it's lovely. If I didn't have their support, that would be really, really hard.

Elise, supported by Rebuild East Midlands, a charity in Derby, supporting survivors of trafficking and modern slavery, awarded a grant of £75,000.

£20.3m
awarded in funding in total (£20.5m in 2023).

662
charities supported through grants programmes (706 charities in 2023).

297k
people supported by our charity partners (504k in 2023).

£1.9m
distributed through our Matched Giving scheme supporting fundraising and volunteering by Lloyds Banking Group colleagues for 1,340 charities (£1.8m for 1,325 charities in 2023).

"I claimed #MatchedGiving for Wakefield Hospice. Proud to support a local charity, every Christmas a group of us from Lloyds Banking Group volunteer at our local hospice. We help make Christmas wreaths which they then sell to the public to raise vital funds for the hospice. It is a really fun and rewarding day for us too, even more so knowing the Foundation will match fund what is raised from the wreaths. Can't wait for our next festive fun day!

Val Vladimirova-Dawe, Customer Specialist Support (Customer Financial Assitance) at Lloyds Banking Group

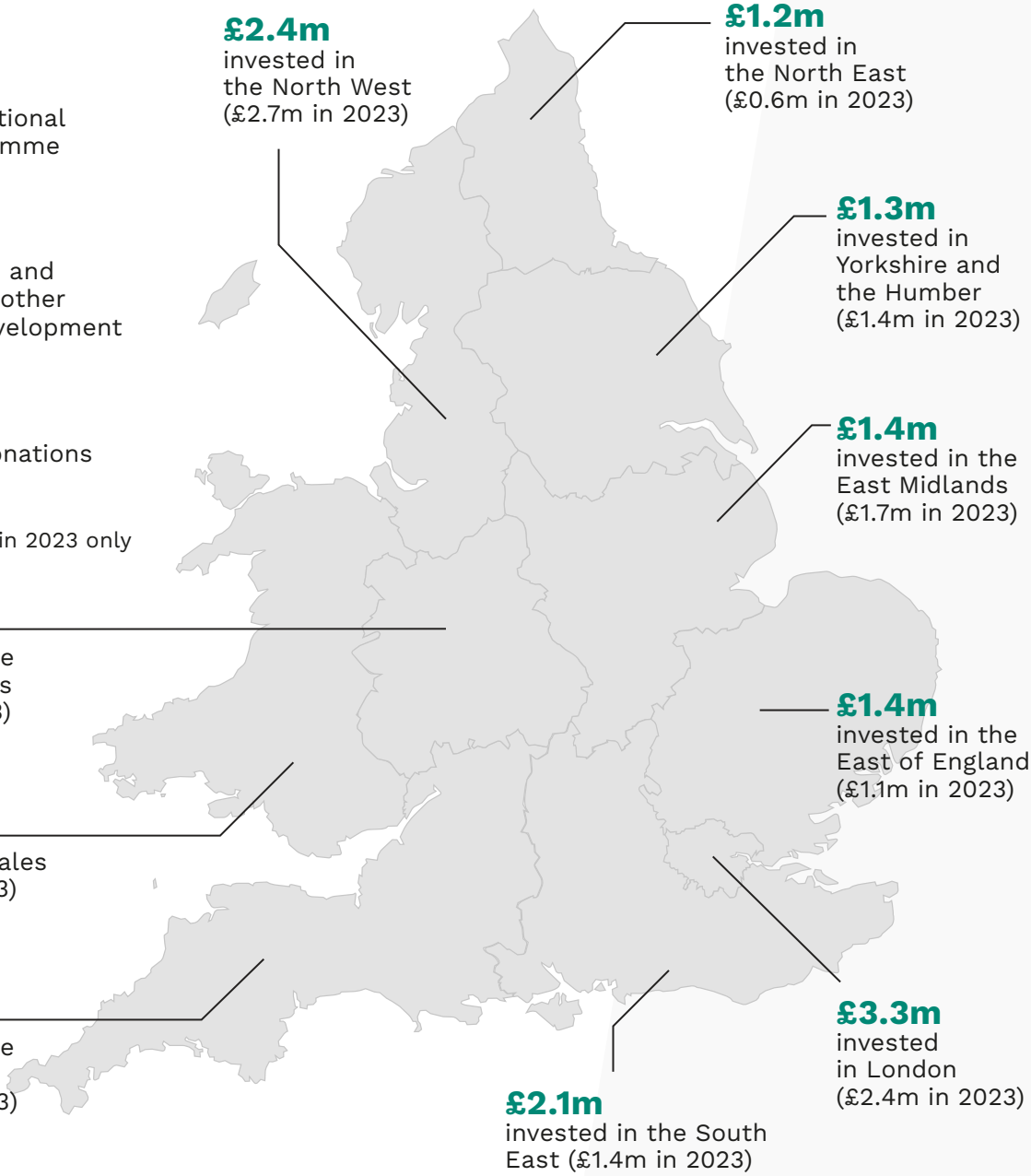
Our reach

£0.6m
invested in the national influencing programme (£2.8m in 2023)

£0.5m
invested in People and Communities and other Organisational Development (£0.3m in 2023)

£1.9m
Matched Giving donations (£1.8m in 2023)

LocalMotion £0.9m in 2023 only



£2.4m
invested in the North West (£2.7m in 2023)

£1.2m
invested in the North East (£0.6m in 2023)

£1.3m
invested in Yorkshire and the Humber (£1.4m in 2023)

£1.4m
invested in the East Midlands (£1.7m in 2023)

£1.3m
invested in the West Midlands (£1.1m in 2023)

£1.4m
invested in the East of England (£1.1m in 2023)

£1.4m
invested in Wales (£1.3m in 2023)

£1.3m
invested in the South West (£1.0m in 2023)

£3.3m
invested in London (£2.4m in 2023)

£2.1m
invested in the South East (£1.4m in 2023)

"The funding is unrestricted, which means we can actually choose where we spend that money. It has really transformed the way we work. We are able to support people we work with to get to our meetings by paying for their transport. We are able to provide a culturally appropriate meal... Our leadership team are able to network and attend various learning opportunities, instead of perpetually looking for funding.

Sylvia Kalungi, CEO of WODIN, a charity in Liverpool supporting migrant women, awarded a grant of £75,000

Strengthening resilience

To ensure small charities can continue to provide vital support to people who need it most, we strengthen their resilience with flexible unrestricted funding and bespoke organisational development support, alongside advocating for better commissioning practices and better government policy.

What we promised

1. We'll reach people facing complex issues and barriers by **partnering with small and local charities**, enabling them to support people to break free from poverty and fulfil their potential.
2. We'll support at least 200 small and local charities to become stronger and more resilient through **flexible unrestricted funding** and **capacity building support**.
3. We'll work with civil society partners to improve the operating environment for small and local charities, pushing for **better commissioning practices**.

What we did

We supported **specialist charities** helping people facing complex issues like domestic violence and homelessness. And because Deaf and Disabled people and people experiencing racial inequity are facing multiple barriers to accessing the support they need, **we invested £6.45 million** in charities and CICs led by and for these communities.

We **supported 176 small and local charities with unrestricted funding and capacity building support**, alongside building the capacity of 34 charities as part of a new organisational development support programme.

We hosted the **Welsh Small Charities Forum**, supporting around 50 small Welsh charities to **produce commissioning good practice recommendations** which were shared in a resource called **Finding the Good** at gofod3. We engaged with government officials who are leading on procurement reform and shared the recommendations for this resource to inform these reforms.

Supporting small charities across England and Wales

Specialist programme

For specialist charities helping people facing complex issues.

£6.75m
90 new grants

Addiction and dependency

Asylum seekers and refugees

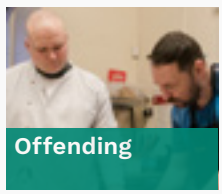
Care leavers

Domestic abuse

Homelessness

Sexual abuse and exploitation

Trafficking and modern slavery


Offending

£3.2m
43 new grants

Racial equity programme

For organisations working with people who have faced inequity because of their race or ethnicity.

£3.2m
43 new grants

Deaf and Disabled people's organisations

For small and local charities which are led by and working with Deaf and Disabled people who are experiencing poverty.

"The fact that the funding is unrestricted is so important because it provides us with flexibility to allocate funds where we need them the most, but it also sends a strong message to the sector that non-profit organisations can be trusted to make decisions on what they do themselves.

We, as small charities, are experts in our respective fields and Lloyds Bank Foundation genuinely respects that.

Catherine Skinner, Director of Maa Shanti, a charity in London supporting South Asian mothers affected by domestic abuse, awarded a grant of £75,000

Supporting charities to develop

In addition to our funding, we offer all our charity partners a breadth of tailored support to help build their skills, capacity and effectiveness. We commission external consultants, match charities with Lloyds Banking Group volunteers, and connect charities to one another to network and learn.

515
charities strengthened with our organisational development support.

361
Bank colleagues shared their skills and expertise with our charity partners.

550
charity staff connected through our events and networks.

"The guidance from the Foundation and its consultants has enabled us to transform our organisation. We now operate with greater efficiency and professionalism, making client referrals and allocations smoother and more effective than ever before. Saying thank you hardly feels sufficient to express our heartfelt gratitude.

Nilaari Agency, a Black-led mental health charity in Bristol, awarded a grant of £50k

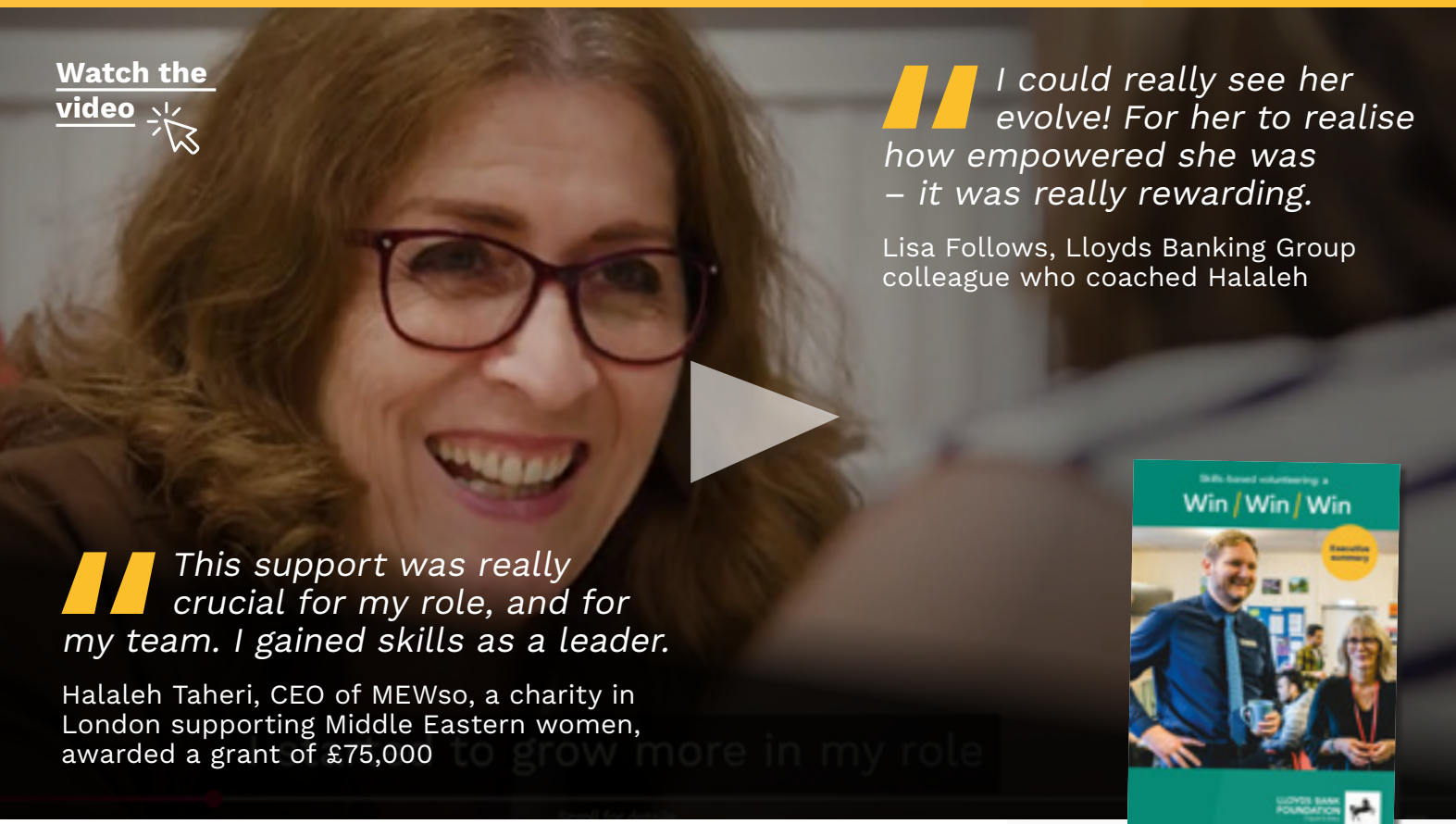
New managers' programme

Many small charities have frontline staff bringing their rich experience into management or leadership roles, but they do not always have the resources or capacity to provide dedicated support for these team members to develop. Across the sector, charities are spending 20% less time in training than in 2011. We tackle this by providing access to high-quality leadership and management training through our unique partnership with Lloyds Banking Group.

In 2024, we launched a programme of development support for new managers, which included group learning sessions, one to one coaching, and peer group sessions. Here's what participants said:

"As a result of this course, I feel better equipped to address performance issues and give praise for good work in a way that encourages learning and growth.

"[This programme] is helping me maintain good relationships within my team whilst delivering for our stakeholders.



The win-win-win of skills based volunteering

Read the report

After a decade of connecting volunteers from Lloyds Banking Group with our charity partners, we carried out research that shows three distinct wins of skills based volunteering: for charities, for volunteers and for businesses. Charities gain knowledge and confidence, volunteers gain new skills, and businesses benefit from more engaged employees.

Volunteering with a charity gave me experience and exposure to new skills and to build my network. It also added value to my CV when applying for new roles. It made me appreciate that some of the skills I had which I probably took for granted were appreciated and utilised on a wider basis than in banking.

Volunteer from Lloyds Banking Group

Offering our award-winning development support to more charities

We often hear from charities that the development support we provide is as beneficial as the grant itself. In 2024, we launched our first programme solely focused on providing small charities with development support, to help them identify and prioritise their goals, develop and strengthen their services, and overcome challenges. We are **investing in 34 charities that support asylum seekers and refugees** through this programme.

Case study: Reducing the Risk is a domestic abuse charity based in Oxfordshire, awarded a grant of £75,000.

"We've boosted our reach and income

Reducing the Risk has been providing domestic abuse awareness training to professionals working across many different services for 20 years.

Dawn Hodson, CEO, shares how support from the Foundation has enabled them to boost the charity's income and reach by monetising and franchising this training.

The support from the Foundation has given us the capacity to strategically look at how we can develop our network and generate income from our training. The Foundation paid for consultants who helped us identify what our unique offering is and how to position ourselves, as well as to develop our branding, training catalogue and online hub. Thanks to this, our training now generates a significant part of our income and we are less reliant on fundraising.

Delivering training with Impact Family Services

The Foundation connected us with Impact Family Services, another domestic abuse charity based in South Shields, and they expressed interest in delivering our accredited training in their local area.

One of the Foundation's development partners helped us develop an authorised training provider framework with a contract, quality standards, and pricing structure. We've now agreed that Impact Family Services will have a license to deliver our training. It's a win-win: it gets our resources and network into another region, where we would never be able to go, and it equips Impact Family Services with accredited training and a new way to generate income.

Impact family sevices staff at a training session with Reducing The Risk

"Having this licensed training model means we can increase our reach and impact, as well as our income. We want this awareness around domestic abuse to be embedded in small charities, because they're the ones supporting people in the community.

Dawn Hodson, CEO, Reducing the Risk, a domestic abuse charity based in Oxfordshire, awarded a grant of £75,000

Scaling our offer

Small charities lack infrastructure and that's why the development offer from the Foundation is so great because it gives us access to experts that we could never afford to pay for. We are excited to share what we've been developing for 20 years with other small charities across the country because we know that it's an effective way to coordinate a community response to domestic abuse.

"Reducing the Risk had already developed all the training and resources that we were wanting to develop, so it makes sense to deliver their tried and tested training. It will be another source of income for us and help to raise our profile in the community, and most importantly it will connect us with people who are all working towards the same goal of supporting people affected by domestic abuse. And, in turn, it helps Reducing the Risk scale and get their amazing resources out there.

Catherine Marchant, Chief Executive, Impact Family Services

Impact family sevices staff at a training session with Reducing The Risk

Building connections

We know that charities can serve their communities better when they work together. That's why we provide opportunities for small charities and other local organisations to connect, share knowledge and skills, and collaborate.

What we promised

1 We'll effectively **reach people within communities** to shape **how services are designed and resourced** so they are better supported.

2 We'll invest in **30 local collaborations** within communities across England and Wales, supporting them to effect **changes to policy and practice**.

3 We'll **build a strong community of practice** among civil society organisations, supporting small and local charities and sharing our insight and knowledge.

What we did

We brought together local organisations and groups in six communities to find new ways of **designing and resourcing services** so that people facing complex issues can get the support they need in the ways that work best for them.

We invested **£1.6 million in 16 local collaborations** led by small charities to influence local change to improve access to accommodation, support for asylum seekers and refugees, and the social security system. **More than 70 partners are engaged across the collaborations**, including charities, community organisations, universities, and local authorities.

We financially supported and contributed our insights to improve the spread of learning and evaluation across the funding sector, including **supporting the Institute for Voluntary Action Research's (IVAR) evaluation roundtable** and contributing to **IVAR's report on the impact of unrestricted funding**.

"We've really benefited from working with charities we've not collaborated with before... The commitment of the Foundation to empower small charities to influence change is so refreshing and enables us to do work we otherwise wouldn't be able to.

Deborah Knight, CEO of Quetzal, a charity supporting women affected by childhood abuse, awarded a grant of £95,900 under our local collaborations programme

Building connections: our impact on communities

Redcar and Cleveland

We helped secure **£475,000 in funding** over three years for new **comprehensive infrastructure services** for the borough.

Telford and Wrekin

We hosted several **Strengthening the Sector** events to connect local community groups and organisations and foster increased collaboration. **Read more on page 16**.

Bolsover

We worked with the Bolsover Partnership – a **strategic cross sector partnership** hosted by the council – to respond to the changing context of regional devolution and public cuts on the VCSE sector.

"The opportunity to meet others experiencing the roller coaster journey of running a charity is just invaluable. There were many times I was ready to throw the towel in, but support and time with my peers to share both my concerns and strategies has enabled me to overcome these obstacles and learn from them, and others' experiences. Both the charity and I are more resilient as a result and have gone from strength to strength.

Feedback from a charity leader on our London peer support forum

Case study: Connecting the community sector in Telford and Wrekin.

Opportunities to thrive in education and employment

Ann Johnson, who is developing the work in Telford and Wrekin, shares about the successful efforts to strengthen the local community sector.

Our People and Communities work in Telford and Wrekin is focused on building people's aspirations by creating opportunities for them to thrive within education and employment. We want community organisations and local charities to be at the heart of this change and take ownership of it. However, we initially found it hard to engage with the community sector because there was a lack of infrastructure. Organisations were disconnected and lacking support.

To address this, we ran a series of events which were attended by up to 40 organisations, ranging from large charities to small faith groups. It led to a real sense of 'we're in this together', and an enthusiasm to work together for the benefit of everyone in Telford.

To meet the need for ongoing networking events, we commissioned an initiative that enables community groups to connect, understand what other organisations are doing, identify the gaps in provision and collaborate on solutions.

> *We were providing an opportunity for people to come together to shape the future of the sector, recognising that change was needed. We started to hear what these organisations wanted and needed, and some key priorities began to emerge.*

> *Our work within education and employment is already benefitting as we've connected with at least 25 relevant organisations through the Strengthening the Sector events.*

We are also supporting a local group, COG, to provide ongoing infrastructure support. We commissioned a piece of research to understand the needs of the sector and make actionable recommendations which will equip COG to effectively support small and local organisations.

All of this has helped catalyse a shift within the community sector, from being in a disarray to being connected and collaborative. Our work within education and employment is already benefitting as we've connected with at least 25 relevant organisations through our events. By prioritising strengthening the community sector, alongside our work within education and employment, we're ensuring organisations are supported in the ways they need to be able to take this work forward.

> *I didn't feel anyone with hidden agendas on the table I was sitting on... it was very refreshing. If you can pull the sector together without a promise of funding, I think you can do great things*

Feedback on a Strengthening the Sector event from a representative of a local organisation

Ann Johnson (bottom right) with other delegates at a networking event for voluntary and community organisations in Telford and Wrekin

Amplifying voices

Small charities and the people they support have valuable expertise and lived experience. We want them to be heard by decision makers to ensure that policies and practices are effectively meeting people's needs. We equip small charities and the people they support to influence at a local and national level, as well as using our own platform to advocate for small charities.

> *We all have past experiences of being homeless so we wanted to give back to the community that has helped us. Being part of the research team has given us the chance to have our voices heard, to learn more about ourselves and to be more confident in what we can do. Our ultimate goal is to try to eradicate homelessness, but if we can make a difference to one person's life on the way, then it will have been worth it.*
>
> Russell, Martin, Mel, Kerry and Rachel – Great Yarmouth Homeless Alliance

Russell from the Great Yarmouth Homelessness Alliance at our People and Communities Six Places event

What we promised

1 We'll support the charities we partner with to listen, involve and **make decisions alongside the people they support** through intentional and respectful lived experience work.

2 We'll support charities to become more active campaigners, taking advantage of an election year, to **influence decisions, policies and practices** that directly impact the people they support.

3 We'll **support communities to have the skills and resources to influence locally** to improve access to accommodation, the social security system and better support for refugees and asylum seekers.

4 We'll support charities to shape our society to the benefit of people facing complex issues and barriers by influencing changes to national policy and practice to **improve the social security system, access to accommodation, and support for refugees and asylum seekers**.

What we did

In Great Yarmouth, we supported a piece of **research on people's experience of homelessness**, told in their own words. This is already informing the development of policies, programmes and initiatives aimed at preventing homelessness and supporting people experiencing homelessness.

Partnerships led by small charities in both our **national influencing and local collaborations programmes** have been **influencing local and national policy** and practice to improve the social security system, access to accommodation and support for refugees and asylum seekers. **See more on page 20**.

In early 2024, we helped Pro Bono Economics bring together 150 charity leaders and shadow ministers at a **Civil Society Summit** where Keir Starmer set out how he felt civil society could engage in Labour's five 'missions' if elected. Our charity partners that attended had a chance to establish or reinforce relationships with Government ministers..

Watch the video

Key influencing wins

Campaigning activity by our charity partner Refugee Council helped **persuade the Government to extend the 'move on' period** for people granted refugee status, during which they need to find their own accommodation, from 28 days to 56 days on a trial basis, reducing refugee homelessness.

Our charity partner Carers UK published a research report illustrating how carers are impacted by the earnings limit for Carers Allowance and often end up having to repay thousands of pounds. Within weeks, this research had helped **persuade ministers to raise the earnings limit by £45 a week**, which means there is less risk of them accidently earning too much and being disqualified. **Read more on p22**.

Our funding has helped City of Sanctuary influence local authorities across England to **fund additional activity to support asylum seekers and refugees, totalling £4 million**.

We have been campaigning on the issue of deductions from Universal Credit for years, arguing that deductions are leaving people without enough money to live on. In the 2024 autumn budget, the **Government announced that deductions will generally be a maximum of 15%, reduced from 25%**, meaning that the 7.5 million people receiving Universal Credit will be less likely to face deductions that push them deeper into poverty and debt.

We joined with the Nationwide Foundation to support the **Renters Reform Coalition** of tenants' groups, advice agencies and homelessness charities who are leading the campaign to end section 21 'no fault' evictions. The coalition has helped **secure a commitment from the new Government to outlaw this practice** providing stability and protection to more than 9.3 million households in England and Wales that live in rented accommodation.

Carers UK and carers affected by Carer's Allowance overpayments speak with Sir Stephen Timms MP and Andrew Western MP

Image courtesy Carers UK

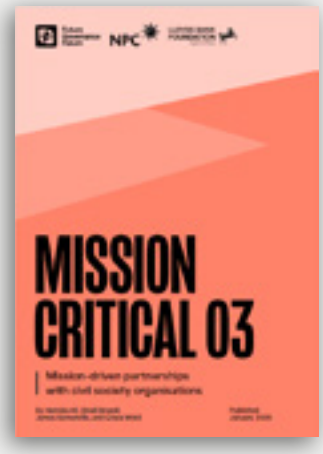
Civil Society Covenant

Off the back of the Civil Society Summit we supported, the newly elected Government made a commitment to renew and reset relationships with civil society and announced its intention to have a 'Civil Society Covenant' underpinning the relationship between government and the sector. We have provided guidance on this and contributed to the Government's emerging civil society strategy. Alongside our partners, we'll continue influencing this at the highest levels to ensure it delivers real change.

CARE, a homelessness charity in Grimsby, awarded a grant of £75, 000

"The new government has clearly indicated that it wants to build partnerships in the service of mission delivery and a decade of national renewal. To do so, it needs to work in deeper partnership with civil society, requiring cultural and operational changes for all involved.

Excerpt from the **Mission Critical report** we funded, which outlines practical steps government can take to embed civil society's insight and expertise at every stage of policy design and delivery



Case study: Carers UK was awarded a grant of £150,000 under our national influencing programme.

Steps towards justice for carers

Emily Holzhausen, Director of Policy and Public Affairs at Carers UK, shares how the Foundation's support has enabled the charity to campaign on the issue of overpayments of Carer's Allowance that has pushed thousands of carers into debt.

Carer's Allowance is a benefit paid to carers who are unable to work full time because of their caring responsibilities. However, if carers go even a few pence over the earnings limit, they lose 100% of this benefit, worth £81.90 per week – a harsh penalty. While the onus is on the carer to notify the Department for Work and Pensions of any changes in circumstances, many were not aware they had gone over the limit, leaving hundreds of thousands of carers to unwittingly clock up overpayments.

Sharing carers' stories

We asked carers to share their experiences with overpayments and this formed the basis of a key report that we presented to the Government. News of overpayments often came as a shock to carers, caused them financial difficulties and had a negative impact on their mental health. Some had left employment due to the anxiety of having another overpayment only to be living on a reduced income as well as having to pay off the overpayment debt.

We secured significant media coverage raise awareness of the issue of Carer's Allowance overpayments with the story being featured on several national TV programmes, as well as local radio stations and news outlets.

> *"Lloyds Bank Foundation had the incredible foresight to fund this work, recognising the huge injustice in the system which means that 143,922 unpaid carers now have an outstanding Carer's Allowance overpayment debt. The funding from the Foundation has given us the capacity to increase our work on this issue which has gathered pace extremely quickly.*

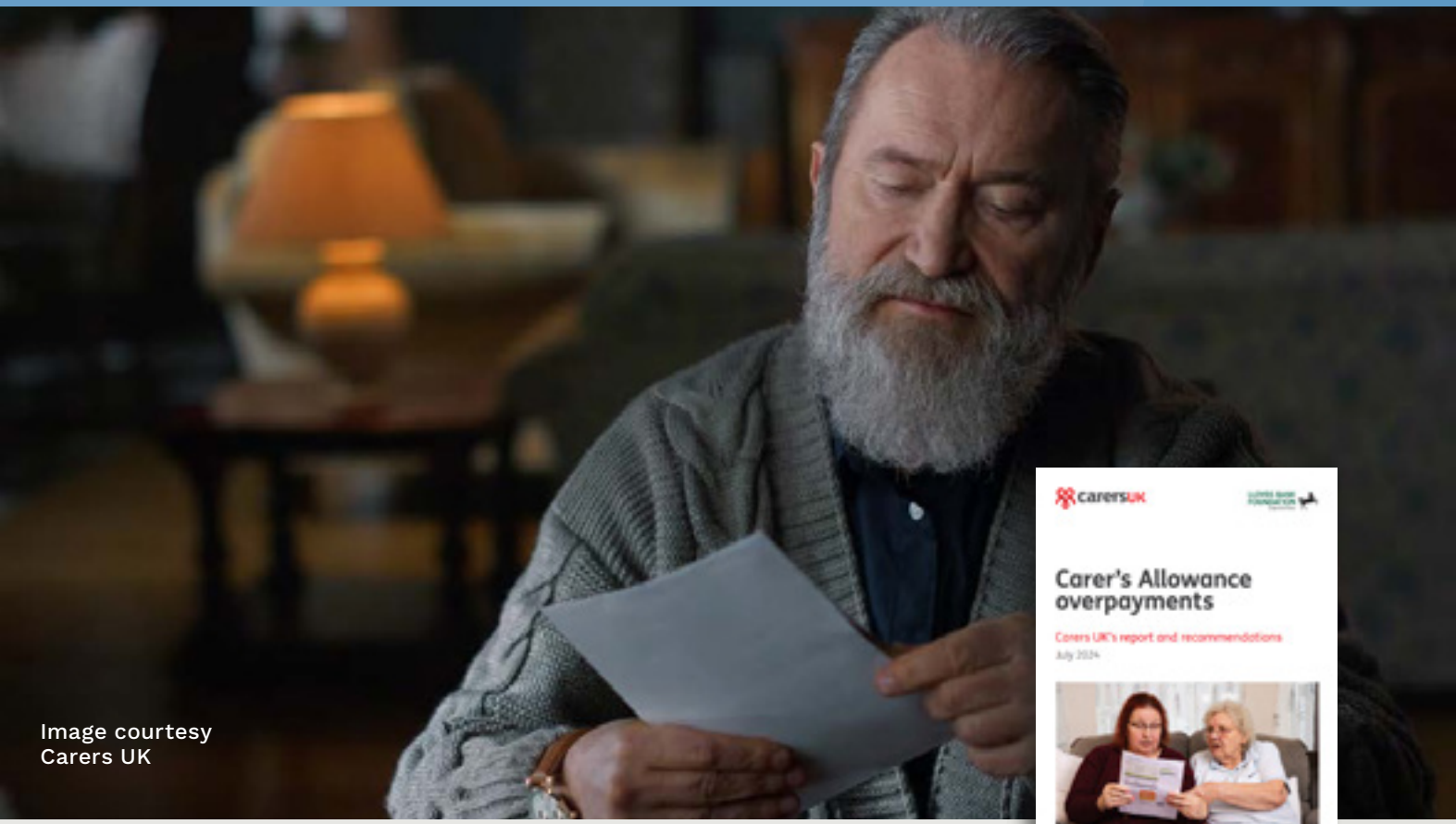


Image courtesy Carers UK

Recommendations for change

In July 2024, we published our **Carer's Allowance overpayment report** and presented this to the Government with our recommendations for change. We also met with Stephen Timms, Minister for Social Security and Disability and Andrew Western, Minister for Transformation at the Department for Work and Pensions, so they could hear first-hand from four unpaid carers who shared the impact that overpayments have had on them.

> *"60,000 more carers will be able to access Carer's Allowance*

Campaign wins

Our work has taken a significant step forward with the announcement in the Autumn Budget that the **earnings limit on Carer's Allowance will increase to the equivalent of 16 hours at National Living Wage**. This is one of the biggest increases in the earnings limit since the benefit was created in 1976. As a result, 60,000 more carers will be able to access Carer's Allowance and those already receiving it will be able to start work or work more hours. For the first time in decades, the earnings threshold will also be pegged to National Living Wage increases – in line with our recommendation. Government also said they would examine a taper on the earnings threshold.

The Government has launched an independent review into the Carer's Allowance overpayments scandal, investigating why overpayments occurred and how to minimise risk in the future. We have been actively feeding into this review with our evidence, supporting smaller charities to contribute, and ensuring that the review lead, Liz Sayce OBE, heard directly from carers affected.

Championing equity

We live in a society where not everyone has access to the same opportunities to thrive because of who they are or where they're from. We're committed to challenging these structural barriers in society, reducing inequity between groups, and ensuring that our work – internally and externally – is truly inclusive.

Foundation team receiving the Charity Times Award

Charity Times Award for Equity, Diversity and Inclusion

We won the Equity, Diversity and Inclusion Award at the 2024 Charity Times Awards for our work on Racial Equity and Deaf and Disabled people's organisations (DDPO) programmes. Our application shared how we've learned, tested and adapted our approach since 2019 by assessing our grants portfolio, ringfencing existing grants for by and for charities in 2020 and then developing our Racial Equity and DDPO programmes, committing 50% of our unrestricted funding budget to these programmes from 2022–26, **totalling £23 million of investment**.

We have involved people with lived experience at every stage – from designing the programmes to the funding decisions. Feedback from charities has been positive, according to our 2023 grantee and applicant survey.

2023 grantee and applicant survey

We have a positive impact on their organisation

95%

50% Benchmark

We understand them better than other grantmakers

82%

61% Benchmark

What we promised

1 We'll support charities **led by and for Deaf and Disabled communities and racially minoritised communities** and include individuals from user led charities to make decisions on our funding.

2 We'll invest in exploring **equitable and inclusive decision-making practices** within communities.

3 Through research, we'll explore **the distinctiveness of small voluntary sector organisations** run by and for those they serve and capture their impact on society.

4 We'll work on improving ourselves and our support for the people that work with us by completing the **Level 2 assessment of the Disability Confident scheme**.

What we did

We continued to dedicate **50% of our unrestricted funding to support charities led by and for Deaf and Disabled people and those facing racial inequity** and included people with lived experience in our funding processes and decision-making.

We examined how decision-making processes in our **place-based work could include more diverse perspectives and lived experiences**. We are developing local plans for how to upskill local partners in inclusive decision-making processes that take into consideration the unique context of each place.

We **commissioned New Economics Foundation to explore the distinctiveness of small organisations** that are run by-and-for the people they serve. The research is showing that these organisations are deeply connected to their communities and quickly adapt to their needs, making them uniquely placed to support some of society's most marginalised groups. We expect recommendations to be made for how funders, policymakers and infrastructure organisations can better support these organisations.

We successfully **achieved Level 2 Disability Confident Employer status**. The changes we made include making our recruitment and selection processes more accessible and inclusive, raising awareness of the Government's Access to Work scheme, and introducing employee passports which provide opportunities for more open conversations around workplace adjustments.

Learning from Deaf and Disabled people

We opened up the programme to **Community Interest Companies (CICs)** as well as charities, recognising that CICs play a significant role in the sector too.

We **amended our eligibility criterion around being 'led by and for'** from 75% of the Board and 50% of the staff team identifying as Deaf or Disabled, to 51% of the Board and 50% of the staff. We want to support organisations that have the people they serve at the heart of what they do, but we also want to support organisations on this journey.

As many DDPOs have their origins in social justice campaigning and advocacy, working to a social and rights-based model is central to what they do. We're now asking applicants to talk about **how their work supports Deaf and Disabled people to have more choice and control over their lives** and better access to rights and opportunities.

Daisy Inclusive, a peer-led charity supporting disabled people in Liverpool, awarded a grant of £75,000

The Phoenix Way, a racial equity infrastructure organisation received a £400,000 grant and development support

Image courtesy The Phoenix Way

Investing in infrastructure

Between 2022–2024, we supported **The Phoenix Way** which focused on developing regional infrastructure for organisations led by and for Black and Racially Minoritised Communities. Our grant of £400,000 alongside development support helped the work to get off the ground – and other funders have now invested in taking this project forward. This complements our unrestricted funding through our racial equity programme.

Benefits of being led by and for

"Being supported by someone who has 'been there', gives a different level of expertise and helps build trust. Someone helping you who is 'doing good' can sometimes make you feel less capable. It's a much more empowering message to be helped by people who have been through what you are going through.

Eleanor Yates, Development and Fundraising Manager at Hear Us, shared the importance of charities being led by and for the communities they serve

Solidarity with our partners: Responding to the riots

We made a payment of **£2,500** to **162 charities**

In the summer of 2024, far-right anti-immigration riots took place across England, fuelled by racist, Islamophobic and anti-migrant rhetoric. We were quick to contact our charity partners who work with asylum seekers and refugees and/or racially minoritised communities to let them know we were standing in solidarity with them.

Charities shared how many of the people they support were distressed by the violence, and some were afraid to go outside. **Some of our charity partners were directly targeted by far-right groups, putting their staff, volunteers and the people they support at risk**. These are charities who are already under pressure, under funded, and under resourced. But in the midst of crisis, these charities stepped up to provide extra support to their communities, showing their strength and solidarity.

In the days following the riots, we looked at how we could best support our charity partners. We decided to make **an unrestricted payment of £2,500 to each of the 162 charities** we currently support that are working with asylum seekers and refugees or racially minoritised communities, to contribute to their unforeseen costs.

Mojatu Foundation, a charity in Nottingham supporting people facing inequity due to their race or ethnicity

"The uplift following the unrest in Southport was a tremendous relief. It is rare for us to receive funds without a direct request, and this support has been exceptionally appreciated.

"We would like to thank the organisation for supporting us through the riots and protests against migrants, which was a lifeline in being able to have more volunteer engagement.

"This is wonderful news, thank you so much for your continued support both financially and emotionally just knowing you are there is extremely important for our charity and our community. The last few weeks have been very frightening for our women and families we support.

Maa Shanti, a charity in London supporting women facing inequity due to their race or ethnicity

"It enabled us and the women and families to feel less alone. It can sometimes feel like that when working at the grass roots, so thank you so much Lloyds Bank Foundation. You are wonderful and we could not do what we do without you.

Financial review

In this section, our Trustees outline our principal funding source in the year ended 31 December 2024 and how we used these resources to support our key objectives. Full details can be found in the financial statements that follow this Trustees' Report (page 44 onwards).

Where our money comes from

The Foundation is an independent charity principally funded by Lloyds Banking Group, receiving a share of the Group's profit under a Deed of Covenant (see note 16b for further details of our connection with this party).

The Foundation does not raise funds from the public nor enter into other fundraising activities.

In 2024 we received £25.4m from Lloyds Banking Group under the Covenant and an additional £450,000 to help charities respond to the autumn riots (2023: £17.8m) under the Covenant.

How we spend our money

Everything we spend aligns with our mission: to partner with small[1] and local charities helping people overcome complex social issues[2] and rebuild their lives. We aim to make grant funding unrestricted wherever possible.

The principal support to charities was provided through the five grant programmes:

- **Specialist programme** – 90 grants totalling £6.75m to fund support to charities helping people facing complex social issues (2023: £6.2m of grants to 82 charities).
- **Racial equity programme** – 42 grants totalling £3.2m to fund for organisations working with people who have faced inequity because of their race or ethnicity. (2023: £3.3m of grants to 44 charities).
- **Deaf and Disabled People's organisations programme** – 42 grants totalling £3.2m to fund for organisations led by and working for D/deaf and disabled people (2023: £3.2m of grants to 42 charities).
- **Local collaboration programme** – first programme awarded £1.6m to 16 charities collaborating together in the areas of Homelessness, Asylum Seekers and Refugees and Social Security.
- **National influencing programme** – 17 grants totalling £0.6m to fund organisations working nationally to influence policy and promote small charities (2023: £2.4m of grants to 18 charities).

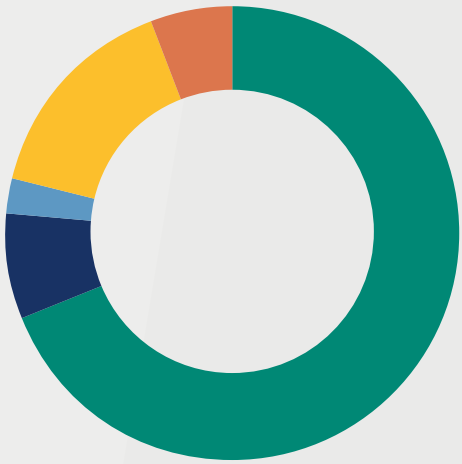
Other key funding included:

- £1.8m of organisational development support for charities (2023: £2.0m).
- £1.9m (2023: £1.8m) was paid to charities across the country under the Matched Giving scheme, where the Foundation matches the fundraising efforts of colleagues at Lloyds Banking Group. 2024 was the first full year of LBG's partnership with Crisis with income of £373k paid under the scheme compared to £214k in 2023.

1 Eligible charities were those with a turnover between £25,000 and £500,000.

2 Full details of the complex social issues funded are shown on the Foundation website.

Expenditure 2024



- Long-term funding: **£17.1m** (2023: £14.3m)
- Development: **£1.9m** (2023: £2.8m)
- Influencing, Policy and Practice: **£0.6m** (2023: £2.6m)
- Direct costs of charitable activity: **£3.8m** (2023: £3.2m)
- Central support costs: **£1.4m** (2023: £1.2m)

Total charitable expenditure was £24.7m (2023: £24.1m) – the increase was enabled by the higher level of funding from LBG.

The overall result for the year was a surplus on unrestricted funds of £3.0m (2023: deficit £5.0m) before investment gains of £1.2m (2023: £1.3m). The surplus arises as grant expenditure of £1.7m planned to be spent in 2024 has been carried forward to 2025, in part to co-ordinate with partners and a higher level of interest income which will be received and spent in 2025.

The Foundation is planning to spend more than it receives by £3m in both 2025 and 2026 to meet expected needs of charities working in the key areas of focus.

Investments

The overarching investment objective is to maintain sufficient liquidity of funds and their overall value in order to finance the planned deficits arising from the excess of expenditure over income which is expected in the short term under the current strategy. This objective has been met by applying two levels of investment strategy;

- bank deposits and short-term funds for funds required within five years,
- long-term funds with a time horizon beyond five years.

Financial investments of the Foundation were valued at £16.0m at 31 December 2024 (2023: £14.7m) with the majority invested in the Cazenove Sustainable Multi-Asset Fund.

The disposition of funds at 31 December was as follows;

	2024	2023
	Asset value	Asset value
	£'m	£'m
HSBC Institutional Liquidity Fund	1.6	-
Cazenove Sustainable Multi-Asset Fund	14.4	14.7
Total	**16.0**	**14.7**

The Foundation's investment in the Multi-Asset Fund fell with an increase in market value of £1.2m, a rise of 8.5%, offset by a £1.5m transfer to the Liquidity Fund to meet the cash requirements of the additional expenditure in 2024.

The Cazenove Sustainable Multi-Asset Fund has a long term (5+ years) horizon with the aim of providing a good flow of income and protection. This pooled managed Fund seeks a combined income and capital return over the long term of 4.5% above inflation. The fund is predominantly invested in listed assets and the valuation is provided by the fund manager based on the fair value of each asset.

The Trustees policy is to avoid investment in companies which are materially engaged in certain sectors including tobacco, alcohol, gambling and adult entertainment. This Fund is a global multi-asset portfolio with an integrated socially responsible investment policy and makes investment decisions consistent with the aims of the Paris Accord on climate change.

These investments are regarded as Level 2 investments in accordance with Section 34 of FRS 102 except for the cash which is Level 1. The investments are valued at fair value at the valuations are provided by the investment manager.

Asset allocation of the Multi-Asset Fund at 31 December	**2024**	**2023**
Long-term portfolio	**£'m**	**£'m**
Equities	10.7	10.2
Bonds	1.5	1.7
Property	0.6	0.7
Alternative investments	1.2	1.4
Cash	2.0	0.7
Total	**16.0**	**14.7**

After performing strongly in 2023 the investments generated further positive returns in 2024. The performance in the year was as follows;

	Return 2024	**Benchmark 2024**	**Return 2023**	**Benchmark 2023**
	%	**%**	**%**	**%**
Sarasin Medium Term Fund	-	-	0.8%*	7.0%
Sarasin Long Term Fund	-	-	2.0%*	11.7%
Cazenove Multi Asset Fund +	8.5%	6.6%	7.4%+	1.2%

Sir Robin Budenberg, Mark Barnett and Dame Ann Limb visiting Doorway, a homelessness charity in Wiltshire awarded a grant of £75,000

* From 1 January to October 2023. + From October 2023 to 31 December 2023

Financial risk management

The risks associated with the Foundation's investments are monitored by its Audit, Investment and Risk Committee and managed on a day-to-day basis by its investment managers. The key risks which the Trustees believe are relevant to the Foundation's investments are:

Market risk

Exposure

The portfolio is well diversified with holdings in a wide range of asset classes.

The Foundation derives the majority of its income from the covenanted payment from Lloyds Banking Group and is able to take a long-term view of its investments.

Sensitivity

The largest market risk is a fall in the value of equity markets. Based on the position at 31 December 2024, in the event that there was a general 10% fall in equity markets there would be a reduction in net income of £1.1m (2023: £1m).

Currency

The Cazenove Multi-Asset fund is denominated in GBP. The currency exposure of the Cazenove Multi-Asset Fund at 31 December was as follows;

	2024	2023
	Currency exposure	Currency exposure
	%	%
Sterling	27.8	32.3
US Dollar	23.5	9.3
Euro	5.0	2.8
Japanese Yen	-	0.2
Other	43.7	55.4
Total	**100.0**	**100.0**

Credit risk

The Foundation's invests into the Pooled Investment vehicles. There is a direct exposure to credit risk in relation to the Pooled Investment vehicles and indirect risk in relation to the underlying investments held within the Pooled Investment vehicles.

Term deposits of £19.5 million at 31 December 2024 (2023: £17.6m) were invested with Lloyds Banking Group and one other bank; the Foundation policy is that there is a limit of £5 million for deposits with any bank other than Lloyds Banking Group.

Liquidity risk

The Foundation's long-term investments are invested in the Cazenove Sustainable Multi-Asset Fund which has weekly dealing which would allow the Foundation to realise cash if this were required.

Reserves

Currently the balance of total reserves held by the Foundation stands at £25.4m (2023: £21.2m) of which the free reserves are £23.7m (2023: £20.8m). Reserves were enhanced by £38.6m in 2017 with the proceeds from the disposal of a gift of Ordinary Shares in Lloyds Banking Group from Lloyds Banking Group.

The Foundation holds reserves for both operational and strategic purposes considering the main risks to the organisation.

The Trustees recognise that there is a significant risk around the Foundation having one primary income source, being Lloyds Banking Group. As such the reserves policy requires 12 months total expenditure less the minimum payment under the Lloyds Banking Group covenant with a tolerance level of 5% below the target before action is required. At 31 December 2024 this represented a level of £10.2m (2023: £12.6m). At £23.7m at 31 December 2024 (2023: £20.8m), the level of reserves stands well in excess of this requirement. The higher level of reserves will enable the Foundation to make a higher level of grant awards in future years than would be possible from its annual income from Lloyds Banking Group. The Foundation plans to utilise the reserves over the next two years such that the target and actual reserves will be aligned towards the end of 2026.

Grants, (including multi-year grants) are recognised in the financial statements as liabilities when they are approved. As a result, the balance sheet includes creditors and provisions for future years commitments (see note 1 for the full grant accounting policy).

The Foundation also has designated and restricted funds. There are designated funds to provide for awards expected to be made in 2024 from 2023 programmes and in respect of funds invested in Fixed Assets.

Restricted Funds represented funds received from partners for a joint project.

Full details of Designated and Restricted Funds are shown in note 14.

Hope and Vision, a charity supporting people recovering from addiction in Reading, awarded a grant of £75,000

Risk

How we manage risk

Trustees are tasked with ensuring that the framework of governance, risk management and control supports the appropriate management of risk. Within this framework, the Board judge whether its agenda is focussing assurance on the issues that are the most significant in relation to achieving the Foundation's objectives and whether best use is being made of resources, targeting those areas of greatest risk.

The Audit, Investment and Risk Committee plays a crucial role in supporting the Board of Trustees to meet these assurance obligations.

Principal risk around a single source of income

The Trustees recognise that there is a significant risk associated with the Foundation being principally funded from one source, namely Lloyds Banking Group. The current economic uncertainty may impact on the profitability of the Group. The Trustees are satisfied that this risk is suitably mitigated as follows:

- The Covenant with Lloyds Banking Group (see note 16b for further details) addresses short term risk through the inclusion of a minimum level of income for the Foundation. Exposure to a one-off drop in profitability of the Lloyds Banking Group is limited by the averaging of profits over three years.
- The medium and long-term risk to the Foundation's strategy is addressed by the reserves policy.

An appropriate and proportionate Risk Assurance Framework

Under the Foundation's Risk Assurance Framework, the Trustees have defined five headline strategic risks.

Risk	How we manage it
1 Impact – is the Foundation making the desired impact, and can it be evidenced?	• Regular feedback from grantees • Monitoring of Key Performance Indicators • Monitoring by Regional Managers
2 Financial sustainability – is the Foundation managing finances to ensure it can continue to make an impact in the medium to long term?	• Regular monitoring of financial performance • Detailed forecasting • Reserves strategy
3 Compliance – is the Foundation meeting regulatory, accounting and legal compliance requirements?	• Robust internal controls • Specialist advisors for legal requirements, IT and Health and Safety • Regular reporting to Trustees
4 Reputation – is the Foundation able to respond effectively to any incident that could affect its reputation?	• Fraud response plan • Monitoring of grantee activities • Communications plan
5 Other – are partnerships with Lloyds Banking Group and others having the desired impact?	• Nine-year covenant with Lloyds Banking Group • Four Lloyds Banking Group Trustees • Regular meetings with Lloyds Banking Group • Monitoring by Senior Leadership Team and Trustees of partnership initiatives

The key strategic risks together with the current controls and methods of management and actions to improve management or mitigate risks are documented in a strategic risk summary. In order to actively manage strategic risk, the summary is used as a tool by the Senior Leadership Team and at each of the quarterly Audit, Investment and Risk Committee meetings to:

- frame conversation around strategic risk
- facilitate active management of that risk against an assumed risk appetite
- inform decisions on future activity.

The Committee consider one or two areas in detail at each meeting and report back to the Board of Trustees.

Fundraising activities

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as 'soliciting or otherwise procuring money or other property for charitable purposes'. In relation to this statement, the Foundation does not undertake widespread fundraising from the general public and does not employ professional fundraisers. The charity is therefore not bound by any regulatory scheme and does not consider it necessary to comply with any voluntary code of practice. The Foundation does not have policies in relation to fundraising activities nor do we consider it necessary to design specific policies and procedures to monitor activities.

Business continuity

The Foundation has been able to effectively respond to the shocks that have occurred in recent years. The profits of Lloyds Banking Group have been extremely strong in recent years. The agreement provides for a minimum of £14.4m regardless of the actual profits of LBG.

Going concern

As stated above we are able to take a long-term view of our investments and the covenant with the Lloyds Banking Group provides a significant degree of protection. The funding for 2025 has been received in full and for future years the agreement, which requires nine years notice to be given, provides for a minimum payment of £14.4m to be paid each year and that the actual sum paid is based on the profits of the three prior years. The Trustees are therefore confident that they are able to fully fund their operating costs, meet all existing grant commitments and continue grant funding activities for at least until May 2026.

Future activities

The Foundation will continue to provide grant funding, developmental support and seek to influence policy and practice to help small and local charities thrive in their local communities.

The Foundation's reserves could be affected by a fall in the value of its investments. The Foundation practice is to keep a buffer between the amount the reserves over the minimum level so that a fall of 10% in the value of the investments would have not impact on grant making in the next five years.

Although there are currently no restrictions on redemptions from any of the funds in which the Foundation is invested the fall in value may affect any decision to draw on investment funds to enhance our grant giving capability.

The Trustees are confident that they are able to continue their operations and grant funding activities as planned for the remainder of the year, throughout 2025 and beyond.

The Lloyds Bank Foundation for England & Wales is incorporated as a company limited by guarantee. It is regulated by its Memorandum and Articles of Association dated 13 December 1985.

Delegates from our event for charities involved in our local collaborations programme

Governance

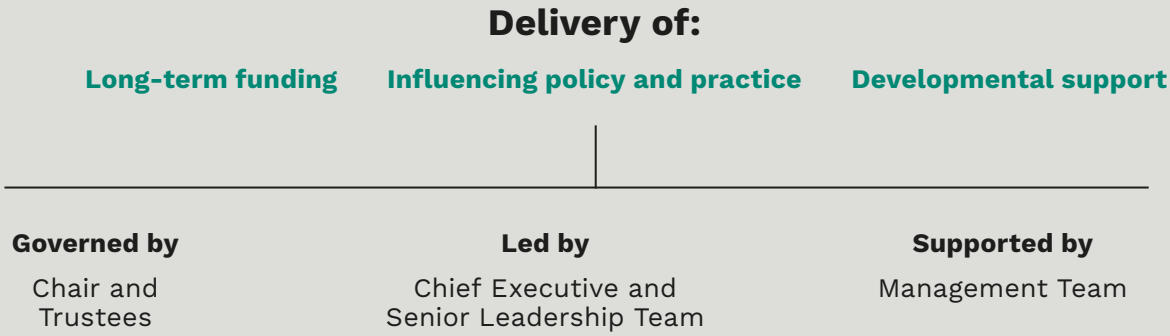
Constitution

The Articles set out that the Foundation was established with widely drawn objects to do anything which is a charitable purpose. The Foundation has prioritised its objects further as it has evolved, choosing to focus strategically on partnering with small and local charities helping people overcome complex social issues and rebuild their lives.

The Trustees confirm that they have complied with their duty to have due regard to the Charity Commission's public benefit guidance, under Section 17 of the Charities Act 2011, when reviewing the Foundation's aims and objectives and in planning and setting the strategy. Further details on our strategy for the future can be found on page 8–29.

The Foundation applies and follows the Charity Governance Code (for large charities).

Organisational structure



The Board of Trustees has collective responsibility for everything that the Foundation does – including the legal responsibility to ensure that the Foundation is controlled and properly managed.

The Board delegates responsibility for operational management to the Chief Executive, who leads the Senior Leadership Team which in turn leads the Management Team. Together these teams develop the organisation's plans, policies and processes, following the Board's advice and approval.

The principal governing body of the Foundation is the Board of Trustees, whose names are listed on page 64. The Board is responsible for the strategic direction of the Foundation and normally meets quarterly together with the Executive to review progress and to ensure that the Foundation is on track to meet its objectives.

Board of Trustees

The Board has delegated specific decisions to four permanent Committees. The members of the Committees are drawn from the Board of Trustees and we also appoint independent members where appropriate.

Audit, Investment and Risk Committee

Monitors the Foundation's integrity in financial reporting and reviews the effectiveness of the risk management framework

The main responsibilities of the Audit, Investment and Risk Committee are to provide assurance to the Foundation on the effectiveness of its governance, internal control, risk management framework and investment and reserves strategies.

In addition, the Committee reviews the annual report and financial statements and approves the accounting policies followed to satisfy themselves that the financial statements give a true and fair view of the Foundation's affairs.

The Committee meets quarterly.

Nomination Committee

Ensures that the Board and committee composition has the optimum balance of skills knowledge and experience

The purpose of the Nominations Committee is to support the recruitment and appointment of Trustees, giving due consideration to the balance of skills, interests and experience on the Board of Trustees.

The Committee makes recommendations to Lloyds Banking Group, who formally make the appointments at their own Nominations Committee (as required under the governing document of the Foundation – its Articles of Association).

The Committee meets as required.

Remuneration Committee

Monitors remuneration and benefits for Foundation staff

The role of the Remuneration Committee is to oversee the remuneration policies for the Foundation, with particular focus on the remuneration of the Senior Leadership Team.

The Committee meets bi-annually.

Grants Panel

Approves grant applications for the grant making programme in line with Foundation strategy

The main responsibility of Grant Panels is to review and approve grant applications against the relevant programme's aims and objectives. The Panels consider recommendations taking into account factors including outcomes, risk factors, geographical spread and budgetary considerations.

The various Panels meet regularly throughout the year as necessary.

Matt Hyde OBE was appointed Chief Executive during the year following the retirement of Paul Streets CBE, taking up the post on 15 September 2024. The trustees were assisted in the search for a Chief Executive by Saxton Bamphylde, a leading executive search consultancy. The requirements were widely circulated to potential candidates and there were advertisements in the national media. The process was managed by a sub-committee of trustees and staff. There was a three-stage interview process involving panels of charity partners as well as trustees and staff.

Lloyds Bank Foundation staff at an all staff event

Our people

Our staff

Our passionate and dedicated Foundation staff make it possible to have life-changing effects on the lives of people facing complex social issues, through small and local charities. To ensure that we employ and develop talented staff and keep them accountable in their work, all staff take part in performance feedback and appraisal throughout the year.

Proposed pay increases for all staff including the Senior Leadership Team are presented to our Remuneration Committee for approval. Proposals take into consideration the market as assessed by Croner, an external salary benchmark provider specialising in the charity sector.

The Foundation does not offer performance related bonuses.

Our Trustees

The Foundation is passionate about recruiting a diverse Board of Trustees with a wide range of skills and interests. When recruiting new Trustees the Nomination Committee helps identify areas that could be better represented, and we recruit publicly, usually through national adverts, to strengthen the Board's skillset.

Newly appointed Trustees follow an induction programme including:

- an induction pack which includes the main governing documents, operational framework, financial position and future plans and objectives, signposts to various Charity Commission guidance
- a series of short training sessions with the Senior Leadership Team to familiarise themselves with the Foundation
- mentoring by existing Trustees.

In addition, a formal training session on the legal duties and responsibilities of trustees is held biennially as a refresher for all Trustees. All of our Trustees have recently completed bespoke safeguarding training.

Trustees typically serve a three-year term, although this may be extended for a maximum of a further three years. Trustees are fully engaged with the work of the Foundation and get to know our grantees as well as strategic priorities through regularly visiting our charities and learning about the organisation from the Chair and Senior Leadership Team.

More details about our Trustees can be found on page 64.

Statement of Trustees' Responsibilities

The Trustees (who are also directors of Lloyds Bank Foundation for England and Wales for the purposes of company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources of the charitable company for that period. In preparing the financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that thefinancial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

In so far as the Trustees are aware:

(a) there is no relevant audit information of which the auditor is unaware; and

(b) the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Independent auditors

A resolution to re-appoint Deloitte LLP as auditors to the Foundation will be proposed at the annual general meeting.

The Trustees' Report, including the Strategic Report was approved by the Board of Trustees on 6 May 2025 and signed on their behalf by **Dame Ann Limb DBE DL, Chair of Trustees**.

signature

Independent Auditor's report to the members of Lloyds Bank Foundation for England & Wales

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Lloyds Bank Foundation for England & Wales (the 'charitable company'):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2024 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, which comprise:

- the statement of financial activities
- the balance sheet
- the statement of cash flows; and
- the related notes 1 to 17.

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).

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **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 design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the charitable company's industry and its control environment, and reviewed the charitable company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and Trustees about their own identification and assessment of the risks of irregularities including those that are specific to the charitable company's business sector.

We obtained an understanding of the legal and regulatory framework that the charitable company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Charities Act and UK Companies Act; and
- did not have a direct effect on the financial statements but compliance with which may be fundamental to the charitable company's ability to operate or to avoid a material penalty. These included the Charity Commission for England and Wales (Charity Commission) regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following area, and our procedures performed to address it are described below:

- we identified a fraud risk related to the application of grant expenditure in line with charitable objectives, and the correct recognition of liabilities in respect of grant expenditure. We have addressed this risk by selecting a sample of grants recognised in the year and reviewing the grant agreements, Board minutes, cash payments and related information to understand the purpose of the grant, any conditions present and ascertain the correct level of expenditure and related liability to recognise.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with the Charity Commission.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report, which includes the Directors' report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report included within the Trustees' report has been prepared in accordance with applicable legal requirements

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' report included within the Trustees' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

We have nothing to report in respect of these matters.

Use of this report

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

Helen Perkins, CA (Senior statutory auditor)
For and on behalf of Deloitte LLP, Statutory Auditor, Reading, UK.

6 May 2025

Financial statements

Statement of financial activities

(incorporating an Income and Expenditure account)

Year ended 31 December 2024

	Note	Unrestricted	Restricted	Total Funds 2024	Unrestricted	Restricted	Total Funds 2023
		£'000	£'000	£'000	£'000	£'000	£'000
Income from:							
Donations and legacies	2	25,938	-	25,938	17,872	-	17,872
Investment income	9	1,702	-	1,702	1,239	-	1,239
Other income	3	14	102	116	12	96	108
Total income		**27,654**	**102**	**27,756**	**19,123**	**96**	**19,219**
Expenditure on:							
Charitable activities	4a	(24,642)	(103)	(24,745)	(24,053)	(97)	(24,150)
Investment fees		(18)	-	(18)	(70)	-	(70)
Total expenditure		**(24,660)**	**(103)**	**(24,763)**	**(24,123)**	**(97)**	**(24,220)**
Net income/(expenditure) before gain on investments		2,994	(1)	2,993	(5,000)	(1)	(5,001)
Net gain on investments	9	1,212	-	1,212	1,263	-	1,263
Net income/(expenditure)		**4,206**	**(1)**	**4,205**	**(3,737)**	**(1)**	**(3,738)**
Transfers between funds		-	-	-	-	-	-
Net movement in funds		**4,206**	**(1)**	**4,205**	**(3,737)**	**(1)**	**(3,738)**
Reconciliation of funds:							
Total funds brought forward		21,148	(1)	21,147	24,885	-	24,885
Total funds carried forward	**14**	**25,354**	**(2)**	**25,352**	**21,148**	**(1)**	**21,147**

All recognised gains and losses have been included in the Statement of Financial Activities and the amounts included are derived from the continuing activities of the Foundation.

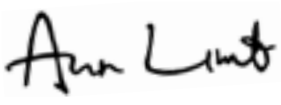
The Notes on pages 47 to 63 form part of these financial statements

Balance sheet

As at 31 December 2024	Note	2024	2023
Fixed assets:		**£'000**	**£'000**
Tangible assets	8	62	89
Investments	9	15,965	14,731
Total fixed assets		**16,027**	**14,820**
Current assets:			
Debtors	10	921	352
Investments	9	24,953	17,600
Cash at bank and in hand		1,625	4,651
Total current assets		**27,499**	**22,603**
Creditors: Amounts falling due within one year	11	(11,567)	(9,588)
Net current assets		**15,932**	**13,015**
Total assets less current liabilities		**31,959**	**27,835**
Creditors: Amounts falling due after more than one year	12	(5,452)	(5,445)
Provision for liabilities and charges	13	(1,155)	(1,243)
Total net assets		**25,352**	**21,147**
The funds of the charity			
Unrestricted funds:	14		
General fund		23,705	20,753
Designated funds		1,649	395
Total unrestricted funds		**25,354**	**21,148**
Restricted funds	14	(2)	(1)
Total charity funds		**25,352**	**21,147**

The financial statements of Lloyds Bank Foundation for England & Wales, registered number 1971242 including the notes on pages 47–63 were approved and authorised for issue by the Trustees on 6 May 2025 and signed on their behalf by **Dame Ann Limb DBE DL, Chair of Trustees**.

Signature



Statement of cash flows

Year ended 31 December 2024	Note	2024	2023
Cash flows from operating activities		**£'000**	**£'000**
Net cash generated/(used) in operating activities	**(A)**	**2,666**	**(2,327)**
Cash flows from investing activities:			
Dividends and interest from investments		1,703	1,239
Purchase of investments		(1,500)	(13,762)
Purchase of tangible assets		(2)	(5)
Proceeds from sale of investments		1,500	13,762
Movements in invested cash		(40)	(16)
Movements in term deposits		(7,353)	(3,600)
Net cash from investing activities		**(5,692)**	**(2,382)**
Change in cash and cash equivalents in the reporting year		(3,026)	(4,709)
Cash and cash equivalents at the beginning of the reporting year		**4,651**	**9,360**
Cash and cash equivalents at the end of the reporting year	**(B)**	**1,625**	**4,651**

(A) Reconciliation of net expenditure to net cash flows from operating activities	2024	2023
	£'000	**£'000**
Net income/(expenditure) for the reporting year	**4,205**	**(3,738)**
Adjustments for:		
Depreciation charges	29	28
Income from investments	(1,703)	(1,239)
(Increase) in debtors	(569)	(270)
Increase in creditors	1,987	4,347
(Decrease) in provisions	(89)	(262)
Gain on investments	(1,212)	(1,263)
Investment management fees	18	70
Net cash generated by/(used in)	**2,666**	**(2,327)**

(B) Analysis of cash and cash equivalents	2024	2023
	£'000	**£'000**
Cash in hand	1,625	4,651
Total cash and cash equivalents	**1,625**	**4,651**

The Notes on pages 47–63 form part of these financial statements.

Notes to the Financial Statements

1. Accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by a revaluation of investments, and in accordance with Charities 'Statement of Recommended Practice' applicable to charities preparing their accounts in accordance with FRS 102 ('the SORP') and in accordance with the Companies Act 2006 and Charities Act 2011, using consistently applied accounting policies and is incorporated in England and Wales as a company limited by guarantee not having a share capital. There are currently 10 trustees who are also members of the company. Each member has undertaken to contribute to the assets in the event of winding up a sum not exceeding £1. The charity is a registered charity. The registered office is given on page 64.

Lloyds Bank Foundation for England & Wales meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value with investments at fair market value unless otherwise stated in the relevant accounting policy notes.

Fund accounting

Restricted and designated funds are separately disclosed as set out in note 15. The different funds held are defined below:

Unrestricted funds

The Foundation's unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.

Designated funds

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Restricted funds

These funds are subject to specific restrictions imposed by the donor.

Investments

Listed investments are included in the Balance Sheet at fair value which is their closing market bid price on the current or previous trading day.

Realised gains and losses on disposals in the year and unrealised gains and losses on investments at the Balance Sheet date are included in the Statement of Financial Activities for the relevant underlying fund. All investment income is treated as unrestricted.

Current asset investments have a maturity date or expected disposal date of less than one year and are not held for long term investment purposes.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term highly liquid investments with a maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Interest income is recognised on a receivable basis which reflects the effective interest method.

Income

Income is recognised in the Statement of Financial Activities when the Foundation is entitled to the income, performance conditions attached to the income have been met, receipt is probable, and the amount can be measured reliably.

Financial instruments other than investments

The Charity has financial assets and financial liabilities of a kind that qualify as basic. Basic financial instruments are measured at their settlement value in the case of current assets.

Covenanted income is recognised in the year to which the Foundation is entitled to the income.

Dividend income represents the Foundation's share of dividends received from investments in common investment funds. The income recognised represents the amount credited to the common investment fund.

Donated services and facilities are valued and included as income and expenditure at the price the Foundation estimates it would pay in the open market for an equivalent service or facility.

Expenditure

All expenditure is included on an accruals basis in the period in which it is incurred.

Grant cost

Grant expenditure is recognised where there is a legal or constructive obligation to pay. All grants, both single and multi-year, are recognised in the financial statements as liabilities after they have been approved, the recipients have been notified and there are no further terms and conditions to be fulfilled which are within the control of the Foundation. In these circumstances there is a valid expectation by the recipients that they will receive the grant.

Provisions

Provisions are recognised when there is a legal or constructive financial obligation, that can be reliably estimated and for which there is an expectation that payment will be made.

Debtors

Trade and other debtors are recognised at their settlement value. Prepayments are valued at the amount prepaid.

Creditors

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term highly liquid investments with a maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Organisational Development provisions

The Foundation's organisational development programme provides the recipient charity with access to specialist support, the cost of which is met by the Foundation directly. The estimated costs of the specialist are recognised as a provision on approval as the Foundation has a constructive obligation to pay but the amount and timing is subject to uncertainty. The grantee is informed of the approved intervention but not the value.

Releases of grant commitments

There are occasions when it becomes necessary to withdraw a grant which has been approved in a prior year. Where this happens, the funds revert to the original unrestricted or restricted reserve.

Allocation of expenditure

Support costs are allocated where possible to the particular activity to which the costs relates.

Where expenditure contributes to more than one area of activity, the costs are allocated on the basis of the activity's grant expenditure.

Governance costs are the costs associated with the constitutional and statutory requirements and the strategic management of the Foundation's activities.

Tangible assets

Tangible assets are included at historic cost less accumulated depreciation.

Capitalisation and Depreciation

The minimum value for the capitalisation of tangible fixed assets is £1,000.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight-line basis over the expected useful lives of the assets concerned. The principal rates used, which are consistent with last year, are:

Computer equipment	33% per annum
Furniture and other office equipment	10% per annum

Pension costs

The Foundation participated in two separate independently managed, defined benefit, occupational pension schemes: the Lloyds Bank Group Pension Schemes No.1 and No.2. There are no longer any active members in either scheme. It is not possible to identify the Foundation's share of the underlying assets and liabilities of these schemes and hence contributions to the schemes are accounted for as if they were defined contribution schemes; the cost recognised within the Statement of Financial Activities for the year being equal to the contributions payable to the schemes for the year.

The Foundation also participates in defined contribution schemes. Contributions in respect of the year are charged to the Statement of Financial Activities in the year to which they relate.

Redundancy payments

Redundancy payments may occur where the Foundation has agreed to terminate the employment of an employee. The amounts are included in the financial statements when the payment has been formally agreed.

Operating leases

Costs in respect of operating leases are charged to the Statement of Financial Activities on a straight-line basis.

Irrecoverable VAT

Any irrecoverable VAT is charged to the Statement of Financial Activities or capitalised as part of the cost of the related asset, where appropriate.

Tax

The Foundation is a registered charity and as such is entitled to certain tax exemptions on income and profits from investments, surpluses on any trading activities carried on in furtherance of the Foundation's primary purpose, to the extent these profits and surpluses are applied for charitable purposes.

Accounting estimates and judgements

In the application of the Group’s accounting policies, which are described in note 1, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure beyond the accounting policies listed above.

Going Concern

The Trustees have adopted the going concern basis of accounting in preparing the financial statements having assessed the principal risks relating to the Foundation’s income. The Foundation receives virtually all its income under a covenant with Lloyds Banking Group Plc which requires nine years notice to be given prior to termination and which contains provision for a minimum annual payment of £14.4m. The covenant income for the full year is received early in the financial year prior to the signing of the financial statements. The Foundation holds a level of reserves to enable its activities to continue for more than one year from the balance sheet date in the event that no further funding was received. Accordingly, the Foundation expects to continue to have access to sufficient liquid resources to meet its obligations for a period of at least 12 months after the approval of these financial statements, namely the period to May 2026.

2. Donations and Legacies

	Unrestricted	Restricted	Total 2024	Unrestricted	Restricted	Total 2023
Donations from Lloyds Banking Group	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Covenant income	25,421	-	25,421	17,808	-	17,808
Riot response	450	-	450	-	-	-
External audit services	39	-	39	38	-	38
Other donations						
The Legal Foundation	10	-	10	-	-	-
Donated services	18	-	18	26	-	26
Total	**25,938**	**-**	**25,938**	**17,872**	**-**	**17,872**

Covenant income is the sum that the Foundation receives from Lloyds Banking Group.

The Foundation's auditors were remunerated with an allocation from the Lloyds Banking Group audit fee. As a result, the external audit fee has been recognised as donated services from the Lloyds Banking Group. The amount recognised is the fair value that the Foundation believes they would pay for external audit services if the Lloyds Banking Group did not pay on their behalf.

3. Other income

	Unrestricted	Restricted	2024	Unrestricted	Restricted	2023
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Administration support to Lloyds Bank Foundation for the Channel Islands	14	-	14	9	-	9
Other income	-	102	102	3	96	99
Total	**14**	**102**	**116**	**12**	**96**	**108**

"Hope and Vision has given me a home and a family. I'd lost pretty much everything, and this has given me the time to rebuild my life. Being part of the work programme has helped me grow my confidence and self esteem as well.

Tom, supported by Hope & Vision Communities, a charity supporting people recovering from addiction in Reading, awarded a grant of £75,000

4. Analysis of Grant Expenditure

4a. Charitable activities

Year ended 31 December 2024	Grant Awards	Direct staff Costs	Other direct Costs	Support Costs	Total
	£'000	£'000	£'000	£'000	£'000
Long term funding	17,114	1,466	262	1,109	19,951
Developmental support	1,870	423	611	171	3,075
Influencing policy and practice	615	697	311	96	1,719
Total	**19,599**	**2,586**	**1,184**	**1,376**	**24,745**

Year ended 31 December 2023	Grant Awards	Direct staff Costs	Other direct Costs	Support Costs	Total
	£'000	£'000	£'000	£'000	£'000
Long term funding	14,356	1,217	167	835	16,575
Developmental support	2,829	499	406	198	3,932
Influencing policy and practice	2,563	699	198	184	3,644
Total	**19,748**	**2,415**	**771**	**1,217**	**24,151**

Support costs have been allocated using the value of each programme's grant and direct expenditure. See note 4d for further information about support costs.

CARE, a homelessness charity in Grimsby, awarded a grant of £75,000

4b. Grant awards

	2024		2023	
Long-term funding	**No.**	**£'000**	**No.**	**£'000**
Core grant programme	192	14,794	169	12,633
Riot response funding		505		-
Matched Giving		1,865		1,824
Total		**17,164**		**14,457**
Developmental support				
Organisational development		2,019		2,217
Development funding	7	341	7	1,192
	199	**2,360**	**176**	**3,409**
Influencing Policy and Practice				
National grant programmes	18	618	24	2,597
Total grants awarded in the year	**217**	**20,142**	**200**	**20,463**
Less grants cancelled in the year		**(543)**		**(715)**
Grants payable (Note 4a)		**19,599**		**19,748**

A full list of the grants approved in 2024 can be found on our website lloydsbankfoundation.org.uk/our-impact/who-we-support

Maa Shanti, a charity in London supporting South Asian mothers who have experienced domestic abuse, awarded a grant of £75,000

4c. Grants payable

The table below shows the reconciliation between amounts approved during the year and amounts paid during the year.

Reconciliation of grants payable	2024	2023
	£'000	£'000
Amount outstanding at 1 January	16,045	11,908
Grants approved/cancelled in year		
Grants approved	20,142	20,463
Grants cancelled or recovered	(543)	(715)
Grants payable for the year	**19,599**	**19,748**
Grants paid during the year	**(17,706)**	**(15,611)**
Amounts outstanding at 31 December	**17,938**	**16,045**
Amounts outstanding at 31 December split between:		
Due within one year (Note 11)	11,332	9,357
Due after more than one year (Note 12)	5,452	5,445
Provision for liabilities and charges (Note 13)	1,155	1,243
Amounts outstanding at 31 December	**17,938**	**16,045**

4d. Support costs

	2024	2023
	£'000	£'000
Finance	363	307
Human Resources	298	224
Facilities	246	241
IT	190	144
Executive	272	294
Trustees	7	7
Total	**1,374**	**1,217**

5. Governance costs

	2024	2023
	£'000	£'000
Legal fees	18	29
Auditor's remuneration	39	38
Trustee expenses	5	3
Other costs	2	-
Total	**64**	**73**

Governance costs are included within relevant headings under Support costs (note 4d).

The external auditors are remunerated by Lloyds Banking Group and the value is included in Incoming Resources as a donated service and included in Governance costs.

The Trustees, who are also the Directors of the Foundation, received no remuneration during the year (2023: nil).

Expenses were paid directly or by reimbursement for seven Trustees principally relating to travel and subsistence totalling £5k (2023: £3k, seven Trustees).

6. Staff costs

	2024	2023
	£'000	£'000
Wages and salaries	2,527	2,357
Social security costs	286	263
Pension costs	469	383
Other staff costs	54	41
Agency staff costs	65	146
Total	**3,401**	**3,190**

The average number of persons employed by the Foundation was 53 (2023: 50) of which full-time employees is 46 (2023: 46) and part time is 4 (2023: 4). This included two staff seconded from Lloyds Banking Group.

The number of employees receiving emoluments (salary, allowances and benefits in kind, excluding pension contribution) greater than £60,000 are as follows:

	2024	2023
	No.	No.
£60,001–£70,000	1	2
£70,001–£80,000	2	-
£90,001–£100,000	2	2
£150,001–£160,000	-	1
Total	**5**	**5**

Total remuneration received by key management personnel being the Senior Leadership Team was £561k (2023: £534k).

Pension costs

	2024	2023
	£'000	£'000
Defined contribution scheme	469	383
Total	**469**	**383**

Lloyds Banking Group defined benefit schemes

The schemes that the Foundation contributed to, No. 1 (final contributions made in 2019) and No. 2 Scheme (final contribution made in 2018), are administered by Lloyds Banking Group. The Foundation is not responsible for any additional contributions agreed under the deficit recovery plan which are met on the Foundation's behalf by Lloyds Bank. More information on the funding of the Group's pensions schemes can be found in the latest Report and Financial Statements of Lloyds Banking Group.

Lloyds Banking Group defined Contribution schemes

Since 1 April 2019, the Foundation's defined contribution pension scheme arrangements are provided under a Group Personal Pension arrangement with Scottish Widows. The contributions made to the scheme were £469k (2023: £383k). Since September 2022 the pension scheme has operated under a salary sacrifice basis.

7. Other expenditure

Net (expenditure) is stated after charging	2024 £'000	2023 £'000
Depreciation	29	28
Operating lease costs	79	78
Auditor's remuneration (Statutory audit)	39	38

WODIN, a charity in Liverpool supporting migrant women, awarded a grant of £75,000

8. Tangible assets

	Furniture and office equipment	Computer equipment[3]	2024 total	2023 total
Cost	**£'000**	**£'000**	**£'000**	**£'000**
At beginning of the year	91	106	197	357
Additions	-	2	2	5
Disposals	-	-	-	(165)
At end of the year	91	108	199	197
Accumulated Depreciation				
At beginning of the year	27	81	108	245
Charge for the year	9	20	29	28
Disposals	-	-	-	(165)
At end of the year	**36**	**101**	**137**	**108**
Net book value at beginning of the year	64	25	89	112
Net book value at end of the year	**55**	**7**	**62**	**89**

[3]Includes the value of computer software

Delegates at our event celebrating 10 years of skills based volunteering

9. Investments

Fixed and current asset investments	2024 £'000	2023 £'000
Fixed asset investments	15,965	14,731
Current asset investments	24,953	17,600
Total	**40,918**	**32,331**

Movement in a year

As at 1 January	32,331	27,522
Investment income reinvested	40	15
Disposal of fixed asset investments	(1,500)	(13,763)
Additions	1,500	13,763
Net gain/(loss) on investments	1,212	1,263
Management fees	(18)	(69)
Movement on deposits	7,353	3,600
As at 31 December	**40,918**	**32,331**

Breakdown of investments (excluding short-term deposits)	2024		2023	
	£'000	% of portfolio	£'000	% of portfolio
Cash and other liquid assets				
Cash	18	0.1%	-	-
Institutional Liquidity Funds	1,538	9.7%	-	0.0%
Sub-total	**1,556**	**90.0%**	**-**	**-**
Multi asset fund	14,409	90.3%	14,699	100%
Total	**15,965**	**100.0%**	**14,731**	**100%**

Details of the nature of the investment assets, valuation methods and risk management are included in the Trustees' report.

Investment income	2024 £'000	2023 £'000
Dividend income	39	15
Bank interest	1,663	1,224
Total	**1,702**	**1,239**

10. Debtors

	2024	2023
	£'000	£'000
Other debtors	47	44
Prepayments and accrued income	874	308
Total	**921**	**352**

11. Creditors: Amounts falling due within one year

	2024	2023
	£'000	£'000
Grants payable (Note 4c)	11,332	9,357
Trade creditors	82	58
Other creditors	89	84
Accruals and deferred income	64	89
Total	**11,567**	**9,588**

12. Creditors: Amounts falling due after more than one year

	2024	2023
	£'000	£'000
Grants payable (Note 4c)	5,452	5,445
Total	**5,452**	**5,445**

13. Provision for liabilities and charges

	2024	2023
	£'000	£'000
Balance brought forward	1,243	1,505
Additions	1,841	1,982
Cancellations in the year	(317)	(579)
Utilised during the year	(1,612)	(1,665)
Balance carried forward	**1,155**	**1,243**

The provision relates to the Foundation's Organisational Development programmes which provide charities with access to specialist support, the cost of which is met by the Foundation. It is expected to be utilised within the next 12 months.

14. Movement in funds

	Balance at 1 Jan 2024	Total incoming resources	Total resources expended	Change in market value of investments	Transfers	Balance at 31 Dec 2024
Unrestricted funds:	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
General fund	20,753	27,654	(24,660)	1,212	(1,254)	23,705
Designated funds						
Fixed asset funds	89	-	-	-	(27)	62
Research funding	190	-	-	-	(46)	144
Organisational development projects and support	3	-	-	-	87	90
Communities funding	113	-	-	-	(20)	93
Grant funds carried forward	-	-	-	-	1,260	1,260
Total designated	**395**	**-**	**-**	**-**	**1,254**	**1,649**
Total unrestricted	**21,148**	**27,654**	**(24,660)**	**1,212**	**-**	**25,354**
Restricted funds						
LocalMotion	(1)	102	(103)	-	-	(2)
Total restricted	**(1)**	**102**	**(103)**	**-**	**-**	**(2)**
Total funds	**21,147**	**27,756**	**(24,763)**	**1,212**	**-**	**25,352**

Harrow Association of Disabled People, a disability charity in London, awarded a grant of £75,000

Movement in funds continued	Balance at 1 Jan 2023	Total income	Total expenditure	Change in market value of investments	Transfers	Balance at 31 Dec 2023
Unrestricted funds	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
General fund	24,586	19,123	(24,123)	1,263	(96)	20,753
Designated funds						
Fixed asset funds	112	-	-	-	(23)	89
Research funding	-	-	-	-	190	190
Organisational development projects and support	-	-	-	-	3	3
Grant funds carried forward	187	-	-	-	(187)	-
Total designated	**299**	**-**	**-**	**-**	**96**	**395**
Total unrestricted	**24,885**	**19,123**	**(24,123)**	**1,263**	**-**	**21,148**
Restricted funds						
LocalMotion	-	96	(97)	-	-	(1)
Total restricted	**-**	**96**	**(97)**	**-**	**-**	**(1)**
Total funds	**24,885**	**19,219**	**(24,220)**	**1,263**	**-**	**21,147**

Designated Funds

Fixed asset funds

The fixed asset fund represents the value invested in operating fixed assets.

Research funding

Comprises funds to assess the impact of the Foundation's charitable activities.

Communities funding

Comprises funds to enable the Foundation's work to support local communities to design, resource and deliver new services.

Organisational development projects and support

Comprises funds to support core grant holders through consultancy and training.

Grant funds carried forward

Comprises funds set aside for grant extensions expected to be awarded in 2024 which charities have requested be awarded in 2025. In 2023 this related to funding from influencing programmes.

Restricted Funds

LocalMotion

The fund was established in 2018 by the Foundation with five partner organisations Esmée Fairbairn, Paul Hamlyn, City Bridge Trust, Tudor Trust and Lankelly Chase Foundation with the aim developing strategies for regeneration in deprived areas. The financial administration of LocalMotion was transferred to Esmée Fairbairn from January 2022 and the balance on restricted funds was transferred at that time. The Foundation continues to meet the salary cost of the LocalMotion Director and recharges the cost to Esmée Fairbairn.

Net assets as at 31 December 2024	General fund £'000	Designated funds £'000	Restricted funds £'000	Total £'000
Tangible fixed assets	-	62	-	62
Investments	15,965	-	-	15,965
Current assets	27,264	237	(2)	27,499
Creditors due within one year	(11,567)	-	-	(11,567)
Creditors due after more than one year	(5,452)	-	-	(5,452)
Provisions	(1,155)	-	-	(1,155)
Total	**25,055**	**299**	**(2)**	**20,352**

Net assets as at 31 December 2023	£'000	£'000	£'000	£'000
Tangible fixed assets	-	89	-	89
Investments	14,731	-	-	14,731
Current assets	22,297	306	-	22,603
Creditors due within one year	(9,587)	-	(1)	(9,588)
Creditors due after more than one year	(5,444)	-	-	(5,445)
Provisions	(1,243)	-	-	(1,243)
Total	**20,753**	**395**	**(1)**	**21,147**

15. Guarantee Company

The Foundation is a company limited by guarantee not having share capital. The liability of the members is limited by the Memorandum of Association to £1 each. The number of Trustees (including the Chair) who are also members at 31 December 2024 was 10 (2023: 12).

16. Related party transactions

16a Connected Foundations

The following Foundations are connected, having common and related objects:

Halifax Foundation for Northern Ireland (HFNI)
Clifton House Heritage Centre, 2 North Queen Street, Belfast BT15 1ES.

The Foundation is working jointly with HFNI and LBFCI on new software to administer the Lloyds Banking Group Matched Giving Scheme. As part of this development the Foundation invoiced HFNI £472 in respect of its share of work completed. There were no transactions with HFNI in 2023.

Lloyds Bank Foundation for the Channel Islands (LBFCI)
Society Building, 8 All Saints Street, London N1 9RL.

The Foundation received £9,590 (2023: £9,221) from the Lloyds Bank Foundation for the Channel Islands (LBFCI) in respect of time spent by the Chief Executive and his staff on Lloyds Bank Foundation for the Channel Islands business.

To provide the grant administration and financial services the LBFCI and the Foundation agreed to adopt common financial system and grants database. LBFCI implemented the Salesforce grants database in 2023 following LBFEW's earlier adoption. LBFEW co-ordinated the implementation for the Foundation and provided funding to LBFCI to meet the implementation costs which totalled £22,883. LBFCI are repaying this funding over three years.

No interest is payable on this arrangement. Based on LBG overnight deposit rates this represents interest foregone of around £210 (2023: £60).

At 31 December 2024 there was £9,191 due from LBFCI to the Foundation under this arrangement (2023: £15,319).

The Foundation is working jointly with HFNI and LBFCI on new software to administer the Lloyds Banking Group Matched Giving Scheme. As part of this development the Foundation invoiced LBFCI £915 in respect of their share of work completed.

Bank of Scotland Foundation

The Mound, Edinburgh EH1 1YZ.

There were no transactions with the Bank of Scotland Foundation in 2024 or 2023.

16b Connected company

The Foundation derives its revenue primarily from Lloyds Banking Group plc. In December 2013 the Foundation entered into an agreement with Lloyds Banking Group plc whereby the Foundation is to receive 0.3606% of the Lloyds Banking Group's adjusted pre-tax profits, averaged over three years, subject to a minimum amount of £14.4m and a maximum amount of approximately £50.3m which increases by RPI each year.

The following transactions took place with Lloyds Banking Group plc during the year, and with which there were the following balances at the year-end:

The Foundation received income of £25.4m (2023: £17.8m) as income, and £1.2m (2023: £1.2k) bank interest was received from Lloyds Banking Group plc.

At 31 December 2024 a balance of £136k is in a current account with Lloyds Banking Group plc (2023: £4.7m), £1.5m in an Instant Access account, £452k in a 32 day notice account and held Treasury deposits of £19.5m (2023: £17.6m).

16c Transactions

During the year a number of grants and payments were made where a Trustee or senior member of staff of the Foundation is affiliated to a connected organisation.

Trustee Bushra Ahmed is a Trustee of **Shelia McKechnie Foundation** and Home-Start UK. There were no payments in 2023 or 2024.

Chief Executive Matt Hyde is a trustee of **Comic Relief**, chair of the **Big Help Out Steering Group**. His wife is the Chief Executive of **Resolve**. There were no donations in 2024 or 2023.

Director of Charity Development Andre Clarke is a trustee of **IVAR**. The Foundation awarded a grant of £15,000 (2023: Nil) in 2024 to IVAR in support of their Open and Trusting initiative. The Foundation also provided funding of £5,000 (2023: £2,500) towards the cost of the **UK Roundtable**.

Head of Finance, Andrew Whitehead, is the Chair of the **Pension Trustees** of a pension scheme sponsored by Shaftesbury. In 2024 the Foundation made a donation of £500 to Shaftesbury – there were no donations in 2023.

Manager for London, Sara Cooney, is a trustee of **London Funders**. The Foundation is provided a grant of £20,000 for Trust for London in 2024 (2023: £Nil) and is a member paying the annual fee of £1,400 (2023: £1,315).

Manager for Wales, Rachel Marshall, is a Trustee of **St Andrews Major CIW Primary School PTA**. During the year ended 31 December 2023 the Foundation made a donation in relation to the Matched Giving Scheme of £1,000 – there were no payments in 2024.

17. Lease commitments

The Foundation had a total commitment under non-cancellable operating leases at 31 December 2024:

	Buildings		Other	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Within one year	94	94	3	4
Within two to five years	95	189	16	-
Total	**189**	**283**	**19**	**4**

The Foundation leases office accommodation within the NCVO Society Building in London. The annual lease commitment is £94,435 per annum under a five-year lease which expires in January 2027.

Rebuild East Midlands, a charity in Derby supporting survivors of modern day slavery and human trafficking, awarded a grant of 75,000

Reference and administrative details

Registered charity number: 327114

Company Limited by Guarantee
Registered Number: 1971242

Country of registration: England and Wales

Country of incorporation: United Kingdom

Registered office and operational address

Society Building
8 All Saints Street
London N1 9RL

Bankers

Lloyds Bank plc
10 Gresham Street
London EC2V 7AE

Solicitors

Stone King LLP
Boundary House
91 Charterhouse Street
London EC1M 6HR

Independent Auditors

Deloitte LLP
Abbots House
Abbey Street
Reading RG1 3BD

Investment Managers

Cazenove
1 London Wall Place
London EC2Y 5AU

Trustees and Senior Management

Trustees

Chair: Dame Ann Limb DBE DL (and Chair, Nominations Committee)

Vice Chair: Ruth Sutherland CBE

Chair of Audit Committee: Sarah Legg

Other Trustees:

Bushra Ahmed

Cherrie Bija

Ajneet Jassey (from 1 January 2024)

Darren Knight

Kamran Mallick

Laura Needham (from 1 January 2024)

Jayne Opperman (from 1 January 2024 until 30 June 2024)

Rebecca Shaw (until 30 November 2024)

Claud Williams

Senior Leadership Team

Chief Executive: Paul Streets CBE (until 25 July 2024), Matt Hyde OBE (from 16 September 2024)

Chief Operating Officer:
James Phillips

Director of Charity Development:
André Clarke

Director of Policy, Communications and Research: Duncan Shrubsole (until 27 May 2024), Nicole Sykes (from 2 January 2025)

Director of Communities: Jill Baker

"We've had unrestricted funding from Lloyds Bank Foundation which just been brilliant because so often, funding comes with criteria to start something new and innovative, rather than just to be able to continue to provide the crucial and life-saving advice and support that people need.

Alison Kelly, Head of Services at Voices in Exile, a charity supporting refugees and asylum seekers, awarded a grant of £75,000

Voices in Exile, a charity in Brighton supporting refugees and asylum seekers, awarded a grant of £75,000

"We've seen greatly increased needs and the Foundation's unrestricted funding means we've been able to provide support where it's needed. I can't thank you enough, because it's taken so much weight from us.

Daisy Inclusive, a charity supporting Disabled people in Liverpool, awarded a grant of £75,000

Daisy Inclusive, a charity supporting Disabled people in Liverpool, awarded a grant of £75,000

lloydsbankfoundation.org.uk
enquiries@lloydsbankfoundation.org.uk

Society Building
8 All Saints Street
London N1 9RL

Registered Charity No. 327114

Company Limited by Guarantee Registered in England and Wales Company No. 1971242

LLOYDS BANK FOUNDATION
ENGLAND & WALES

LLOYDS BANK FOUNDATION FOR ENGLAND & WALES

England & Wales - Charity number 327114

Accounts

Bridging the gap

Trustees' Report and Financial Statements 2023

LLOYDS BANK FOUNDATION
England & Wales

We're an independent charitable foundation funded by Lloyds Banking Group. We work in partnership with small and local charities, people and communities, changing lives and working towards a more just and compassionate society.

The needs and aspirations of people drive our work. We strengthen the small and local charities that support them and the communities they live in, and advocate for a better future.

Through unrestricted funding, support to develop, and influencing policy and practice we help small and local charities thrive, communities grow stronger, and people overcome complex issues and barriers so they can transform their lives.

Front cover: Ripon Community Link, a learning disability charity in Yorkshire, awarded a grant of £50k

LLOYDS BANK FOUNDATION
England & Wales

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The Trustees and Strategic Report from page 4 to 49 includes the Directors' Report

Bridging the gap

A note from our Chair and Chief Executive*

We started 2023 amid a cost of living crisis, and the challenges for people, communities and charities continued to escalate – with people already facing complex issues and barriers suffering the most. However, small and local charities continued to bridge the gap in under-resourced and over-stretched public services – providing a warm and safe space to those forced into homelessness, food for those who couldn't afford to feed their families and supporting people who had nowhere else to turn.

This ever-increasing demand, along with rising operational costs, has put immense pressure on small charities. As they adapted to new demands, we sought to strengthen the resilience of hundreds of charities across England and Wales with flexible unrestricted funding and tailored support aimed at helping them overcome challenges and develop their capacity and services.

> *Small and local charities continued to bridge the gap in under-resourced and over-stretched public services*

Recognising the importance of peer support and a connected sector, we also helped charities build connections with other local charities, organisations and groups. This networking and partnership working has often been neglected during decades of austerity but is key to developing services that truly benefit people – something we have been encouraged to see first-hand in our work with people and communities across England and Wales.

Policy and practice reforms are urgently needed as more people are being pushed into hardship and the increasing pressure on charities to meet the growing need in their communities is unsustainable. We continued to champion the expertise and experience of small charities and amplify the voices of people facing complex issues, advocating for them to get the support they need.

Paul Streets OBE

Dame Ann Limb DBE DL

To ensure that we can truly serve diverse communities in ways that work for them, we continued to challenge ourselves to make our work and processes more accessible and inclusive. We made space for people with lived experience to influence our funding processes and decisions, and – since we know these groups face disproportionate barriers to accessing support – we dedicated more than half of our funding to organisations led by and for d/Deaf and Disabled People and people facing racial inequity.

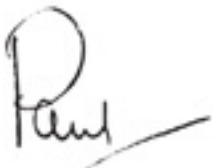
In the first full year of implementing our strategy, *Building a Better Future*, we have sought to support Lloyds Banking Group's strategy, *Helping Britain Prosper*, and focused all our work with people, charities and communities around achieving impact in four areas: strengthening resilience, building connections, amplifying voices and championing equity. You can read about our progress in each of these areas in dedicated sections of this report.

> *We're achieving impact in four areas: strengthening resilience, building connections, amplifying voices and championing equity.*

None of the impact you read about would have been possible without our charity partners and the dedication of our staff, trustees, and volunteers from Lloyds Banking Group. Despite ongoing challenges, the inspiring passion and strength of the people, communities and organisations we work with encourages us that we can collectively create a more just and compassionate society.

And lastly, we are looking forward to welcoming Matt Hyde OBE as our new Chief Executive who will take over from Paul as he steps down this year.

Dame Ann Limb DBE DL
Chair of Trustees



Paul Streets OBE
Chief Executive

*Our CE, Paul Streets will be retiring in June 2024

2023: at a glance

Last year we continued to support small and local charities across England and Wales, helping people and communities to thrive. Some charities we funded received multiple grants.

Small charities have let us know that longer term grants would give them more stability, we responded and are now supporting them for longer. Our new grants are for three years, rather than two, so the number of charities we support has slightly decreased from 2022.

£20.5m
awarded in funding in total (£19.6m in 2022).

504k
people supported by our charity partners* (336,663 in 2022).

11
responses submitted to government consultations and parliamentary inquiries in England and Wales (7 in 2022).

706
charities supported through grants programmes (799 charities in 2022).

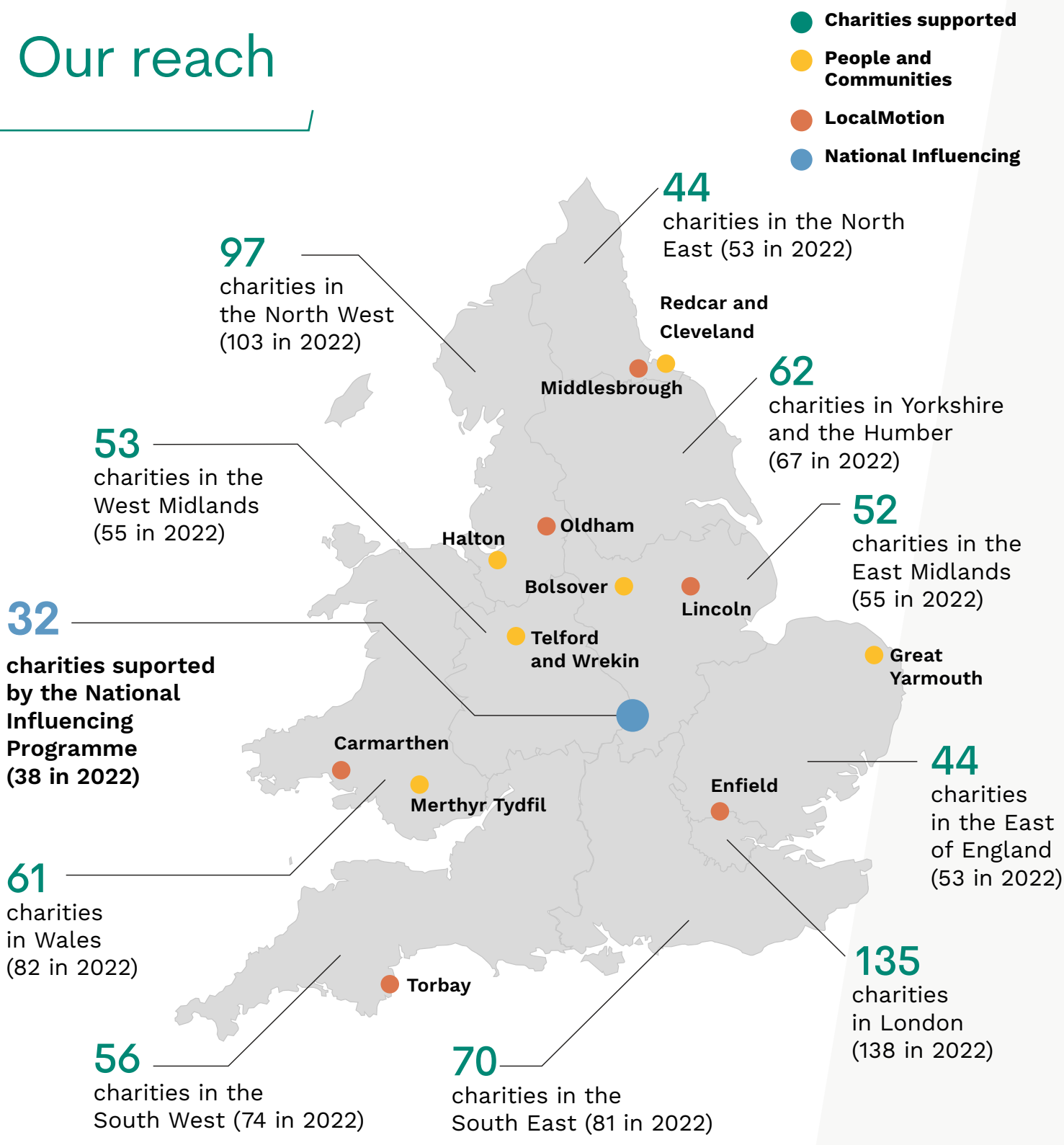
420
charities accessed development support in 2023 (568 in 2022).

12
communities strengthened through collaborative working and projects (16 in 2022).

£1.8m
Distributed through our Matched Giving scheme supporting fundraising and volunteering by Lloyds Banking Group colleagues for 1,325 charities (£1.5m for 1,232 charities in 2022).

*Estimate based on reports from our charity partners. It's up from 2022 due to the increased proportion of unrestricted grants, which means we now look at how many people were supported by organisations as a whole, rather than people supported by specific projects.

Our reach



We have been supported by Lloyds Bank Foundation over a time when we needed to regroup following Covid-19. The whole experience has changed how we feel and act – we have regained confidence in what we are doing, re-affirmed our values and principles, re-shaped our governance to be fit for the future by becoming a CIO, and gained extensive knowledge and insight into ways to improve and grow.

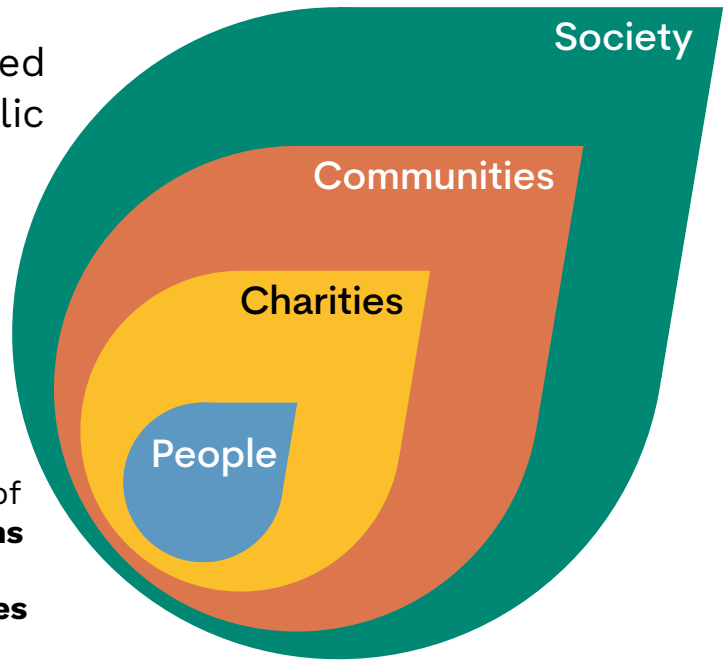
Scarborough and District Mencap, a learning disability charity in Yorkshire, awarded a grant of £52,250

Delivering on our promises

In 2023, more people were pushed into desperate situations as public services continued to be underfunded.

Meanwhile, small charities struggled to meet increasing demand as their communities turned to them for help.

We focused on bridging the gaps to get support to people who needed it most – by strengthening the **resilience** of charities, building supportive **connections** and networks, pushing through **equity**, and listening to and **amplifying the voices** of people being failed by society.



For people

What we promised

- Make the social security system work better for those facing the greatest challenges.
- Make sure those facing complex issues have access to suitable accommodation.
- Ensure those facing crisis / destitution have access to support.

What we achieved:

- We continued to call on Government to support people facing the greatest challenges, including giving evidence at the **Work and Pensions Committee's inquiry** into benefit levels in the UK, and supporting work by the Public Law Project to improve DWP's processes.
- We **supported research by the Bevan Foundation** highlighting the housing crisis in Wales and launched a new National Influencing programme supporting 18 new projects, including four seeking to improve the **availability and affordability of accommodation**. **Read more on page 29**.
- We **backed the Essentials Guarantee** campaign to ensure that the social security system protects people from going without food and other essentials. We also worked with partners to call on the Government to **extend the Household Support Fund**, which has provided lifeline to many people throughout the cost of living crisis.

Mojatu Foundation, a charity supporting people facing inequity due to their race or ethnicity in Nottingham, awarded a grant of 50k

> *"Before I came to the Mojatu Foundation, I was lonely and going through a lot of different issues. I've been able to get the support that I need here and found a community that has welcomed me, where I feel safe with my children. It's absolutely changed my life. I have a group of people I can rely on who actually care about me. I feel that I matter.*
>
> Refugee supported by Mojatu Foundation

For charities

What we promised

- Award 145 new grants of £75,000 over three years to small and local charities.
- Allocate 25% of funding to charities led by and for Black, Asian and minority ethnic communities and 25% to charities led by and for d/Deaf and Disabled people.
- Provide capacity building support that leverages the skills of Lloyds Banking Group volunteers and works best for the charities we partner with.

What we achieved:

- **Awarded 168 new grants of £75,000** over three years to small and local charities. **Read more on page 13**.
- **25%** of these new grants went to organisations led by and for **d/Deaf and Disabled people** and **26%** to organisations led by and for **communities facing racial inequity**. **Read more on page 13**.
- We connected **141 Lloyds Bank Colleagues** with 110 charity partners so that they could **share valuable skills and expertise**. **Read more on page 16**.

Delivering on our promises

> *Everyone here knows we've got a past. Everyone is open about it. Everyone's honest. I've worked in places where it's not like that. Here I feel like I'm not judged, and I can just be myself.*
>
> Gavin, who has experience of the criminal justice system, now employed by Cafe 16 run by The Oswin Project

For communities

What we promised

- Continue to support and partner with communities to improve and strengthen systems and support for the people who use them.
- Support local charities to form and deepen collaborations through a dedicated grants programme.
- Continue to work with other funders and communities as a member of LocalMotion.

What we achieved:

- We developed our **People and Communities** work in six communities across England and Wales, with an independent evaluation confirming that we have played a key role in helping local organisations and groups collaborate effectively to bring about tangible change in their communities. **Read more on page 31**.
- We launched our first **Local Collaborations** funding programme to support local charities to form and deepen collaborations so they can influence local policies and practices. **Read more on page 29**.
- We supported the work of **LocalMotion**, investing **£900k** across six communities and committing to funding for another three years. **Read more on page 23**.

Cafe 16, run by The OswinProject, an ex-offenders charity in Newcastle, awarded a grant of £75k

For society

What we promised

- Listen to and amplify the voices of people with lived experience to influence change.
- Work with organisations to influence policy and practice on improving the availability of accommodation; the operation of the welfare system; and support for refugees and asylum seekers.
- Share our research, evaluation and learnings.

What we achieved:

- We **included people with lived experience** in our funding assessment and decision-making processes and research. **Read more on page 30**.
- We launched our **National Influencing** and **Local Collaborations programmes**, awarding grants to partnerships focused on influencing policy and practice to improve the availability of accommodation, the social security system, and support for refugees and asylum seekers. **Read more on page 29**.
- We continued to **share our learnings** through events, research reports, and blogs.

Our impact:

Strengthening resilience

As the pressures of the cost of living crisis heightened this year, more people struggled to afford food, a safe and warm home, and the essentials to survive.

This has deeply impacted people already facing complex issues like domestic abuse, homelessness and addiction – with more and more people turning to small and local charities to help them overcome a range of challenges. But small charities are also grappling with their own costs rising, difficulties recruiting and retaining staff, and their resources being stretched to their limits.

To ensure that charities could continue to provide vital support to people who needed it most, we strengthened the resilience of small charities with unrestricted funding and bespoke organisational development support, alongside advocating for greater government support. This enabled our charity partners to continue to do what they do best, adapt to challenges, and help more people.

Ripon Community Link, a learning disability charity in Yorkshire, awarded a grant of £50k

> *"The shop and café have really helped the charity as a whole in terms of our future sustainability and resilience because it generates income that we can reinvest into the charity. We couldn't have done any of it without the support of the Foundation and we are so incredibly grateful.*
>
> Victoria Ashley, CEO, Ripon Community Link

Supporting small charities across England and Wales

In 2023 we supported specialist charities working in eight key areas as they helped people facing complex issues adapt to challenges and grow in resilience.

168

new unrestricted grants awarded to small and specialist charities.

We also launched dedicated funding programmes for charities led by-and-for d/Deaf and Disabled people and people experiencing racial inequity as we know these communities are facing multiple barriers to accessing the support they need.

£6.1m
82 grants

£3.3m
44 grants

£3.2m
42 grants

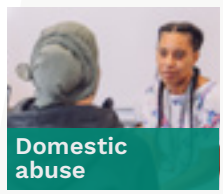
Specialist programme

For small, local, specialist charities that help people overcome complex issues.

Addiction and dependency

Asylum seekers and refugees

Care leavers


Domestic abuse

Homelessness

Sexual abuse and exploitation

Trafficking and modern slavery

Offending

Racial equity programme

For organisations working with people who have faced inequity because of their race or ethnicity.

d/Deaf and Disabled people's organisations

For small and local charities which are led by and working with d/Deaf and Disabled people who are experiencing poverty.

Building the resilience of small charities

In addition to our funding we offer all our charity partners a breadth of tailored support to help build their skills, capacity and effectiveness. This helps them to grow in resilience and adapt to changes and challenges.

Our Regional Managers work closely with our charity partners to help them identify opportunities to develop. We then commission external consultants, connect them with Lloyds Banking Group volunteers, or connect them with our networks, learning events and online resources to help strengthen them in the nine key areas below.

150 Charities working on **sustainable finance and fundraising**

131 Charities working on **robust systems and processes**

120 Charities working on **clear strategy and planning**

78 Charities working on **stronger governance**

77 Charities working on **effective comms and marketing**

70 Charities working on **skills for staff and volunteers**

54 Charities working on **effective service delivery**

52 Charities working on **excellent leadership**

40 Charities working on **systematic monitoring and evaluation**

"Working with leaders in charities has been hugely rewarding. Charity leaders simply want to be better, more efficient managers and allowing them the space to think about how to do this ultimately brings a better outcome for the individuals supported by each charity. Being able to use the coaching skills and leadership experience I have to help somebody develop their leadership strategy has developed me as a coach, and seeing and supporting real world situations has helped give my own work a clearer sense of perspective.

John Nicol, Learning Delivery Manager at Lloyds Banking Group

"One of the most useful pieces of work we've done with the Foundation was around benchmarking ourselves as a charity, around governance and marketing. That was really helpful and means we have strategic goals and can track our progress.

Sue Gwyn, CEO of Brynawel House, a charity in Pontyclun, Wales, supporting people with alcohol or drug addictions, awarded a grant of £50k, shown with Regional Manager Rachel Marshall (left)

"The Foundation helped me connect with a mentor from Lloyds Banking Group. It's nice to be able to go to someone who can listen to you and maybe share a different perspective or something from their experience. It's not a case of telling you what to do, but thinking about how we can move forward and finding solutions together.

Angela Wathoni, Director of Operations, Mojatu Foundation, a charity supporting people facing inequity due to their race or ethnicity in Nottingham, awarded a grant of 50k, shown with Regional Manager Gary Beharrell (left)

420
charities were supported to develop with our organisational development support.

871
capacity building support projects were commissioned.

428
Lloyds Banking Group colleagues shared their skills and expertise with 110 charities.

Organisational Resilience Programme

We supported the School of Social Entrepreneurs by co-designing and funding the Organisational Resilience programme. This course is offered to charities and social enterprises for free so that they can anticipate, prepare for and adapt to changes and develop their services so they can best serve their communities. Through this work we can help strengthen the resilience of charities and communities beyond those directly funded by us.

Case study: We awarded Ella's a £50,000 grant over two years.

We feel we are being supported and championed to succeed

Ella's provides housing and support for survivors of trafficking and sexual exploitation. Minke van Til, Co-Director of Ella's, shares how the Foundation's support has helped them continue to thrive in the midst of the cost of living crisis.

The purpose of everything we do is to help women to enter into lasting freedom, so they don't ever go back to cycles of abuse and exploitation.

We are one of the few organisations providing survivors with housing and emotional support as they recover from complex trauma. Without this support, they may fall back into situations of trafficking and abuse.

> *The combination of funding alongside non-financial development support offered by the Foundation is amazing. Getting funding for core staff has meant that we have the time and resources to be able to engage with the additional capacity building support.*

The cost of living is a real problem. We have a crisis fund to help some women directly with financial support and there's been an increase in how much that's been needed – especially for those with big families.

It's been amazing to get funding that isn't restricted from the Foundation. We've been able to fund core staff, like myself, and open another safe house which has been a huge achievement. Ultimately, this means we can support more women.

> *This kind of funding programme is very unique and effective. We feel supported by the Foundation – it's so encouraging to have someone championing us to succeed. I think there should be more of this kind of thing in the world.*

We've had support from consultants provided by the Foundation which has helped us mature and grow as a charity. For example, we've been able to develop our five-year strategy and they've helped us to focus on our strengths and think about where we can really make a difference.

It's also been great to have access to amazing networks, such as Lloyds Banking Group colleagues – like Charlotte Davis, who has recently become a trustee. We've been able to get in touch with lots of different people and more doors are opening for us.

Minke Van Til, and Charlotte Davis speak with woman supported by Ella's.

The benefits of charity volunteering

> *Volunteering with Ella's as a trustee supports my role at Lloyds, which involves looking at how we can develop products and processes that supports the financial inclusion of survivors of modern slavery. Being involved with Ella's is helping me understand more about the experience of survivors and how we can support them.*

Charlotte Davis, Manager at Lloyds Banking Group and trustee of Ella's.

Staff at Ella's, a trafficking and modern slavery charity, awarded a grant of £50k

"I would say before I came to Ella's, I felt like I couldn't do anything on my own, and here they teach me to be independent.

I can do anything now – I'm stronger.

Survivor of modern day slavery, currently housed and supported by Ella's

Building connections

Together, we can achieve more than we can in isolation – but funding cuts and more than two decades of austerity has led to a decline in partnership working. We are bridging the gaps between charities and other local organisations by providing opportunities for them to connect through networks, forums and learning events so they can support each other, develop together, and collaborate to improve outcomes for everyone in their communities.

These connections can lead to sustainable and long lasting change in society, ensuring that people facing complex issues get the support they need.

Dan Hastings, Local Implementation Lead for our People and Communities work in Great Yarmouth

> *"I am so relieved and delighted to hear people being valued and an openness to different ways of doing things.*

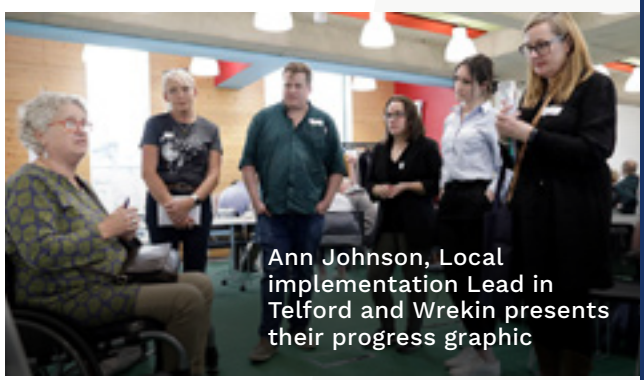
Feedback from a community member in Great Yarmouth about our local People and Communities work.

Connecting with people and communities

We continued our People and Communities work in six communities across England and Wales, bringing together local organisations and groups to find new ways of designing and delivering services so that people facing complex issues can get the support they need in the ways that work best for them. The issues being tackled collectively in communities include homelessness, children's and young people's mental health services, and food inequality.

In October, we brought people from all six places together for the first time. This was a chance for people to connect, learn from each other and share their progress so far.

For example, in Great Yarmouth where the focus is tackling homelessness, we have been partnering with local organisations to carry out research into people's experiences of homelessness in the area. People with lived experience of homelessness were involved in every stage of the research, from design, conducting semi-structured interviews and helping with analysis. The findings from this research are helping to highlight what is and what isn't working in the area and informing the collaborative effort to shape local services so that people can get the support they need.



Ann Johnson, Local implementation Lead in Telford and Wrekin presents their progress graphic

LocalMotion

We also continued our partnership and investment in **LocalMotion**, working alongside four other funders to bring people and organisations together to influence change in six communities: Carmarthen, Enfield, Lincoln, Middlesbrough, Oldham and Torbay.

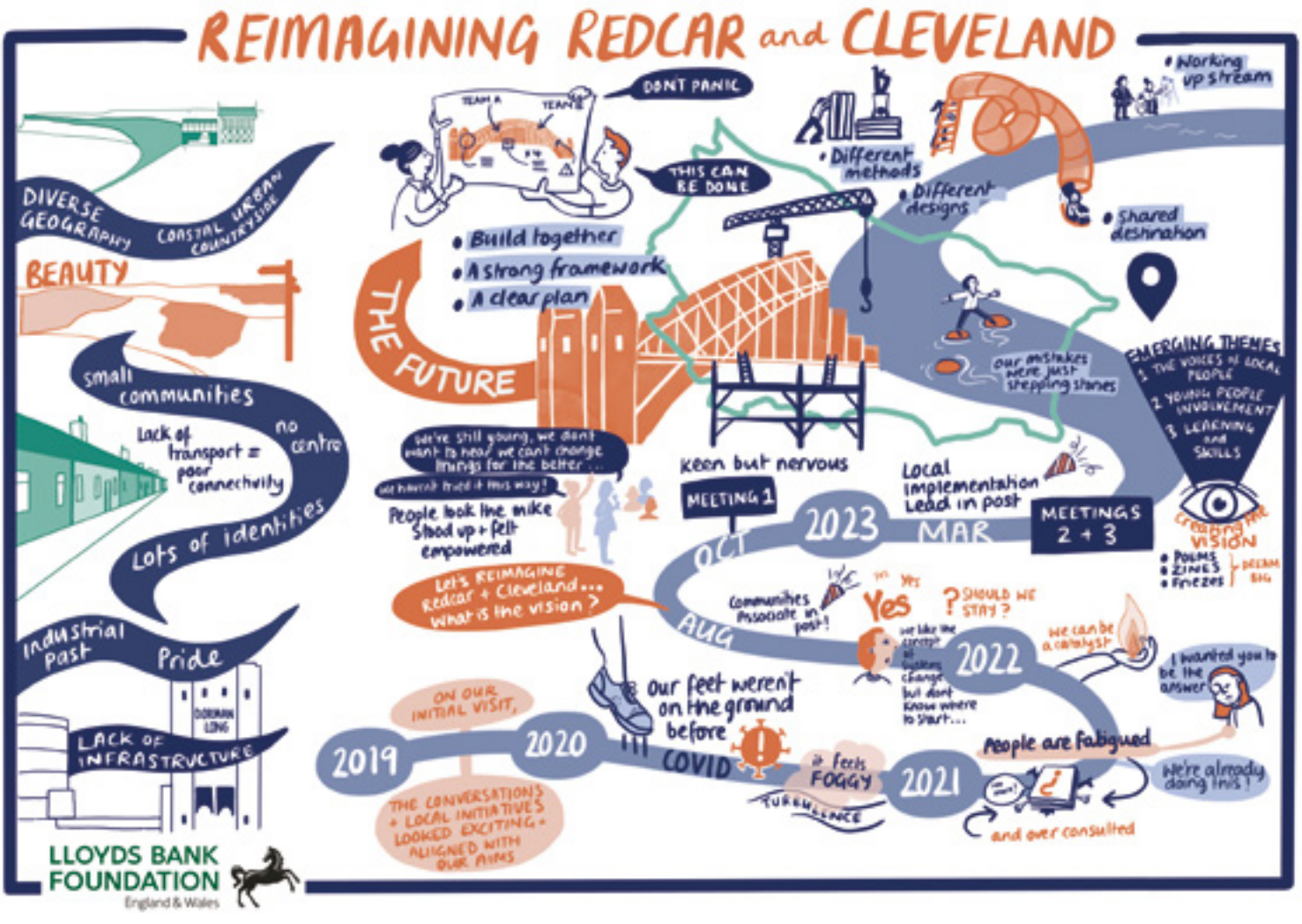
Each community has now produced a local action plan covering objectives for 2024-2031, with the aim of tackling the root causes of social, environmental, and/or economic injustice.
You can read more on their website.

Case study: Redcar and Cleveland

Bringing people together to develop a shared vision for Redcar and Cleveland

Sharon Chappell, Local Implementation Lead for our People and Communities work in Redcar and Cleveland, talks about how bringing different organisations together has helped develop a shared vision for their community.

We've got some great organisations in Redcar and Cleveland but historically, there hasn't been a lot of connectedness or linked-up working. We have a small local authority which means we don't have the infrastructure or funding of bigger cities.



If we're going to change systems, then we need to do things differently to what has been done before. We have to get people to consider how to better meet the needs of the people they are trying to help. Our sessions have focused on modelling this, using different techniques to generate ideas and think about overcoming challenges in new ways.

> *We've now managed to bring people together from charities, funders, housing associations, local businesses, the NHS and the local authority.*

We also invited local people from the community to take part in several sessions with local poet, Julie Easley, to support them to speak up about the pressures they have faced with service providers. Building these connections between local people and the organisations that are there to support them is essential to developing services that truly meet people's needs.

It's taken us several years to get to this point, but we've stuck with it. Working to change embedded systems and attitudes takes time, and we as a Foundation have been committed to being a consistent presence and building trust within the community. After persevering, we've now managed to bring people together from charities, funders, housing associations, local businesses, the NHS and the local authority.

The multi-disciplinary group have now found their focus and collectively decided to address in-work poverty in rural areas of East Cleveland. Local anti-poverty initiatives were seeing more and more people in work using their services, and the partners felt this issue needed to be addressed as a priority. They are now working together to collaboratively re-design support services for people experiencing in-work poverty.

We will continue to offer a space for people to come together, learn together, think together and develop together. And, as a result, we will be able to create a better future for our community, especially those experiencing in-work poverty.

> *We're beginning to get a shared narrative again, which we haven't had for some time. People are starting to feel excited and inspired about what could be possible, and the opportunities to work together and make positive changes.*

Empty

When you look at me, I feel isolation
I'm here, please see me, my desperation.

I'm asking for help, I feel so lonely.
I've asked all the others, but they disown me.

I'm an empty shell, left with nothing,
Like I've been disregarded by society.

Another bill, I'm already behind,
My credit card has been declined.

Poem written by a member of the local community in a Speaking Truth to Power session

"If we're going to change systems, then we need to do things differently to what has been done before.

We have to get people to consider how to better meet the needs of the people they are trying to help.

Sharon Chappell, Local Implementation Lead for our People and Communities work in Redcar and Cleveland

Sharon Chappell (centre) and other delegates at our event bringing together each of the six places.

Learning and growing together

At the Foundation we believe there is huge value in bringing together partners we fund and supporting them to share, listen and learn from each other.

Sharing our learning after three years of working with communities

Our learning partner, **Brightpurpose**, has been observing and evaluating our People and Communities work and helping us apply learnings as we go.

In November, Brightpurpose published a report summarising the key learnings from our first three years of working with communities. It highlights crucial lessons on new ways of designing and resourcing local services to provide sustainable support for people facing complex issues such as homelessness, addiction and domestic abuse.

More than 120 people attended our **online learning event** where there was opportunity for them to reflect on the learnings from the report, as well as share their own experiences of working locally to shape and change systems. **Read the full report**

Connecting small charity leaders

Leading a small charity can be challenging – and at times alienating. To address this, we created opportunities across England and Wales to help small charity leaders connect with a supportive network of peers that they can collaborate with and learn from.

78

people connected through networking opportunities such as **Peer Forums** and **Action Learning Sets**.

Many of our charity partners in Wales wanted to collectively influence public policy conversations. In response, we set up the Welsh Small Charities Forum. Around 50 small charities have joined the forum and have collectively identified commissioning best practice recommendations. We're helping them to share this with relevant commissioners and policymakers to influence change in this area.

> *"The briefing was so helpful and meant that the Senedd member is more aware of the work we do, and can let others know about us.*
>
> Small charity leader and member of Welsh Small Charities Forum

Celebrating the success of the Criminal Justice Programme

After three years of influencing local and national practice and policy to improve the criminal justice system, we brought the funded partners together in a final cohort event to share their learnings, reflect on progress made and consider how to continue influencing efforts.

The projects celebrated what they've achieved over the last three years, from developing care leaver peer support groups within prisons to launching a national media campaign calling for TV Licensing to stop prosecuting people in genuine hardship. The charities also reflected on what they could learn from one another as they continue to push for change in challenging circumstances.

Vera Baird (above) and delegates (right) from charities who received grants under our Criminal Justice Programme

> *Girls and young women in contact with the criminal justice system have long been overlooked and unsupported. We have engaged in ongoing influencing work with both the Ministry of Justice and HM Prison and Probation Service. The Government has now announced plans to develop a dedicated Young Women's Strategy which presents a real opportunity to get things right for vulnerable girls and young women.*
>
> Agenda Alliance, charity partner in our Criminal Justice Programme

Sharing our learning with the wider sector

We continued to share our research and learning through online events, research papers and blogs. We also spoke at **London Funders' Festival of Learning** to share the lessons we've learned from moving to **unrestricted funding** (since 2020), including the practical tools and approaches we have developed for monitoring and evaluating the impact of these grants. **We also worked with IVAR** to share the value of unrestricted funding and our charity partners also shared how this approach benefits them.

Amplifying voices

Small charities have a unique insight into the complex issues that the people they support are facing. We want to equip them to share their expertise and experience with local and national decision makers to improve the policies that are failing the communities they serve.

With a General Election on the horizon, it is even more important that the voice and expertise of charities, and people with lived experience of disadvantage, are heard by those in power. We are also committed to using our own platform to advocate for our charity partners and raise awareness of the issues facing the people they support.

> *"We are very pleased to have received this grant which will empower people with lived experience to influence change so that those experiencing multiple disadvantages have access to support when facing crisis or destitution, that any benefits are not unfairly taken away, and that supported accommodation is appropriate for those accessing it.*
>
> Chris Brill, Policy and Operations Director at Expert Link, a charity partner in our National Influencing Programme.

Doorway, a homelessness charity in Wiltshire, awarded a grant of £50k

Supporting charities to influence policy and practice

We want to help small charities influence change in three key areas:

- Making the **social security system** work better for those facing the greatest challenges
- Ensuring those facing complex issues have access to **suitable accommodation**
- Improving support and services for asylum **seekers and refugees**.

We've chosen to focus on these areas because they are some of the most pressing issues that are driving disadvantage in society. Addressing these issues is foundational to enabling people to overcome other challenges in their lives and for communities to thrive.

Small and specialist charities are often best placed to understand what is going wrong with current policies and practices, to challenge and offer practical solutions to decision makers. We want to help charities build the skills and confidence to communicate with and influence decision makers to improve the lives of the people they support.

National Influencing Programme

In November, after an open and competitive process, we awarded grants of up to **£150,000** over three years to **18 charities and partnerships**. They are seeking to drive change and improve systems and services by **influencing government policy and practice** on the three key areas.

> *"We are feeding back to the Welsh Government about the gaps in the systems and the challenges that we are experiencing.*
>
> Brynawel House, Pontyclun

Local Collaborations

We also launched a new funding programme to support local collaborations led by small charities seeking to influence practice and policy in their region around the same three themes of **improving accommodation**, the **social security system** and support for **refugees and asylum seekers**. In 2024, we'll award **£100,000** of flexible funding over two years to **15 collaborations** that are focused on speaking up, raising concerns and proposing solutions around one of the three focus areas.

Case study: Justlife, Brighton and Manchester

Supporting people with lived experience to influence national policy

Justlife received a £147,981 grant over three years under our National Influencing Programme.

Justlife supports people that are living in temporary accommodation in Brighton and Manchester, as well as advocating for people living in temporary accommodation at a national level. Simon Gale, CEO, shares about their commitment to include people with lived experience in their work, helping their voices to be heard by decision makers.

Getting someone off the streets and into temporary accommodation is often seen as a win by the local authority. But people can end up staying in temporary accommodation for a long time which can negatively affect their health and wellbeing. Many people have multiple needs and may be struggling with substance misuse, fleeing domestic violence, or have physical or mental health issues.

> *"As a small charity we can't help everyone individually, but if we can have an impact on systems nationally then we can help make temporary accommodation short, safe and healthy for everyone.*

We're passionate about including people with lived experience in our advocacy work. We want their voices to be heard by decision makers at a national level so that systems can be changed, and people will have access to appropriate accommodation and support.

We've set up an all-party parliamentary group (APPG) with another organisation called Shared Health, where we've started meeting with MPs regularly to get the issues surrounding temporary accommodation on the government's agenda. Having people with lived experience come to the meetings and share their experience and then see some action taken has been really encouraging.

Above and right: staff and volunteers working together at the Justlife offices in Brighton.

"Being able to talk about my lived experience of 'the debt trap' was an opportunity to feel heard for the first time in 15 years. I cannot change my past, but it was empowering to feel that my story can help to support change for my children and future generations.

Christine, who was supported by Justlife to give evidence at a special APPG meeting about temporary accommodation which was attended by Felicity Buchan, the Homelessness Minister.

We've collected evidence of conditions in temporary accommodation from people with lived experience and presented that to the government, along with our recommendations – for example, guidance around minimum standards for temporary accommodation that we want to be included in bills such as the Renters Reform Bill.

As a result of our advocacy work, temporary accommodation was debated in Parliament for the first time in 2023. Discussions around homelessness have focused on rough sleeping because that's what's most visible, but most people experiencing homelessness are in temporary accommodation and often living in appalling conditions.

It's amazing what we've been able to achieve through the APPG already, despite being a small charity. Both the Labour Party and the Conservative party have invited us to come and talk to them ahead of the General Election.

We are using some of the funding from the Foundation to hire an influencing coordinator. Having someone dedicated to this role will help us develop our national influencing work and ensure that more people with lived experience are heard by decision makers.

Justlife, a homelessness charity in Brighton awarded a grant of £148k

"We're passionate about including people with lived experience in our advocacy work.

We want their voices to be heard by decision makers at a national level so that systems can be changed, and people will have access to appropriate accommodation and support.

Simon Gale, CEO, Justlife

Speaking up for small charities and the people they support

Through our influencing work with government, we ensure that policymakers hear the voices, concerns and solutions of small charities and the people they support.

Calling for uplifts to public service contracts

Many of our charity partners deliver essential public services for local authorities such as support for people facing homelessness or domestic abuse. The cost of delivering these services has risen sharply with inflation but, in many cases, the value of government contracts has remained the same for years.

Charities have continued to bridge the gaps in public funding and services, determined to show up for their communities – but charity resources are being stretched like never before. We've been raising awareness of the challenges small charities are facing with policymakers, advocating for them to get **adequate funding** to continue supporting people who have nowhere else to turn.

We continued to work with partners, including the National Council for Voluntary Organisations (NCVO) and the Local Government Association, on influencing the **Procurement Act**. This included co-producing a new resource to help local authorities improve their work with charities and ensure that there is the flexibility needed to fund people-centered services for diverse communities. The Cabinet Office supports this as it will complement the guidance issued by the Government.

In a joint letter with NCVO **signed by 1,407 voluntary organisations**, we called on the Chancellor to address the issue of underfunding of contracts, which gained media coverage and raised awareness of the crisis.

Right: Duncan Shrubsole, Director of Policy Communications and Research, speaking at the Labour Party Conference alongside Lisa from People First Merseyside, and Sarah from NCVO

> *We have seen new people come in just to use the shower or have a cup of tea because they cannot afford to run the water or boil the kettle at home. The huge uptake has seen us deliver over 8,000 meals over this one year period, this averages out at 27 meals per day.*
>
> Homelessness charity partner in the South West

Advocating for charities during the cost of living crisis

We continued to work with partners in the Civil Society Group to advocate for small charities with Government. We shared how our charity partners have faced huge increases in their energy bills and are working even harder to help more people. This helped convince officials and Ministers to announce a new fund of **£100m in the Spring Budget** to support charities with the cost of living crisis and energy efficiency, and we worked with officials to help them identify who the programme would support and how it would work.

Doorway, a homelessness charity in Chippenham, awarded a grant of £50k

Championing the value of small charities

We know the role and value of small and local charities is not always understood and recognised. So we ran more of our **Value of Small webinars**, which help charities define and effectively communicate their value to commissioners, funders, donors and their community. These online events also provide opportunities for charities to connect and learn from each other.

We supported NCVO to deliver **Small Charity Week 2023**, with a focus on bringing attention to the value of small charities and raising their voices. The campaign included a toolkit to help small charities raise their voices in their community, write to MPs and talk to local media which was downloaded more than 1,000 times.

Giving evidence to the Work and Pensions Committee inquiry into benefit levels

Building on our report published in 2022, *Deductions: Driver of Poverty*, we were invited to give oral evidence to the **Work and Pensions Committee**, specifically focusing on how deductions to benefits are leaving many people struggling to afford essentials – drawing from the insight and experiences of the charities we support and the people they serve. We were delighted that our recommendations for change were backed by the MPs and we continue to encourage the Government to act so that more people can be adequately supported by the social security system in these challenging times.

> *"We're calling for Government to reduce the overall maximum deduction rate to 15%, and the rate for government debt to 5%. We're also calling for improved access to waivers, affordability assessments to be conducted before deductions are applied, and for historic 'debts' from government errors to be written off.*
>
> Duncan Shrubsole, (pictured below) Director of Policy Communications and Research, Lloyds Bank Foundation

Championing equity

We live in a society where not everyone has access to the same opportunities to thrive because of who they are or where they're from. We're committed to challenging these structural barriers in society, reducing inequity between groups, and ensuring that our work – internally and externally – is truly inclusive.

We also recognise that we have power and privilege as a funder. We want to continually improve our approaches and practices to make them more accessible and include people with lived experience in our processes so that we can shift power and decisions from us to people facing complex issues.

Improving access to banking

Many people supported by our charity partners face barriers and challenges in accessing banking services. We partnered with Lloyds Banking Group to offer Access to Banking webinars. 97 people working for our charity partners joined these sessions to learn more about the financial services that are available – and how to support the people they work with to access them. We also hope that by knowing what should happen, it may also empower them to raise issues where practice doesn't always follow policy.

> *A really useful session, I will share the information with my team and hopefully they can help some of our clients who are stuck with (not so helpful) online only banks.*

Feedback on Access to Banking event from charity partner.

Triangular, a charity in Gateshead supporting asylum seekers and regugees, awarded a grant of £75k

Prioritising support for people and communities facing inequity

Inequity has worsened since the Covid-19 pandemic and the ongoing cost of living crisis. Poverty rates are higher among families where at least one member is Disabled, and relative poverty rates are highest among racially minoritised communities. That's why we've committed at least 50% of our funding to charities led by-and-for these communities.

- We launched a new funding programme for small charities **led by and for d/Deaf and Disabled people**, awarding 32 grants to organisations that are committed to reducing poverty and disadvantage through welfare advice, advocacy and frontline services.
- We awarded **127 grants** to small charities and CICs **led by and working with people who face inequity because of their race or ethnicity**. We focused on organisations outside of London as these organisations have historically received less funding than London based charities.
- For London based organisations, we collaborated with other London funders through the **Propel** programme to support five organisations addressing structural inequality in the capital.
- We also supported the development of the regional infrastructure hubs to support charities led by people from racially minoritised communities, through our partnership with **The Phoenix Way**.
- We supported the development and delivery of a new pilot leadership programme with the **Barrow Cadbury Leadership Trust** aimed at helping Black and Global Majority leaders in the criminal justice system to influence change.

Understanding the value of by-and-for organisations

We started a research project focused on identifying the distinct role and value of by-and-for organisations in helping people overcome complex issues and what practice and policy changes are needed to support them.

The project is being guided by an advisory group made up of people with diverse professional and lived experience. Our learnings will be shared with policymakers and feed into the ways we work with by-and-for organisations.

Case study: The Mojatu Foundation received a £50k grant over three years under our Racial Equity Programme.

Welcoming and supporting diverse communities

The Mojatu Foundation supports, and is run by, people from Black, Asian and minoritised ethnic backgrounds in Nottingham. Angela Wathoni, Director of Operations, shares how the charity is helping people overcome structural barriers to access the support they need and creating a welcoming and diverse community.

We support a diverse range of people including women and girls who have undergone female genital mutilation (FGM), asylum seekers and refugees, and people who are experiencing issues such as homelessness. We offer many different services including mental health support, vocational training programmes, community events, and immigration services.

Many of the people we work with are facing multiple and intersecting challenges – for example, a pregnant woman may have experienced FGM, and also be an asylum seeker. On top of that, they may not be able to speak English well or know what support is available to them. So being able to come into a welcoming community setting, feel safe and talk with someone in their own language can be extremely beneficial.

The funding from Lloyds Bank Foundation has had a huge impact, it has meant that we can open our doors to more people. For example, we now run our coffee mornings every Thursday, which is a relaxed space where people can come in and take part in activities, or just have a drink and a chat. This sense of community is so valuable for the people we work with, who are often very socially isolated.

My hope for the future is to have a society where there is inclusivity so that all organisations providing services in a community can share their experience and expertise. As a smaller charity, our expertise or value is not always recognised. But many people who have tried to get help at bigger charities end up coming to us for support and we have to step in and fill those gaps in services. There isn't much communication between the big charities and the small charities, even though we might be working with the same person. That gap needs to be reduced because we can help people more effectively if we collaborate.

> *"One of the pregnant ladies I worked with had experienced FGM, and she was very comfortable talking to me because she knew that I was Nigerian like her. She knew that I understood that FGM has been performed. She was having sleepless nights, she felt she couldn't really talk to anyone. So that cultural understanding is one of the benefits of working with people from the same background.*

Karen Modupe Akubor, Health and Wellbeing Specialist, Mojatu Foundation.

"I struggled to find community here in the UK, especially people that speak the same language. But me and my family have been able to find a community here and that's been very helpful. Mojatu embraces different cultures and has a spirit of family where we can all be seen and understood.

A refugee supported by the Mojatu Foundation

Shifting power

We've taken steps to ensure that there is greater transparency and representation in our decision-making.

Developing a more participatory approach to funding

For our Racial Equity and d/Deaf and Disabled People's Organisations programmes, we recruited **people with lived experience** to join the panels that decide which applications will be funded.

For our National Influencing Programme, we included people with lived experience in the **application assessment stage** as well, so they were involved in choosing which applications would be shortlisted for the final panel.

Mojatu Foundation, a charity supporting people facing inequity due to their race or ethnicity in Nottingham, awarded a grant of 50k

Improving accessibility

We've made several changes to our funding application process to make it more accessible and inclusive:

Online meetings with a member of our team for charities interested in applying for funding.

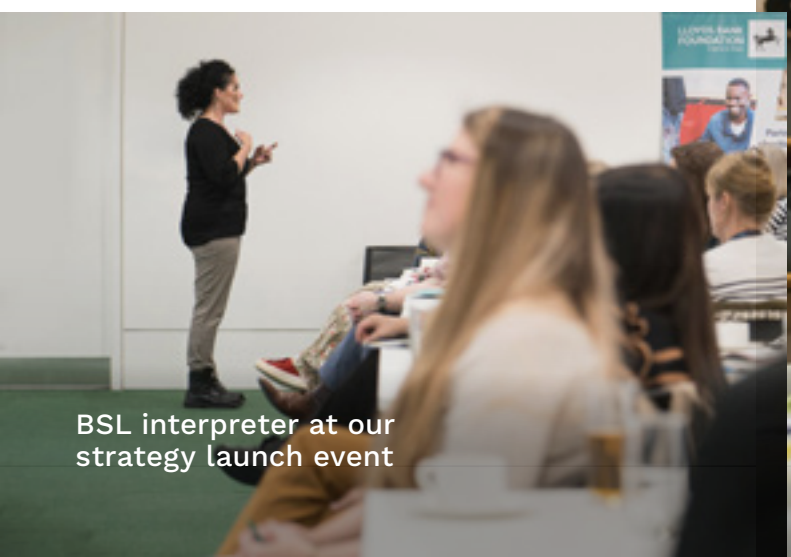
Accessibility grants of £500 to charities that could benefit from additional support to apply for funding.

BSL interpreters to share information about our new funding programmes with potential applicants.

Easy read versions of our guidance and alternative ways to apply for our d/Deaf and Disabled People's Organisations programme.

Accessibility widget on our website providing text to speech and adjustable text and contrast for visually impaired people.

Large print pdfs that work with digitally accessible tools such as screen readers, screen magnifiers and refreshable Braille displays.



BSL interpreter at our strategy launch event

Ripon Community Link a learning disability charity in Yorkshire, awarded a grant of £50k

Leading by example

As we champion diversity, equity and inclusion externally, we know that we must also reflect on our internal practices and make changes to ensure that our workplace is becoming more inclusive and reflective of the diverse communities we support.

Pay gap data

We want to be transparent about our progress in diversity, equity and inclusion. In 2023, we published our **gender, disability and ethnicity pay gap data** on our website for the first time, and committed to updating this on an annual basis.

Inclusive recruitment

To improve how we recruit, retain and develop Disabled people, we signed up to the **Disability Confident Employer** scheme and completed level one. We made adjustments to our recruitment process, including guaranteeing an interview to all Disabled candidates if they meet the minimum criteria for the job.

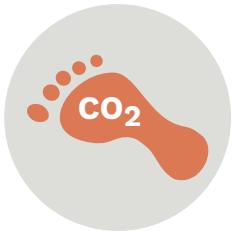
Our senior leadership team took part in **inclusive leadership training**, which supported them to work in a way that prioritises connection and empathy so that everyone in the workplace feels valued and included. This has been transformative for how we work with each other, and the training will be extended to all managers in 2024.

Foundation staff at an away day

Reducing our carbon footprint

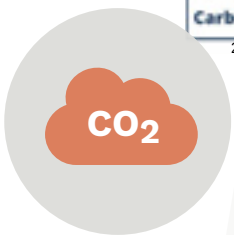
We know that climate change is negatively affecting people living in poverty and communities in the Global South the most and we are taking ambitious action to reduce our impact on the environment.

In 2023 we signed up to the **ACF Funder Commitment on Climate Change** and offered **Carbon Literacy Training** for our staff and charity partners to learn more about the causes of climate change and how we can individually and collectively reduce our impact.



We are taking steps to reduce our carbon footprint.

We have calculated and offset our carbon emissions.



We became **PAS 2060 certified as carbon neutral** in September.

CfA Carbon Neutral 22/3668 PAS 2060 Certified

"As someone with Dyslexia I've found the Foundation to be really supportive in making the workplace more accessible for me. They introduced a software called Grammarly, a digital writing tool that provides grammar and spell checking, and by talking about neurodiversity in the workplace I've felt more confident to share about my Dyslexia with colleagues.

Helen Underwood-Savage, Skills Volunteering Lead, Lloyds Bank Foundation

Our objectives for 2024

Resilience

- We'll reach **people** facing complex issues and barriers by partnering with small and local charities, enabling them to support people to break free from poverty and fulfil their potential.
- We'll support at least 200 **small and local charities** to become stronger and more resilient through flexible unrestricted funding and capacity building support.
- We'll continue to work within six **communities** supporting them to develop new ways of designing and resourcing systems to better support their communities.
- We'll work with civil **society** partners to improve the operating environment for small and local charities, pushing for better commissioning practices.

Above: Ella's, a trafficking and modern slavery charity in London, awarded a grant of £50k

Connection

- We'll effectively reach **people** within communities to shape how services are designed and resourced so they are better supported.
- We'll support **charity** leaders to feel more connected with their peers and support one another by convening supportive networks.
- We'll invest in 30 local collaborations within **communities** across England and Wales, supporting them to effect changes to policy and practice.
- We'll build a strong community of practice among civil **society** organisations, supporting small and local charities and sharing our insight and knowledge on unrestricted multi-year funding and organisational development support.

Voice

- We'll support the charities we partner with to listen, involve and make decisions alongside the **people** they support through intentional and respectful lived experience work.
- We'll support **charities** to become more active campaigners, taking advantage of an election year, to influence decisions, policies and practices that directly impact the people they support.
- We'll support **communities** to have the skills and resources to influence locally to improve access to accommodation, the social security system and better support for refugees and asylum seekers.
- We'll support charities to shape our **society** to the benefit of people facing complex issues and barriers by influencing changes to national policy and practice to improve the social security system, access to accommodation, and support for refugees and asylum seekers.

Above, left to right:

People and Communities event

Doorway, a homelessness charity in Chippenham, awarded a grant of £50k

Triangular, a charity in Gateshead supporting asylum seekers and regugees, awarded a grant of £75k

Equity

- We'll work on improving ourselves and our support for the **people** that work with us by completing the Level 2 assessment of the Disability Confident scheme.
- We'll support **charities** led by and for d/Deaf and Disabled communities and racially minoritised communities and include individuals from user led charities to make decisions on our funding.
- We'll invest in exploring equitable and inclusive decision-making practices within **communities**.
- Through research, we'll explore the distinctiveness of small voluntary sector organisations run by and for those they serve and capture their impact on **society**.

A farewell to Paul, our Chief Executive

Left to right: Paul with The Basement Project, Ark Resettlement, at the *Value of Small North* event, and at the *Building a Better Future* strategy launch.

This year we will be saying goodbye to Paul Streets who, after more than a decade leading the Foundation, will be retiring in June 2024. Paul has steered the Foundation through significant change, both internally as we have strengthened and adapted, and externally as the environment for small and local charities and the people they support has become increasingly challenging.

"There is still so much more to do but, after just over 10 years, the time has come for me to bring my own role to a close and find out what life beyond full time work has to offer. I look forward to continuing to move the Foundation's strategy forward in preparation for my successor.

Paul Streets, our outgoing Chief Executive

Paul has championed the voices, strength and value of small and local charities across England and Wales. This has ensured that the critical role they play within our communities and society is seen, recognised, and valued among Government and decision makers.

Leading the development and launch of three of our strategies, Paul has supported the Foundation to continuously innovate. We moved towards greater flexibility by providing fully unrestricted grants, rooted in trust and ongoing partnership. Alongside multi-year funding, we also developed an award-winning breadth of support offers. This included seasoned consultants, skilled volunteers from Lloyds Banking Group, peer learning opportunities and much more to help charities strengthen beyond the lifetime of their grant.

I am proud of the work we have done together to reshape the role of Foundations, to set charities free through unrestricted funding and providing support that works for them. And using our own power and influence to help bring people together locally and nationally to influence policy and practice as well as sharing power over how we ourselves make decisions. Equity, diversity and inclusion is vital and I am proud of making tangible progress in my time at the Foundation, in particular through our commitment to charities led by communities themselves.

Left to right: Paul with High Level Trust, and MK Snap

This year marks 10 years since the creation of our skilled volunteering programme conceptualised by Paul, recognising the unique role we play as a corporate foundation. This innovative programme connects passionate and skilled volunteers from Lloyds Banking Group with the charities we support as they form relationships that benefit charities, volunteers, and businesses. The trusting connection with Lloyds Banking Group that Paul helped foster has led to ongoing joined-up working, including shaping how the Group supports customers who have survived domestic abuse or supporting people who lack conventional ID due to homelessness to open bank accounts.

All of us at the Foundation thank Paul for his dedication to our cause and stewardship over the last decade, and extend a warm welcome to his successor, Matt Hyde.

I have loved my role at the Foundation. And loved working with the thousands of incredible small and local charities we reach right across England and Wales. We are blessed in having the opportunity to connect with Britain at its best while addressing the consequences of Britain at its worst.

Financial review

In this section, our Trustees outline our principal funding source in the year ended 31 December 2023 and how we used these resources to support our key objectives. Full details can be found in the financial statements that follow this Trustees' Report (page 64 onwards).

Where our money comes from

The Foundation is an independent charity principally funded by Lloyds Banking Group, receiving a share of the Group's profit under a Deed of Covenant (see Note 16b for further details of our connection with this party).

The Foundation does not raise funds from the public nor enter into other fundraising activities.

In 2023 we received £17.8m from Lloyds Banking Group (LBG) under the Covenant (2022: £14.7m under the Covenant and an additional £1.4m to provide additional funding to charities facing cost of living pressures).

How we spend our money

Everything we spend aligns with our mission: to partner with small[1] and local charities helping people overcome complex social issues[2] and rebuild their lives. We aim to make grant funding unrestricted wherever possible.

The principal support to charities was provided through the four new grant programmes:

- **Specialist programme** – 82 grants totalling £6.2m to fund support to charities working with people facing complex social issues.
- **Racial equity** – 44 grants totalling £3.3m to fund organisations run by-and-for people who have faced inequity because of their race or ethnicity.
- **d/Deaf and disabled people** – 42 grants totalling £3.2m to fund organisations led by and working for d/Deaf and disabled people.
- **National Influencing programme** – 18 grants totalling £2.4m to fund organisations undertaking major change projects in three key themes of Homelessness, Asylum Seekers and Refugees and Social Security.

Other key funding included:

- £2.0m of organisational development support for charities (2022: £2.3m)
- £1.8m (2022: £1.5m) was paid to charities across the country under the Matched Giving scheme, where the Foundation matches the fundraising efforts of colleagues at Lloyds Banking Group and at the Foundation. Expenditure increased as many fundraising events which Lloyds colleagues support were reinstated in 2023 but the level of giving in this area remains below that of 2019.

Expenditure

Total grant and donation expenditure was £20.5m (2022: £19.6m). Total charitable expenditure was £24.1m (2022 £22.9m) – the increase was enabled by the higher level of funding from Lloyds Banking Group (LBG).

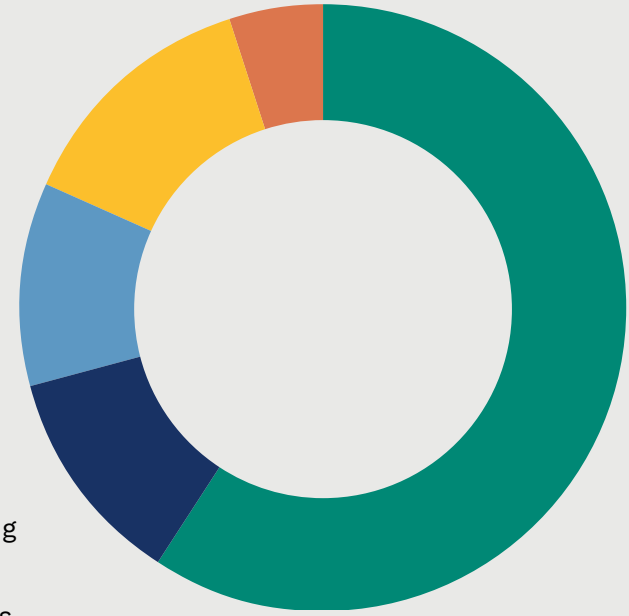
The overall result for the year was a deficit on unrestricted funds of £5.0m (2022: £6.3m) before investment gains of £1.3m (2022: investment losses of £2.0m).

1 Eligible charities were those with a turnover between £25,000 and £500,000.

2 Full details of the complex social issues funded are shown on the Foundation website

Expenditure 2023

- Long-term funding: **£14.3m** (2022: £15.3m)
- Development: **£2.8m** (2022: £2.1m)
- Influencing, Policy and Practice: **£2.6m** (2022: £1.7m)
- Direct costs of charitable activity: **£3.2m** (2022: £2.7m)
- Central support costs: **£1.2m** (2022: £1.1m)



The Foundation is currently able to spend more than the annual income from Lloyds Banking Group as in 2017 it received a significant gift of shares which were sold realising £38.6 million. The Foundation will incur a smaller deficit in 2024 and beyond but will align its spending with annual income once the additional funding from the share proceeds has been utilised which it expects to be in 2026.

Investments

The overarching investment objective is to maintain sufficient liquidity of funds and their overall value in order to finance the planned deficits arising from the excess of expenditure over income which is expected in the short term under the current strategy. This objective has been met by following two approaches:

- bank deposits and short-term funds for funds required within five years,
- long-term funds with a time horizon beyond five years.

Financial investments of the Foundation to the value of £14.7m (2022: £13.5m) have been managed by Cazenove since October 2023. The funds are invested in the Cazenove Sustainable Multi-Asset Fund. Prior to that date the funds were managed by Sarasin & Partners LLP, predominantly in the Climate Active Endowment Fund with around 14% in the Income and Reserves Fund.

The disposition of funds at 31 December was as follows:

	2023	2022
	Asset value	Asset value
	£'m	£'m
Sarasin Climate Active Endowment Fund	-	11.5
Sarasin Income & Reserve Fund	-	2.0
Cazenove Sustainable Multi-Asset Fund	14.7	-
Total	**14.7**	**13.5**

The Cazenove Sustainable Multi-Asset Fund has a long term (5+ years) horizon with the aim of providing a good flow of income and protection. This pooled managed Fund seeks a combined income and capital return over the long term of 4.5% above inflation. The fund is predominantly invested in listed assets and the valuation is provided by the fund manager based on the fair value of each asset.

The Trustees policy is to avoid investment in companies which are materially engaged in certain sectors including tobacco, alcohol, gambling and adult entertainment. This Fund is a global multi-asset portfolio with an integrated socially responsible investment policy and makes investment decisions consistent with the aims of the Paris Accord on climate change.

The investment is recognised at its market value of £14.7m (2022: £13.5m).

Investment by asset class at 31 December	2023	2022
Long-term portfolio	**£'m**	**£'m**
Equities	10.2	7.6
Bonds	1.7	1.4
Property	0.7	0.5
Alternative investments	1.4	1.5
Cash	0.7	0.5
Total	**14.7**	**11.5**

The Medium-Term portfolio was invested in the Sarasin Income and Reserve Fund. The balance of £2m was transferred to the Cazenove Sustainable Multi-Asset Fund in October 2023.

After falling in value in 2022 the investments recovered in value in 2023. The performance in the year was as follows;

	Return 2023	Benchmark 2023	Return 2022	Benchmark 2022
	%	%	%	%
Sarasin Medium Term Fund*	0.8	7.0	15.6%	14.7%
Sarasin Long Term Fund*	2.0	11.7	(10.6)	(6.9)
Cazenove Multi Asset Fund+	7.4	1.2	–	–

*From 1 January to mid October 2023 +From mid October to 31 December 2023

Above: In June the entire Executive Team of Lloyds Banking Group visited charities The Foundation partners with in and around Birmingham. They saw first hand the impact of these charities and how we support them.

Pictured is Charlie Nunn Lloyds Banking Group CEO, with staff and service users of Shape, a charity helping young women escape homelessness. We have supported the charity with grants of £72.25k and £50k and currently with our development support offer.

Financial risk management

The risks associated with the Foundation's investments are monitored by its Audit, Investment and Risk Committee and managed on a day-to-day basis by its investment managers. The key risks which the Trustees believe are relevant to the Foundation's investments are:

Market risk

Exposure

The portfolio is well diversified with holdings in a wide range of asset classes.

The Foundation derives the majority of its income from the covenanted payment from Lloyds Banking Group and is able to take a long-term view of its investments.

Sensitivity

The largest market risk is a fall in the value of equity markets. Based on the position at 31 December 2023, in the event that there was a general 10% fall in equity markets there would be a reduction in net income of £1,017k (2022: £763k).

Currency

The Long-Term portfolio is denominated in GBP. The currency exposure of the fund at 31 December was as follows:

	2023	2022
	Currency exposure	Currency exposure
	%	%
Sterling	32.3	62.8
US Dollar	9.3	26.2
Euro	2.8	3.2
Japanese Yen	0.2	1.3
Other	55.4	6.5
Total	**100.0**	**100.0**

Credit risk

The Foundation invests into the Pooled Investment Vehicles. There is a direct exposure to credit risk in relation to the Pooled Investment Vehicles and indirect credit risk in relation the underlying investments held within the Pooled Investment Vehicles.

Term deposits of £17.6 million at 31 December 2023 (2022: £14m) were invested Lloyds Banking Group and one other bank; the Foundation policy is that there is a limit of £5 million for deposits with any bank other than Lloyds Banking Group.

Liquidity risk

The Foundation's long-term investments are invested in the Cazenove Sustainable Multi-Asset Fund which has weekly dealing which would allow the Foundation to realise cash if this were required.

Reserves

Currently the balance of total reserves held by the Foundation stands at £21.1m (2022: £24.9m) of which the free reserves are £20.8m (2022: £24.6m). Reserves were enhanced by £38.6m in 2017 with the proceeds from the disposal of a gift of Ordinary Shares in Lloyds Banking Group from Lloyds Banking Group.

The Foundation holds reserves for both operational and strategic purposes considering the main risks to the organisation.

The Trustees recognise that there is a significant risk around the Foundation having one primary income source, being Lloyds Banking Group. As such the reserves policy requires 12 months total expenditure less the minimum payment under the Lloyds Banking Group covenant with a tolerance level of 5% below the target before action is required. At 31 December 2023 this represented a level of £12.6m (2022: £9.1m). At £20.8m on 31 December 2023 (2022: £24.6m), the level of reserves stands well in excess of this requirement. The higher level of reserves will enable the Foundation to make a higher level of grant awards in future years than would be possible from its annual income from Lloyds Banking Group. The Foundation plans to use the reserves over the next three years such that the target and actual reserves will be aligned towards the end of 2026.

Grants, (including multi-year grants) are recognised in the financial statements as liabilities when they are approved. As a result, the balance sheet includes creditors and provisions for future years commitments (see note 1 for the full grant accounting policy).

The Foundation also has designated and restricted funds. There are designated funds to provide for awards expected to be made in 2024 from 2023 programmes and in respect of funds invested in Fixed Assets.

Restricted Funds represented funds received from partners for a joint project.

Full details of Designated and Restricted Funds are shown in Note 14.

Wycome Women's Aid, a domestic abuse charity in Buckinghamshire, awarded a grant of £52k

Risk

How we manage risk

Trustees are tasked with ensuring that the framework of governance, risk management and control supports the appropriate management of risk. Within this framework, the Board judge whether its agenda is focussing assurance on the issues that are the most significant in relation to achieving the Foundation's objectives and whether best use is being made of resources, targeting those areas of greatest risk.

The Audit, Investment and Risk Committee plays a crucial role in supporting the Board of Trustees to meet these assurance obligations.

Principal risk around a single source of income

The Trustees recognise that there is a significant risk associated with the Foundation being principally funded from one source, namely Lloyds Banking Group. The current economic uncertainty may impact on the profitability of the Group. The Trustees are satisfied that this risk is suitably mitigated as follows:

- The Covenant with Lloyds Banking Group (see note 16b for further details) addresses short term risk through the inclusion of a minimum level of income for the Foundation. Exposure to a one-off drop in profitability of the Group is limited by the averaging of profits over three years.
- The medium and long-term risk to the Foundation's strategy is addressed by the reserves policy.

An appropriate and proportionate Risk Assurance Framework

Under the Foundation's Risk Assurance Framework, the Trustees have defined five headline strategic risks.

Risk	How we manage it
1 Impact – is the Foundation making the desired impact, and can it be evidenced?	• Regular feedback from grantees • Monitoring of Key Performance Indicators • Monitoring by Regional Managers
2 Financial sustainability – is the Foundation managing finances to ensure it can continue to make an impact in the medium to long term?	• Regular monitoring of financial performance • Detailed forecasting • Reserves strategy
3 Compliance – is the Foundation meeting regulatory, accounting and legal compliance requirements?	• Robust internal controls • Specialist advisors for legal requirements, IT and Health and Safety • Regular reporting to Trustees
4 Reputation – is the Foundation able to respond effectively to any incident that could affect its reputation?	• Fraud response plan • Monitoring of grantee activities • Communications plan
5 Other – are partnerships with Lloyds Banking Group and others having the desired impact?	• Nine-year covenant with Lloyds Banking Group • Four Lloyds Banking Group Trustees • Regular meetings with Lloyds Banking Group • Monitoring by Senior Leadership Team and Trustees of partnership initiatives

The key strategic risks together with the current controls and methods of management and actions to improve management or mitigate risks are documented in a strategic risk summary. In order to actively manage strategic risk, the summary is used as a tool by the Senior Leadership Team and at each of the quarterly Audit, Investment and Risk Committee meetings to:

- frame conversation around strategic risk
- facilitate active management of that risk against an assumed risk appetite
- inform decisions on future activity.

The Committee consider one or two areas in detail at each meeting and report back to the Board of Trustees.

Fundraising activities

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as 'soliciting or otherwise procuring money or other property for charitable purposes'. In relation to this statement, the Foundation does not undertake widespread fundraising from the general public and does not employ professional fundraisers. The charity is therefore not bound by any regulatory scheme and does not consider it necessary to comply with any voluntary code of practice. The Foundation does not have policies in relation to fundraising activities nor do we consider it necessary to design specific policies and procedures to monitor activities.

Business continuity

The Foundation has been able to effectively respond to the shocks that have occurred in recent years. The profits of Lloyds Banking Group have recovered well and they have raised the minimum payable from £10.8m to £14.4m.

Going concern

As stated above we are able to take a long-term view of our investments and the covenant with the Lloyds Banking Group provides a significant degree of protection. The funding for 2024 has been received in full and for future years the agreement, which requires nine years notice to be given, provides for a minimum payment of £14.4m to be paid each year and that the actual sum paid is based on the profits of the three prior years. The Trustees are therefore confident that they are able to fully fund their operating costs, meet all existing grant commitments and continue grant funding activities for at least until May 2025.

Future activities

The Foundation will continue to provide grant funding, developmental support and seek to influence policy and practice to help small and local charities thrive in their local communities. Our objectives are shown on page 46.

The Foundation's reserves could be affected by a fall in the value of its investments. The Foundation practice is to keep a buffer between the amount the reserves over the minimum level so that a fall of 10% in the value of the investments would have not impact on grant making in the next five years.

Although there are currently no restrictions on redemptions from any of the funds in which the Foundation is invested the fall in value may affect any decision to draw on investment funds to enhance our grant giving capability.

The Trustees are confident that they are able to continue their operations and grant funding activities as planned for the remainder of the year, throughout 2024 and beyond.

The Lloyds Bank Foundation for England & Wales is incorporated as a company limited by guarantee. It is regulated by its Memorandum and Articles of Association dated 13 December 1985.

Brynawel House, a charity in Pontyclun, Wales, supporting people with alcohol or drug addictions, awarded a grant of £50k

Governance

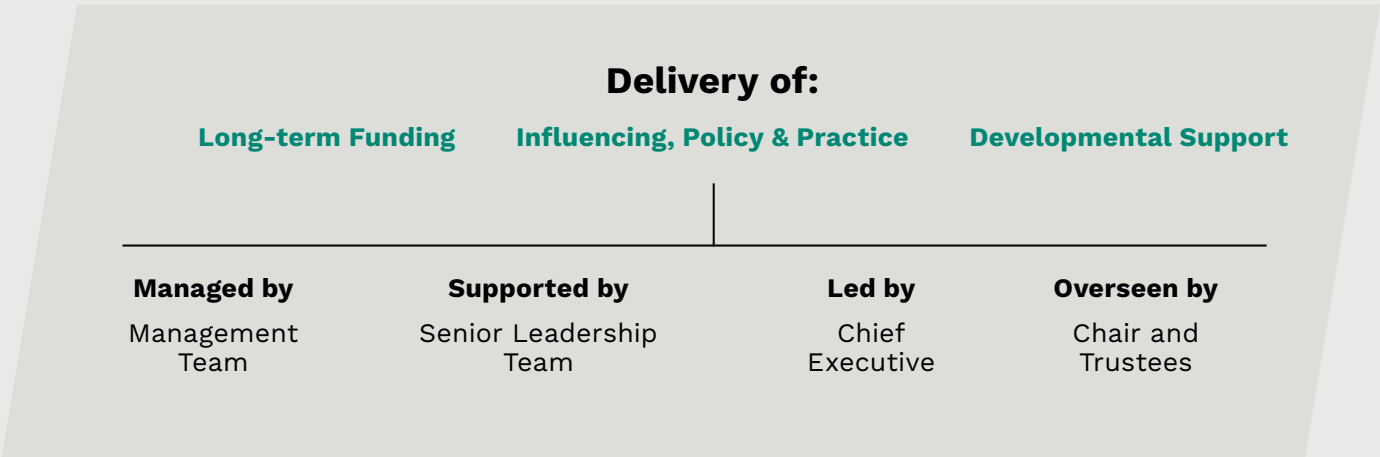
Constitution

The Articles set out that the Foundation was established with widely drawn objects to do anything which is a charitable purpose. The Foundation has prioritised its objects further as it has evolved, choosing to focus strategically on partnering with small and local charities helping people overcome complex social issues and rebuild their lives.

The Trustees confirm that they have complied with their duty to have due regard to the Charity Commission's public benefit guidance, under Section 17 of the Charities Act 2011, when reviewing the Foundation's aims and objectives and in planning and setting the strategy. Further details on our strategy for the future can be found on page 46–47.

The Foundation applies and follows the Charity Governance Code (for large charities).

Organisational structure



The Foundation is organised and governed under an agreed strategic framework as summarised below:

The Board of Trustees has collective responsibility for everything that the Foundation does – including the legal responsibility to ensure that the Foundation is controlled and properly managed.

The Board delegates responsibility for operational management to the Chief Executive, who leads the Senior Leadership Team which in turn support the Management Team. Together these teams develop the organisation's plans, policies and processes, following the Board's advice and approval.

The principal governing body of the Foundation is the Board of Trustees, whose names are listed on page 84. The Board is responsible for the strategic direction of the Foundation and normally meets quarterly together with the Senior Leadership Team to review progress and to ensure that the Foundation is on track to meet its objectives.

Board of Trustees

The Board has delegated specific decisions to four permanent Committees. The members of the Committees are drawn from the Board of Trustees.

Audit, Investment and Risk Committee

Monitors the Foundation's integrity in financial reporting and reviews the effectiveness of the risk management framework

The main responsibilities of the Audit, Investment and Risk Committee are to provide assurance to the Foundation on the effectiveness of its governance, internal control, risk management framework and investment and reserves strategies.

In addition, the Committee reviews the annual report and financial statements and approves the accounting policies followed to satisfy themselves that the financial statements give a true and fair view of the Foundation's affairs.

The Committee meets quarterly.

Nomination Committee

Ensures that the Board and committee composition has the optimum balance of skills knowledge and experience

The purpose of the Nominations Committee is to support the recruitment and appointment of Trustees, giving due consideration to the balance of skills, interests and experience on the Board of Trustees.

The Committee makes recommendations to Lloyds Banking Group, who formally make the appointments at their own Nominations Committee (as required under the governing document of the Foundation – its Articles of Association).

The Committee meets as required.

Remuneration Committee

Monitors remuneration and benefits for Foundation staff

The role of the Remuneration Committee is to oversee the remuneration policies for the Foundation, with particular focus on the remuneration of the Senior Leadership Team.

The Committee meets bi-annually.

Grants Panel

Approves grant applications for the grant making programme in line with Foundation strategy

The main responsibility of Grants Panels is to review and approve grant applications against the relevant programme's aims and objectives. The Panels consider recommendations taking into account factors including outcomes, risk factors, geographical spread and budgetary considerations.

The various panels meet regularly throughout the year as necessary.

Lloyds Bank Foundation staff at an all staff meeting

Our people

Our staff

Our passionate and dedicated Foundation staff make it possible to have life-changing effects on the lives of people facing complex social issues, through small and local charities. To ensure that we employ and develop talented staff and keep them accountable in their work, all staff take part in performance feedback and appraisal throughout the year.

Proposed pay increases for all staff including the Senior Leadership Team are presented to our Remuneration Committee for approval. Proposals take into consideration the market as assessed by Croner, an external salary benchmark provider specialising in the charity sector.

The Foundation does not offer performance related bonuses.

Our Trustees

The Foundation is passionate about recruiting a diverse Board of Trustees with a wide range of skills and interests. When recruiting new Trustees the Nomination Committee helps identify areas that could be better represented, and we recruit publicly, usually through national adverts, to strengthen the Board's skillset.

Newly appointed Trustees follow an induction programme including:

- an induction pack which includes the main governing documents, operational framework, financial position and future plans and objectives, signposts to various Charity Commission guidance
- a series of short training sessions with the Senior Leadership Team to familiarise themselves with the Foundation
- mentoring by existing Trustees.

In addition, a formal training session on the legal duties and responsibilities of Trustees is held biennially as a refresher for all Trustees.

Trustees typically serve a three-year term, although this may be extended for a maximum of a further three years. Trustees are fully engaged with the work of the Foundation and get to know our grantees as well as strategic priorities through regularly visiting our charity partners and learning about the organisation from the Chair and Senior Leadership Team.

More details about our Trustees can be found on page 84.

Statement of Trustees' Responsibilities

The Trustees (who are also directors of Lloyds Bank Foundation for England and Wales for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice) including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

The law applicable to charities requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources of the charitable company for that period including the income and expenditure. In preparing the financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

In so far as the Trustees are aware:

(a) there is no relevant audit information of which the auditors are unaware; and

(b) the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent auditors

A resolution to re-appoint Deloitte LLP as auditors to the Foundation will be proposed at the annual general meeting.

The Trustees' Report, including the Strategic Report was approved by the Board of Trustees on 21 May 2024 and signed on their behalf by **Dame Ann Limb DBE DL, Chair of Trustees**.

signature

Independent Auditor's report to the members of Lloyds Bank Foundation for England & Wales

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Lloyds Bank Foundation for England & Wales (the 'charitable company'):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, which comprise:

- the statement of financial activities (incorporating an income and expenditure account)
- the balance sheet
- the statement of cash flows; and
- the related notes 1 to 17.

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).

Basis for opinion

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

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **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 design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the charitable company's industry and its control environment, and reviewed the charitable company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and Trustees about their own identification and assessment of the risks of irregularities including those that are specific to the charitable company's business sector.

We obtained an understanding of the legal and regulatory framework that the charitable company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Charities Act and UK Companies Act, pension legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the charitable company's ability to operate or to avoid a material penalty. These included the Charity Commission for England and Wales (Charity Commission) regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following area, and our procedures performed to address it are described below:

- we identified a fraud risk related to the application of grant expenditure in line with charitable objectives, and the correct recognition of liabilities in respect of grant expenditure. We have addressed this risk by selecting a sample of grants recognised in the year and reviewing the grant agreements, Board minutes, cash payments and related information to understand the purpose of the grant, any conditions present and ascertain the correct level of expenditure and related liability to recognise.

In common with all audits under ISAs (UK), we are also required to perform procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report, which includes the Strategic Report and the Directors' Report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report included within the Trustees' report has been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of this report

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

Helen Perkins, CA (Senior statutory auditor)
For and on behalf of Deloitte LLP, Statutory Auditor, Reading, UK.

21 May 2024

Financial statements

Statement of financial activities

(incorporating an Income and Expenditure account)

Year ended 31 December 2023	Note	Unrestricted	Restricted	Total Funds 2023	Unrestricted	Restricted	Total Funds 2022
		£'000	£'000	£'000	£'000	£'000	£'000
Income from:							
Donations and legacies	2	17,872	-	17,872	16,198	-	16,198
Investment income	9	1,239	-	1,239	155	-	155
Other income	3	12	96	108	11	94	105
Total income		**19,123**	**96**	**19,219**	**16,364**	**94**	**16,458**
Expenditure on:							
Charitable activities	4a	(24,053)	(97)	(24,151)	(22,602)	(340)	(22,942)
Investment fees		(70)	-	(70)	(92)	-	(92)
Total expenditure		**(24,123)**	**(97)**	**(24,221)**	**(22,694)**	**(340)**	**(23,034)**
Net (expenditure) before (loss)/gain on investments		(5,002)	(1)	(5,002)	(6,330)	(246)	(6,576)
Net gain/(loss) on investments	9	1,263	-	1,263	(2,022)	-	(2,022)
Net (expenditure)		**(3,737)**	**(1)**	**(3,738)**	**(8,352**	**(246)**	**(8,598)**
Transfers between funds		-	-	-	-	-	-
Net movement in funds		**(3,737)**	**(1)**	**(3,738)**	**(8,352)**	**(246)**	**(8,598)**
Reconciliation of funds:							
Total funds brought forward		24,885	-	24,885	33,237	246	33,483
Total funds carried forward	**14**	**21,148**	**(1)**	**21,147**	**24,885**	**-**	**24,885**

All recognised gains and losses have been included in the Statement of Financial Activities and the amounts included are derived from the continuing activities of the Foundation.

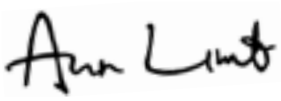
The Notes on pages 67–83 form part of these financial statements.

Balance sheet

As at 31 December 2023	Note	2023	2022
Fixed assets:		**£'000**	**£'000**
Tangible assets	8	89	112
Investments	9	14,731	13,522
Total fixed assets		**14,820**	**13,634**
Current assets:			
Debtors	10	352	82
Investments	9	17,600	14,000
Cash at bank and in hand		4,651	9,360
Total current assets		**22,603**	**23,442**
Creditors: Amounts falling due within one year	11	(9,588)	(9,463)
Net current assets		**13,015**	**13,979**
Total assets less current liabilities		**27,835**	**27,613**
Creditors: Amounts falling due after more than one year	12	(5,445)	(1,223)
Provision for liabilities and charges	13	(1,243)	(1,505)
Total net assets		**21,147**	**24,885**
The funds of the charity			
Unrestricted funds:	14		
General fund		20,753	24,586
Designated funds		395	299
Total unrestricted funds		**21,148**	**24,885**
Restricted funds	14	(1)	-
Total charity funds		**21,147**	**24,885**

The financial statements of Lloyds Bank Foundation for England & Wales, registered number 1971242 including the notes on pages 67–83 were approved and authorised for issue by the Trustees on 21 May 2024 and signed on their behalf by **Dame Ann Limb DBE DL, Chair of Trustees**.

signature



Statement of cash flows

Year ended 31 December 2023	Note	2023	2022
Cash flows from operating activities		**£'000**	**£'000**
Net cash used in operating activities	**(A)**	**(2,327)**	**(9,837)**
Cash flows from investing activities:			
Dividends and interest from investments		1,239	137
Purchase of investments		(17,378)	(4,000)
Purchase of tangible assets		(5)	(64)
Proceeds from sale of investments		13,762	17,512
Net cash (used in)/provided by investing activities		**(2,382)**	**13,585**
Change in cash and cash equivalents in the reporting year		(4,709)	3,748
Cash and cash equivalents at the beginning of the reporting year		**9,360**	**5,612**
Cash and cash equivalents at the end of the reporting year	**(B)**	**4,651**	**9,360**

(A) Reconciliation of net expenditure to net cash flows from operating activities	2023	2022
	£'000	**£'000**
Net (expenditure) for the reporting year	**(3,738)**	**(8,598)**
Adjustments for:		
Depreciation charges	28	35
Income from investments	(1,239)	(155)
Increase in debtors	(270)	(2)
Increase/(decrease) in creditors	4,347	(3,205)
Decrease in provisions	(262)	(26)
(Gain)/loss on investments	(1,263)	2,022
Investment management fees	70	92
Net cash used in operating activities	**(2,327)**	**(9,837)**

(B) Analysis of cash and cash equivalents	2023	2022
	£'000	**£'000**
Cash in hand	4,651	9,360
Total cash and cash equivalents	**4,651**	**9,360**

The Notes on pages 67–83 form part of these financial statements.

Notes to the Financial Statements

1. Accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by a revaluation of investments, and in accordance with Charities 'Statement of Recommended Practice' applicable to charities preparing their accounts in accordance with FRS 102 ('the SORP') and in accordance with the Companies Act 2006 and Charities Act 2011, using consistently applied accounting policies and is incorporated in England and Wales as a company limited by guarantee not having a share capital. There are currently 13 trustees who are also members of the company. Each member has undertaken to contribute to the assets in the event of winding up a sum not exceeding £1. The charity is a registered charity. The registered Office is given on page 84.

Lloyds Bank Foundation for England & Wales meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value with investments at fair market value unless otherwise stated in the relevant accounting policy notes.

Fund accounting

Restricted and designated funds are separately disclosed as set out in note 14. The different funds held are defined below:

Unrestricted funds

The Foundation's unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.

Designated funds

Designated funds are unrestricted funds earmarked by the Trustees for particular purposes.

Restricted funds

These funds are subject to specific restrictions imposed by the donor.

Investments

Listed investments are included in the Balance Sheet at fair value which is their closing market bid price on the current or previous trading day.

Realised gains and losses on disposals in the year and unrealised gains and losses on investments at the Balance Sheet date are included in the Statement of Financial Activities for the relevant underlying fund. All investment income is treated as unrestricted.

Current asset investments have a maturity date or expected disposal date of less than one year and are not held for long term investment purposes.

Income

Income is recognised in the Statement of Financial Activities when the Foundation is entitled to the income, performance conditions attached to the income have been met, receipt is probable, and the amount can be measured reliably.

Interest income is recognised on a receivable basis which reflects the effective interest method.

Financial instruments other than investments

The Charity has financial assets and financial liabilities of a kind that qualify as basic. Basic financial instruments are measured at their settlement value in the case of current assets.

Covenanted income is recognised in the year to which the Foundation is entitled to the income.

Dividend income represents the Foundation's share of dividends received from investments in common investment funds. The income recognised represents the amount credited to the common investment fund.

Donated services and facilities are valued and included as income and expenditure at the price the Foundation estimates it would pay in the open market for an equivalent service or facility.

Expenditure

All expenditure is included on an accruals basis in the period in which it is incurred.

Grant cost

Grant expenditure is recognised where there is a legal or constructive obligation to pay. All grants, both single and multi-year, are recognised in the financial statements as liabilities after they have been approved, the recipients have been notified and there are no further terms and conditions to be fulfilled which are within the control of the Foundation. In these circumstances there is a valid expectation by the recipients that they will receive the grant.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term highly liquid investments with a maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Provisions

Provisions are recognised when there is a legal or constructive financial obligation, that can be reliably estimated and for which there is an expectation that payment will be made.

Enhance provisions

The Foundation's Enhance programme provides the recipient charity with access to specialist support, the cost of which is met by the Foundation directly. The estimated costs of the specialist are recognised as a provision on approval as the Foundation has a constructive obligation to pay but the amount and timing is subject to uncertainty. The grantee is informed of the approved intervention but not the value.

Releases of grant commitments

There are occasions when it becomes necessary to withdraw a grant which has been approved in a prior year. Where this happens, the funds revert to the original unrestricted or restricted reserve.

Allocation of expenditure

Support costs are allocated where possible to the particular activity to which the costs relates.

Where expenditure contributes to more than one area of activity, the costs are allocated on the basis of the activity's grant expenditure.

Governance costs are the costs associated with the constitutional and statutory requirements and the strategic management of the Foundation's activities.

Tangible assets

Tangible assets are included at historic cost less accumulated depreciation.

Capitalisation and Depreciation

The minimum value for the capitalisation of tangible fixed assets is £1,000.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight-line basis over the expected useful lives of the assets concerned. The principal rates used, which are consistent with last year, are:

Computer equipment	33% per annum
Furniture and other office equipment	10% per annum

Pension costs

The Foundation participated in two separate independently managed, defined benefit, occupational pension schemes: the Lloyds Bank Group Pension Schemes No.1 and No.2. There are no longer any active

members in either scheme. It is not possible to identify the Foundation's share of the underlying assets and liabilities of these schemes and hence contributions to the schemes are accounted for as if they were defined contribution schemes; the cost recognised within the Statement of Financial Activities for the year being equal to the contributions payable to the schemes for the year.

The Foundation also participates in defined contribution schemes. Contributions in respect of the year are charged to the Statement of Financial Activities in the year to which they relate.

Redundancy payments

Redundancy payments may occur where the Foundation has agreed to terminate the employment of an employee. The amounts are included in the financial statements when the payment has been formally agreed.

Operating leases

Costs in respect of operating leases are charged to the Statement of Financial Activities on a straight-line basis

Irrecoverable VAT

Any irrecoverable VAT is charged to the Statement of Financial Activities or capitalised as part of the cost of the related asset, where appropriate.

Tax

The Foundation is a registered charity and as such is entitled to certain tax exemptions on income and profits from investments, surpluses on any trading activities carried on in furtherance of the Foundation's primary purpose, to the extent these profits and surpluses are applied for charitable purposes.

Accounting estimates and judgements

In the application of the Group's accounting policies, which are described in note 1, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure beyond the accounting policies listed above.

Going Concern

The Trustees have adopted the going concern basis of accounting in preparing the financial statements having assessed the principal risks relating to the Foundation's income. The Foundation receives virtually all its income under a covenant with Lloyds Banking Group Plc which requires nine years notice to be given before termination and which contains provision for a minimum annual payment of £14.4m. The covenant income for the full year is received early in the financial year prior to the signing of the financial statements. The Foundation holds a level of reserves to enable its activities to continue for more than one year from the balance sheet date in the event that no further funding was received. Accordingly, the Foundation expects to continue to have access to sufficient liquid resources to meet its obligations for a period of at least 12 months after the approval of these financial statements, namely the period to May 2024.

> *"The development support has enabled me as a CEO to be confident about my decision making as I am clearer on legislative responsibilities. Access to consultancy support has been invaluable for a small organisation, where it would be otherwise unobtainable without funding.*
>
> TOKKO, a learning disability charity in Luton

2. Donations and Legacies

	Unrestricted	Restricted	Total 2023	Unrestricted	Restricted	Total 2022
Donations from Lloyds Banking Group	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Covenant income	17,808	-	17,808	14,722	-	14,722
Cost of living award	-	-	-	1,442	-	1,442
External audit services	38	-	38	34	-	34
Other donations						
The Holman Foundation	-	-	-	2	-	2
Donated services	26	-	26	8	-	8
Legacies	-	-	-	(10)	-	(10)
Total	**17,872**	**-**	**17,872**	**16,198**	**-**	**16,198**

Covenant income is the sum that the Foundation receives from Lloyds Banking Group.

The Foundation's auditors were remunerated with an allocation from the Lloyds Banking Group audit fee. As a result, the external audit fee has been recognised as donated services from the Lloyds Banking Group. The amount recognised is the fair value that the Foundation believes they would pay for external audit services if the Lloyds Banking Group did not pay on their behalf.

3. Other income

	Unrestricted	Unrestricted	Total 2023	Unrestricted	Unrestricted	Total 2022
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Administration support to Lloyds Bank Foundation for the Channel Islands	12	-	9	-	-	9
Other income	-	96	99	-	-	-
Total	**12**	**96**	**108**	**-**	**-**	**9**

4. Analysis of Grant Expenditure

4a. Charitable activities

Year ended 31 December 2023	Grant Awards	Direct staff Costs	Other direct Costs	Support Costs	Total
	£'000	£'000	£'000	£'000	£'000
Long term funding	14,356	1,217	167	835	16,575
Developmental support	2,829	499	406	198	3,932
Influencing policy and practice	2,563	699	198	184	3,644
Total	**19,748**	**2,415**	**771**	**1,217**	**24,151**

Year ended 31 December 2022	Grant Awards	Direct staff Costs	Other direct Costs	Support Costs	Total
	£'000	£'000	£'000	£'000	£'000
Long term funding	15,259	1,169	170	834	17,432
Developmental support	2,179	376	232	140	2,927
Influencing policy and practice	1,709	565	185	124	2,583
Total	**19,147**	**2,110**	**587**	**1,098**	**22,942**

Support costs have been allocated using the value of each programme's grant and direct expenditure. See note 4d for further information about support costs.

Charity partners sharing their learnings at our Criminal Justice Programme event in May

4b. Grant awards

	2023		2022	
Long-term funding	**No.**	**£'000**	**No.**	**£'000**
Core grant programme	169	12,633	265	12,287
Cost of living grants		-		1,481
Matched Giving		1,824		1,491
Total		**14,457**		**15,259**
Developmental support				
Enhance and Development Partner support		2,217		2,340
Development funding	7	1,192	5	388
	176	**3,409**	**270**	**2,728**
Influencing Policy and Practice				
National grant programmes	24	2,597	32	1,709
Total grants awarded in the year	**200**	**20,463**	**302**	**19,696**
Less grants cancelled in the year		**(715)**		**(549)**
Grants payable (Note 4a)		**19,748**		**19,147**

A full list of the grants approved in 2023 can be found on our website lloydsbankfoundation.org.uk/our-impact/who-we-support

Brynawel, a charity in Pontyclun, Wales, supporting people with alcohol or drug addictions, awarded a grant of £50k

4c. Grants payable

The table below shows the reconciliation between amounts approved during the year and amounts paid during the year.

	2023	2022
Reconciliation of grants payable	**£'000**	**£'000**
Amount outstanding at 1 January	11,908	15,046
Grants approved/cancelled in year		
Grants approved	20,463	19,696
Grants cancelled or recovered	(715)	(549)
Grants payable for the year	**19,748**	**19,147**
Grants paid during the year	**(15,611)**	**(22,285)**
Amounts outstanding at 31 December	**16,045**	**11,908**
Amounts outstanding at 31 December split between:		
Due within one year (Note 11)	9,357	9,180
Due after more than one year (Note 12)	5,445	1,223
Provision for liabilities and charges (Note 13)	1,243	1,505
Amounts outstanding at 31 December	**16,045**	**11,908**

4d. Support costs

	2023	2022
	£'000	**£'000**
Finance	307	251
Human Resources	224	177
Facilities	241	267
IT	144	134
Executive	294	240
Trustees	7	29
Total	**1,217**	**1,098**

5. Governance costs

	2023	2022
	£'000	£'000
Legal fees	29	-
Auditor's remuneration	38	34
Trustee recruitment	-	20
Other costs	-	5
Total	**67**	**59**

Governance costs are included within relevant headings under Support costs (note 4d).

The external auditors are remunerated by Lloyds Banking Group and the value is included in Incoming Resources as a donated service and included in Governance costs.

The Trustees, who are also the Directors of the Foundation, received no remuneration during the year (2022: nil).

Expenses were paid directly or by reimbursement for seven Trustees principally relating to travel and subsistence totalling £3k (2022: £4k, nine Trustees).

6. Staff costs

	2023	2022
	£'000	£'000
Wages and salaries	2,357	2,139
Social security costs	263	254
Pension costs	383	269
Other staff costs	41	30
Agency staff costs	146	117
Total	**3,190**	**2,809**

The average number of persons employed by the Foundation was 50 (2022: 48) of which full-time employees is 46 (2022: 44) and part time is 4 (2022: 3).

The number of employees receiving emoluments (salary, allowances and benefits in kind, excluding pension contribution) greater than £60,000 are as follows:

	2023	2022
	No.	No.
£60,001–£70,000	2	2
£70,001–£80,000	-	1
£80,001–£90,000	-	3
£90,001–£100,000	2	-
£130,001–£140,000	-	1*
£150,001–£160,000	1*	-
Total	**5**	**7**

*Excludes an amount of 13% of salary paid in lieu of pension for one employee.

Total remuneration received by key management personnel being the Senior Leadership Team was £534k (2022: £532k).

Pension costs

	2023	2022
	£'000	£'000
Defined contribution scheme	383	268
Total	**383**	**268**

Lloyds Banking Group defined benefit schemes

The schemes that the Foundation contributed to, No. 1 (final contributions made in 2019) and No. 2 Scheme (final contribution made in 2018), are administered by Lloyds Banking Group. The Foundation is not responsible for any additional contributions agreed under the deficit recovery plan which are met on the Foundation's behalf by Lloyds Bank. More information on the funding of the Group's pensions schemes can be found in the latest Report and Financial Statements of Lloyds Banking Group.

Lloyds Banking Group defined Contribution schemes

Since 1 April 2019, the Foundation's defined contribution pension scheme arrangements are provided under a Group Personal Pension arrangement with Scottish Widows. The contributions made to the scheme were £383k (2022: £268). Since September 2022 the pension scheme has operated under a salary sacrifice basis.

7. Other expenditure

Net (expenditure) is stated after charging	2023 £'000	2022 £'000
Depreciation	28	35
Operating lease costs	78	78
Auditor's remuneration (Statutory audit)	38	34

PHOEBE, a domestic abuse charity in Ipswich, awarded a grant of £50k

8. Tangible assets

	Furniture and office equipment	Computer equipment[3]	2023 total	2022 total
Cost	**£'000**	**£'000**	**Total**	**Total**
At beginning of the year	101	256	357	354
Additions	3	2	5	64
Disposals	(13)	(152)	(165)	(61)
At end of the year	91	106	197	357
Accumulated Depreciation				
At beginning of the year	31	214	245	271
Charge for the year	9	19	28	35
Disposals	(13)	(152)	(165)	(61)
At end of the year	**27**	**81**	**108**	**245**
Net book value at beginning of the year	70	42	111	83
Net book value at end of the year	**64**	**25**	**89**	**112**

[3]Includes the value of computer software

The Oswin Project, an offenders charity awarded a grant of £75k.

9. Investments

Fixed and current asset investments	2023 £'000	2022 £'000
Fixed asset investments	14,731	13,522
Current asset investments	17,600	14,000
Total	**32,331**	**27,522**

Movement in a year

As at 1 January	27,522	43,130
Investment income reinvested	15	143
Disposal of fixed asset investments	(13,763)	(17,512)
Additions	13,763	-
Net gain/(loss) on investments	1,263	(2,147)
Management fees	(69)	(92)
Movement on deposits	3,600	4,000
As at 31 December	**32,331**	**27,522**

Breakdown of investments (excluding short-term deposits)	**2023**		**2022**	
	£'000	**% of portfolio**	**£'000**	**% of portfolio**
Cash and other liquid assets				
Cash	32	-	-	-
Sub-total	**-**	**-**	**-**	**-**
Multi asset fund	14,699	100	13,522	100
Total	**14,731**	**100**	**13,522**	**100**

Details of the nature of the investment assets, valuation methods and risk management are included in the Trustees report.

Investment income	2023 £'000	2022 £'000
Dividend income	15	144
Bank interest	1,224	136
Total	**1,239**	**280**

10. Debtors

	2023	2022
	£'000	£'000
Other debtors	44	30
Prepayments and accrued income	308	51
Total	**352**	**81**

11. Creditors: amounts falling due within one year

	2023	2022
	£'000	£'000
Grants payable (Note 4c)	9,357	9,180
Trade creditors	58	145
Other creditors	84	75
Accruals and deferred income	89	59
Total	**9,588**	**9,459**

12. Creditors: Amounts falling due after more than one year

	2023	2022
	£'000	£'000
Grants payable (Note 4c)	5,445	1,223
Total	**5,445**	**1,223**

13. Provision for liabilities and charges

	2023	2022
	£'000	£'000
Balance brought forward	1,505	1,531
Additions	1,982	2,165
Cancellations in the year	(579)	(539)
Utilised during the year	(1,665)	(1,652)
Balance carried forward	**1,243**	**1,505**

The provision relates to the Foundation's Enhance and Community Development programmes which provides charities with access to specialist support, the cost of which is met by the Foundation. It is expected to be utilised within the next 12 months.

14. Movement in funds

	Balance at 1 Jan 2023	Total incoming resources	Total resources expended	Change in market value of investments	Transfers	Balance at 31 Dec 2023
Unrestricted funds:	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
General fund	24,586	19,123	(24,123)	1,263	(96)	20,753
Designated funds						
Fixed asset funds	112	-	-	-	(23)	89
Research funding	-	-	-	-	190	190
Enhance projects	-	-	-	-	3	3
Communities funding	-	-	-	-	113	113
Grant funds carried forward	187	-	-	-	(187)	-
Total designated	**299**	**-**	**-**	**-**	**96**	**395**
Total unrestricted	**24,885**	**19,123**	**(24,123)**	**1,263**	**-**	**21,148**
Restricted funds						
LocalMotion	-	96	(97)	-	-	(1)
Total restricted	**-**	**96**	**(97)**	**-**	**-**	**(1)**
Total funds	**24,885**	**19,219**	**(24,220)**	**1,263**	**-**	**21,147**

Doorway, a homelessness charity in Chippenham, awarded a grant of £50k

Movement in funds continued:	Balance at 1 Jan 2022	Total income	Total expenditure	Change in market value of investments	Transfers	Balance at 31 Dec 2022
Unrestricted funds:	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
General fund	32,353	16,364	(22,694)	(2,022)	585	24,586
Designated funds						
Fixed asset funds	83	-	-	-	29	112
Development funding	91	-	-	-	(91)	-
IT systems	10	-	-	-	(10)	-
Grants carried forward	700	-	-	-	(513)	187
Total designated	**884**	**-**	**-**	**-**	**(585)**	**299**
Total unrestricted	**33,237**	**16,364**	**(22,694)**	**(2,022)**	**-**	**24,885**
Restricted funds:						
LocalMotion	246	94	(340)	-	-	-
Total restricted	**246**	**94**	**(340)**	**-**	**-**	**-**
Total funds	**33,483**	**16,458**	**(23,034)**	**(2,022)**	**-**	**24,885**

Designated Funds

Fixed asset funds

The fixed asset fund represents the value invested in fixed assets.

Research funding

Comprises funds to assess the impact of the Foundation's charitable activities.

Communities funding

Comprises funds to enable the Foundation's work to support local communities to design, resource and deliver new services.

Enhance projects

Comprises funds to support core grant holders through training and guidance materials.

Grant funds carried forward

Comprises funds set aside for grant extensions expected to be awarded in 2023 which charities have requested be awarded in 2024. In 2023 this related to funding from influencing programmes.

Restricted Funds

LocalMotion

The fund was established in 2018 by the Foundation with five partner organisations Esmée Fairbairn, Paul Hamlyn, City Bridge Trust, Tudor Trust and Lankelly Chase Foundation with the aim developing strategies for regeneration in deprived areas. The financial administration of LocalMotion was transferred to Esme Fairbairn from January 2022 and the balance on restricted funds was transferred at that time. The Foundation continues to meet the salary cost of the LocalMotion Director and recharges the cost to Esmée Fairbairn.

Net assets as at 31 December 2023	General fund £'000	Designated funds £'000	Restricted funds £'000	Total £'000
Tangible fixed assets	-	89	-	89
Investments	14,731	-	-	14,731
Current assets	22,297	306	-	22,603
Creditors due within one year	(9,587)	-	(1)	(9,588)
Creditors due after more than one year	(5,445)	-	-	(5,445)
Provisions	(1,243)	-	-	(1,243)
Total	**20,753**	**395**	**(1)**	**21,147**

Net assets as at 31 December 2022	£'000	£'000	£'000	£'000
Tangible fixed assets	-	112	-	112
Investments	13,522	-	-	13,522
Current assets	23,255	187	-	23,442
Creditors due within one year	(9,463)	-	-	(9,463)
Creditors due after more than one year	(1,223)	-	-	(1,223)
Provisions	(1,505)	-	-	(1,505)
Total	**24,586**	**299**	**-**	**24,885**

15. Guarantee Company

The Foundation is a company limited by guarantee not having share capital. The liability of the members is limited by the Memorandum of Association to £1 each. The number of Trustees (including the Chair) who are also members at 31 December 2023 was 12 (2022: 12).

16. Related party transactions

16a Connected Foundations

The following Foundations are connected, having common and related objects:

Halifax Foundation for Northern Ireland
Clifton House Heritage Centre
2 North Queen Street
Belfast BT15 1ES

There were no transactions with Halifax Foundation for Northern Ireland in 2023 or 2022.

Bank of Scotland Foundation

The Mound
Edinburgh EH1 1YZ

There were no transactions with the Bank of Scotland Foundation in 2022 or 2023.

Lloyds Bank Foundation for the Channel Islands

Society Building
8 All Saints Street
London N1 9RL

The Foundation received £9,221 (2022: £8,782) from the Lloyds Bank Foundation for the Channel Islands (LBFCI) in respect of time spent by the Chief Executive and his staff on Lloyds Bank Foundation for the Channel Islands business.

To provide the grant administration and financial services the LBFCI and the Foundation agreed to adopt common financial system and grants database. LBFCI implemented the Salesforce grants database in 2023 following LBFEW's earlier adoption. LBFEW co-ordinated the implementation for the Foundation and provided funding to LBFCI to meet the implementation costs which totalled £22,883. LBFCI are repaying this funding over three years.

No interest is payable on this arrangement. Based on LBG overnight deposit rates this represents interest foregone of around £60 (2022: Nil).

At 31 December 2023 there was £15,319 due from LBFCI to the Foundation under this arrangement (2022: Nil).

16b Connected company

The Foundation derives its revenue primarily from Lloyds Banking Group plc. In December 2013 the Foundation entered into an agreement with Lloyds Banking Group plc whereby the Foundation is to receive 0.3606% of the Lloyds Banking Group's adjusted pre-tax profits, averaged over three years, subject to a minimum amount of £14.4m and a maximum amount of approximately £50.3m which increases by RPI each year.

The following transactions took place with Lloyds Banking Group plc during the year, and with which there were the following balances at the year-end:

The Foundation received income of £17.8m (2022: £16.2m) as income, and £1.2m (2022: £74k) bank interest was received from Lloyds Banking Group plc.

At 31 December 2023 a balance of £4.7m is in a current account with Deloitte LLP (2022: £9.6m), and held Treasury deposits of £17.6m (2022: £9.0m).

16c Transactions

During the year a number of grants and payments were made where a Trustee or senior member of staff of the Foundation is affiliated to a connected organisation.

Trustee Joanna Harris is employed by Lloyds Banking Group and has supported **Women Acting in Today's Society (WAITS)** as a mentor to the Chief Executive. In 2022 the Foundation awarded grants of £52,250 to WAITS over two years, of which £25,000 was paid in 2023 (2022: 27,250). The outstanding amount at 31 December 2023 was nil (2022: £50,000). In 2023 WAITS received £2,500 of Enhance support (2022: Nil).

Trustee Bushra Ahmed is a Trustee of **Sheila McKechnie Foundation** and **Home-Start UK**. The Foundation sponsored an award run by the Sheila McKechnie Foundation at a cost of £7,500 in 2022 – there were no payments in 2023. In 2022 the Foundation gave a donation of £1,050 to a local Home-Start group (2022: £500).

Chief Operating Officer until August 2023, Liz Winder, is a Trustee of **Settle Support**. In accordance with normal practice a three-year grant of £100,000 awarded in 2019 was extended for a further year with the award of a further £33,333 grant. A total of £33,333 was paid in 2022 in final payment of the grant.

Head of Communications, Aferdita Pacrami, is a Trustee of **Lewisham Refugee and Migrant Network**. In 2020 the Foundation awarded a grant of £72,500 of which £25,000 was paid in 2022. The outstanding balance at 31 December was £Nil (2022: £25,000). In 2022, a cost of living crisis grant of £2,250 was awarded and paid. Additionally, in 2023 Enhance support worth £13,406 was provided to the charity (2022: £3,360).

Head of Finance, Andrew Whitehead, is a volunteer at **Enfield Churches Debt Centre**. In the year ending December 2022, the Foundation made a donation to the charity in relation to the Matched Giving Scheme of £980 – there were no gifts in 2023.

Manager for North East, Neil Shashoua was a Trustee of **North East law Centre (NELC)**. In the year ended 31 December 2019 a grant of £100,000 was awarded to NELC. In accordance with normal practice Invest Programme the three-year grant was extended for a further year with the award of an additional £33,333. A total of £33,333 was paid in 2022 in final payment of the grant. A cost of living crisis grant of £2,250 was awarded and paid in 2022.

Manager for Wales, Rachel Marshall, is a Trustee of **St Andrews Major CIW Primary School PTA**. During the year ended 31 December 2023 the Foundation made a donation in relation to the Matched Giving Scheme of £1,000 (2022: £500).

Rachel Cain, Public Affairs and Programme Officer, is sister to a Trustee of **Zacchaeus 2000 Trust (Z2K)**. In 2020, the Foundation awarded a two year grant of £49,834 which was paid in full in 2021. In 2022, this grant was extended for a further year and awarded and paid an additional £25,000. In the year ending 31 December 2022, the Foundation supported the charity with cost of living crisis grant of £2,250 which was awarded and paid in the year. There were no payments in 2023.

17. Lease commitments

The Foundation had a total commitment under non-cancellable operating leases at 31 December 2023:

	Buildings		Other	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Within one year	94	94	4	7
Within two to five years	189	283	-	4
Total	**283**	**377**	**4**	**11**

On 4 January 2022 the Foundation signed a new lease for office accommodation for office space within the NCVO Society Building in London. The annual lease commitment is £94,435 per annum under a five-year lease.

Foundation staff at an all staff meeting

Reference and administrative details

Registered charity number:	327114
Company Limited by Guarantee Registered Number:	1971242
Country of registration:	England & Wales
Country of incorporation:	United Kingdom

Registered office and operational address

Society Building
8 All Saints Street
London N1 9RL

Bankers

Lloyds Bank plc
10 Gresham Street
London EC2V 7AE

Solicitors

Stone King LLP
Boundary House
91 Charterhouse Street
London EC1M 6HR

Independent Auditors

Deloitte LLP
Abbots House
189 Abbey Street
Reading RG1 3BD

Investment Managers

Sarasin & Partners LLP (until October 2023)
100 St. Paul's Churchyard
London EC4M 8BU

Cazenove (from October 2023)
1 London Wall Place
London EC2Y 5AU

Trustees and Senior Management

Trustees

Chair: Dame Ann Limb DBE DL (and Chair, Nominations Committee)

Vice Chair: Ruth Sutherland CBE

Bushra Ahmed

Cherrie Bija (from 2 January 2023)

Catharine Cheetham (until 31 December 2023)

Joanna Harris (until 31 December 2023)

Ajneet Jassey (from 1 January 2024)

Darren Knight

Sarah Legg (Chair, Audit, Investment and Risk Committee)

Kamran Mallick (Chair, Remuneration Committee)

Laura Needham (from 1 January 2024)

Gareth Oakley (until 31 December 2023)

Jayne Opperman (from 1 January 2024)

Rebecca Shaw

Claud Williams (from 1 January 2023)

Senior Leadership Team

Chief Executive: Paul Streets OBE

Chief Operating Officer:
Elizabeth Winder (until 10 August 2023)
James Phillips (from 16 October 2023)

Director of Grants: Harriet Stranks (until 20 January 2023)

Director of Charity Development:
André Clarke (from 10 July 2023)

Director of Policy, Communications and Research: Duncan Shrubsole

Director of Communities: Jill Baker

"The unrestricted funding we have received from Lloyds Bank Foundation has enabled us to set up a group for ex-residents to meet together on a weekly basis. And we've also been able to employ a full-time worker to support people in the communities after they leave.

Being able to provide these aftercare services gives people the best chance of sustained recovery, because relapsing after leaving rehab is quite common.

Sue Gwyn (below, centre), CEO of Brynawel House, a charity in Pontyclun supporting people with alcohol or drug addictions, awarded a grant of £50k

"As a charity we really welcome this relationship-based model because the more traditional approach to grant-making can feel quite transactional. We've had a really positive partnership with the Foundation. Carlos, our Regional Manager from the Foundation, has been amazing to work with. He is our consistent point of contact and has supported us throughout.

Victoria Ashley, CEO, Ripon Community Link

Victoria Ashley, CEO,Ripon Community Link, a learning disability charity in Yorkshire, awarded a grant of £50k, with Regional Manager Carlos Chavez

lloydsbankfoundation.org.uk
enquiries@lloydsbankfoundation.org.uk

Society Building
8 All Saints Street
London N1 9RL

LLOYDS BANK FOUNDATION
England & Wales

Registered Charity No. 327114

Company Limited by Guarantee Registered in England and Wales Company No. 1971242

LLOYDS BANK FOUNDATION FOR ENGLAND & WALES

England & Wales - Charity number 327114

Accounts

Stepping Forward

Trustees' Report and Financial Statements 2022

LLOYDS BANK FOUNDATION
England & Wales

We're an independent charitable foundation funded by Lloyds Banking Group. We work in partnership with small and local charities, people and communities, changing lives and working towards a more just and compassionate society.

The needs and aspirations of people drive our work. We strengthen the small and local charities that support them and the communities they live in, and advocate for a better future.

Through unrestricted funding, support to develop, and influencing policy and practice we help small and local charities thrive, communities grow stronger, and people overcome complex issues and barriers so they can transform their lives.

LLOYDS BANK FOUNDATION
England & Wales

What's inside

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"

A card about the charity Phoebe changed everything. It took me a week before I finally called them. They helped me and my daughter escape to a women's refuge and access food and food vouchers. We've made friends at the mother and baby group, I've been able to do paid training, and I love the Zumba class! I am just so grateful for everything they have done. With Phoebe, we aren't alone.

Fatima, who came to the UK from The Gambia on a spousal visa, was a prisoner in her own home, cut off from friends and family, without access to money, and living in constant fear of abuse.

Phoebe, Ipswich / £52,250 over two years / Domestic Abuse

The cover image shows a Zumba class in a new space which our funding helped to purchase. It can accommodate larger groups and allows the charity to deliver a range of support, wellbeing and social activities in a safe and welcoming atmosphere.

Stepping Forward

A note from our Chair and CEO

As we emerged from the pandemic and people, communities, and charities grappled with the longer-term impact of lockdowns and growing pressures on public services, we had no idea how 2022 would continue to test us all. Europe's largest refugee crisis since World War II and rapidly rising living costs have left many unable to afford food or keep warm during the harsh winter, forcing them into hardship and some people into homelessness.

Once again, small and local charities stepped forward to provide a lifeline to people who had nowhere else to turn, providing warm spaces when their homes were uninhabitable, food when people couldn't afford to eat, and support in rebuilding their lives.

We have worked with charities, local authorities, funders and partners to help communities, amplifying the views of small charities with national and local government, and all rooted in the unrestricted flexible funding and building support we provide to hundreds of local charities across England and Wales.

But things are getting tougher, and much more needs to be done. The people and communities hardest hit by rising costs were largely those who already faced a range of issues and barriers, with the charities we partner seeking to support these new and existing challenges. Just as charities have stepped forward to offer greater support, we have sought to adapt our offer to help them meet these growing demands.

We continued to listen, adapt, and respond to the needs of small charities and communities, sharing what we have learned, and we have campaigned for a more just and compassionate society. Following extensive engagement, we launched our new five year strategy to

Meet our new chair

Since joining Lloyds Bank Foundation, I've been humbled by the passion and dedication of hardworking charity staff and volunteers, doing everything within their power to help the community around them. Our new strategy is designed to ensure that over the next five years, small and local charities, working to make a real and lasting change to individuals and communities, are supported in ways that make a tangible difference and we are proud to move forward with them on that journey.

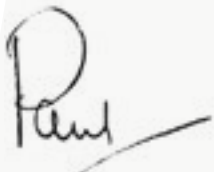
Dame Ann Limb DBE DL, Chair of Trustees

focus on where our help is most needed and where we can maximise the impact of our combination of funding, capacity building support and ability to influence others. We are also determined to continue to change ourselves, deepening our commitment to equity, diversity and inclusion, particularly through supporting charities led by and for Black, Asian and minority ethnic communities, and to consider how we maximise our efficiency and effectiveness and share resources, opportunity and power.

We are grateful that on top of their annual donation, Lloyds Banking Group's generosity enabled us to provide an additional unrestricted payment of £2,250 to each of our 658 charity partners in time for the winter. We were humbled and inspired by the hundreds of thank you messages telling us what charities are doing to overcome the challenges and additional costs they face.

What you will read in the pages that follow would not have been possible without the work of our staff, Board, and the many volunteers from Lloyds Banking Group. In particular, we were delighted that the CEO of Lloyds Banking Group, Charlie Nunn, and Chairman, Robin Budenberg, prioritised working with us and witnessing for themselves the fantastic work of the charities we support. The years ahead will be difficult, but by working together, we believe we can build a more just and compassionate society for all.

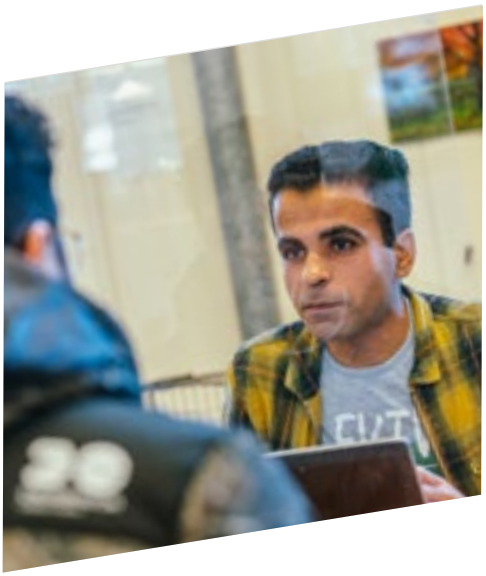
Dame Ann Limb DBE DL
Chair of Trustees



Paul Streets OBE
Chief Executive Officer

Cost of living crisis

2022 saw inflation at its highest in 40 years, while pay fell the most it has in two decades, impacting countless people who were already at crisis point. More and more people are now turning to charities for help.



Anecdotally, people are having to choose between food and fuel, with **one participant reporting having removed plugs and taped sockets to strip electricity use to bare essentials; another reported eating food cold straight from the tin**. [...] Staple food costs have risen more than other goods, and our clientele have little capacity to adapt financially or emotionally. Talk now moves to survival and tips for staying alive: warm homes replaced with a warm room, and recognition that food provision will change as recipients are unable to heat ingredients. The despair that is being expressed causes the most concern.

Education Futures Trust, East Sussex / Young Parents / £52,250

This year **we have seen our fuel costs at Pembrokeshire FRAME double from £1k to £2k per month**. Funding is a main priority. It is important to focus on bringing in core funding to support increased fuel and utility costs and the increased demand that we are expecting over the next year.

Pembrokeshire FRAME, Wales / Learning Disability and Mental Health / £52,250

Above, left to right:

Gateway Into The Community, Hexham / Learning Disability / £52,250

The Harbour Project, Swindon / Asylum Seekers and Refugees / £142,797

Amazing Grace Spaces, Newport / Homelessness and Addiction / £52,250

Handcrafted Projects, Durham and Gateshead / Homelessness / £52,250

The average attendance is 75 families per week. **Clients receive one bag of food for which we charge £5. But the cost to us has gone up to £30**. Despite receiving some fantastic funding, the need for money and food donations is greater than ever. At current food prices we predict a £30,000 shortfall for food purchases going forward.

Carriers of Hope, West Midlands / Refugees and Asylum Seekers / £52,250

Above, left to right:

The Harbour Project, Swindon / Asylum Seekers and Refugees / £142,797

Bright Futures, South Shields / Sexual Abuse and Exploitation / £106,963

African Community Centre, Swansea / Asylum Seekers and Refugees / £52,250

Demand continues to increase. A lot of people are on pre-payment meters and can't afford to use gas or electricity. We're providing food six times a week. **Our shower service which used to just be for rough sleepers, has been expanded as people can't afford to heat water**. We've also seen an increase in need for homelessness prevention and tenancy maintenance support.

Volunteer recruitment has been a big challenge. We used to have 40 community groups on a rota providing food, now there's only three due to the cost of food, gas and electric, and petrol to deliver it.

We have reserves for six months, but in order to meet the need, we must increase capacity. We're looking at the potential of running at a deficit or having to make very hard decisions about which services to prioritise.

Homelessness charity (who asked to remain anonymous) / South East

2022: Our progress

Last year we continued to support small and local charities across England and Wales, helping people and communities to thrive. Some charities we funded received multiple grants.

£19.6m

awarded in funding in total (£16.3m in 2021).

799

We supported 799 charities through grants programmes (899 charities in 2021).

7

Provided evidence to seven think tank and government consultations (7 in 2021).

16

We collaborated with sixteen communities to improve people's lives (16 in 2021).

Reaching Further

2022 saw our five-year strategy, *Reaching Further*, come to an end. Since 2018 we have:

£83.4m

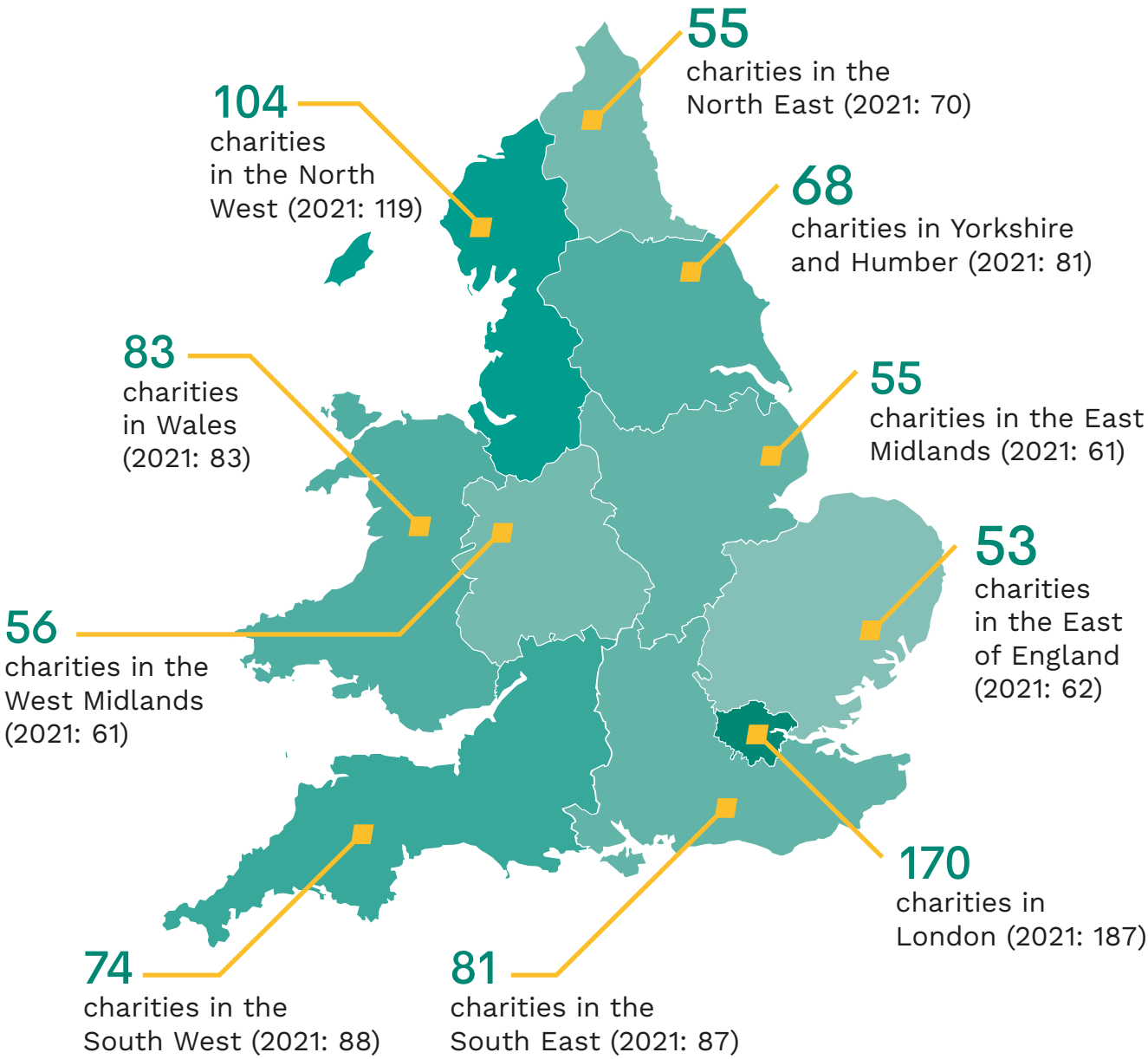
Awarded £83.4m to small and local charities across England and Wales.

1,566

Funded 1,566 small and local charities in England and Wales with flexible, unrestricted grants.

414

Distributed additional emergency funding to 414 charities to help them adapt to the Covid-19 pandemic.



3,201

Provided 3,201 capacity building support offers to charities, helping them to develop their sustainability and build their resilience and capabilities.

1,466

Enabled 1,466 support programmes to be delivered by Lloyds Banking Group colleagues who shared their skills and expertise with our charity partners.

42

Supported 42 charities to impact and influence government policy and practice around domestic abuse, criminal justice, and welfare.

Small charities transform lives

2022 was an increasingly challenging year for many people. Yet the small and local charities we partner with continued to work tirelessly in their communities, helping people to overcome complex issues.

336,663
people supported by our charity partners*

*We want to ensure our practices are flexible and trusting and make life easier for those we fund. In 2022 we streamlined our reporting, asking charities to only provide copies of the reports they create for their Boards of Trustees. That way, they can be accountable to them, not us, and we still learn about their impact. Therefore, there is no comparative figure for 2021.

"

Of course, we have the number of people we support, but numbers don't show the profound impact we can make, or explain why it takes time to help a young person out of danger and regain control over their lives. **We don't have session limits; we continue to work with each young person until we are confident in their safety. This often takes 3–4 years.** It can take six months to build a relationship before they can even start to open up.

Link to Change, Bedfordshire / Sexual Abuse and Exploitation / £52,250 grant over two years

Right: Charlie Nunn, CEO of Lloyds Banking Group visiting Project Colt in September, meeting volunteers, beneficiaries, Trustees and staff.

Based in West Yorkshire, Project Colt helps people living with addiction to change their lives for good.

Right: Handcrafted Projects, Durham and Gateshead / Homelessness / £52,250 grant over two years

Post-Covid our workload increased, and we've had to take on a third caseworker. It takes a long time for people with very complex situations to trust others and open up. **Sometimes it can take up to 12 months just to get someone sitting at a table having a conversation**, and you can't push people too quickly because it can have an adverse reaction.

The Bridge Homelessness to Hope, Leicestershire / £35,583 awarded as a one-year continuation

We are not a project-driven charity, which can make finding funding more difficult. We are values-driven, and it's within our ethos to be able to adapt what we do to meet the needs of those we help. **We want to provide consistent support to help people help themselves**. It's great to find a funder who understands that. There aren't many funders as flexible.

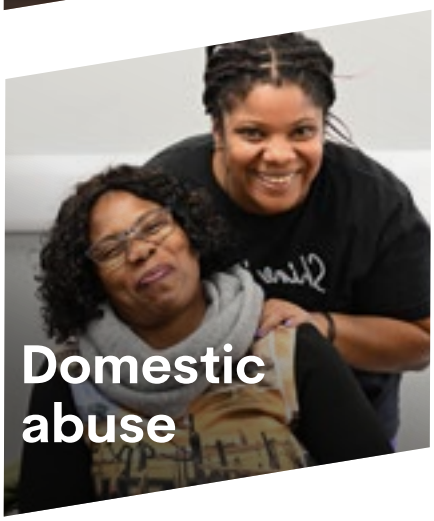
Handcrafted Projects, Durham and Gateshead / Homelessness / £52,250 grant over two years

It was fantastic to have the opportunity to meet both the passionate and dedicated staff of Project Colt as well as the people they support. It was incredibly powerful to see first-hand how our charitable Foundations fund grassroots groups to really make a difference in local communities by helping those who need it most.

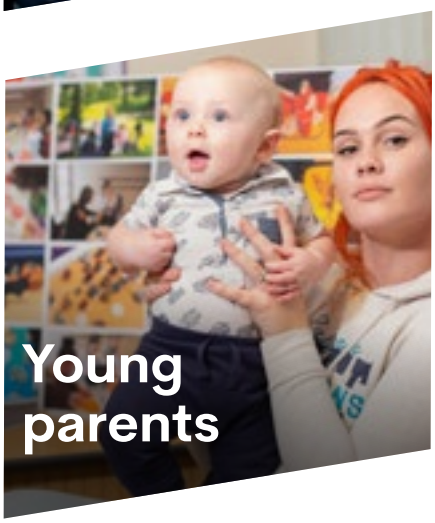
Charlie Nunn, CEO of Lloyds Banking Group

Tackling complex issues

We partner with small and local charities and communities working with people facing complex issues and barriers. During 2022 we funded charities working in 12 key areas.



Small, locally rooted charities support people facing the greatest challenges, helping them to rebuild their lives and fulfill their potential. By providing unrestricted funding and support to develop, we work alongside those who understand the complexity of the issues people face or the barriers they experience and are best placed to make a genuine difference to people's lives.



Ben was at his lowest when he came to Handcrafted. He felt overwhelmed, and his mental health had led him to a point where he no longer wanted to live. Ben started coming to our Gateshead workshop, where he enjoyed being creative. As well as practical skills, Ben is learning how to manage his social anxiety. The Foundation grant is instrumental to this, it makes a huge difference to Ben, and all the people we work with.

Handcrafted Projects, Durham / Homelessness / £52,250 grant over two years.

Funding small and local charities

Small and local charities have been stretched to their limits to meet the ever-increasing demand. Despite these challenges and funding uncertainty, charities stepped forward as a lifeline for their communities. Our offer of unrestricted funding and capacity-building support enabled small charities to adapt and evolve and continue to be a dependable resource.

What we promised:

- 150 new grants of £50k to charities focussing on complex social issues, in addition to working with existing grant holders.
- Unrestricted funding to charities led by and providing support to Black, Asian and minority ethnic communities.
- To match the fundraising and volunteering efforts of Lloyds Banking Group staff, distributing these funds to charities across England and Wales.

What we achieved:

- Awarded **£12.3m to small and local charities** through 265 unrestricted grants across England and Wales (281 grants awarded in 2021, £12.26m).
- 28% of funding went to charities **led by and for Black, Asian and minority ethnic communities** (23% in 2021).
- Matched the fundraising efforts of Lloyds Banking Group staff to raise **£1.5 million, helping 1,193 charities** (£1.2m in 2021).

£12.3m awarded in new grants

Latin American Women's Rights Service, London / Domestic Abuse / £52,250 and £113,605

Amazing Grace Spaces, Newport / Homelessness and Addiction / £52,250

Supporting charities during the cost of living crisis

Charities have been working tirelessly to help people who have been struggling because of the cost of living crisis. Thanks to Lloyds Banking Group, in December **we were able to give an additional £2,250 to each of the 658 charities we work with**. Thank you messages from charities emphasised how welcome and timely this additional funding was and how charities will use it to provide extra support for the people they serve, as well as help them with their own rising costs and to help recruit and retain staff and volunteers.

Thank you so much for this generous grant, which is much needed to contribute towards CVS Tendring's fuel costs in particular. **Our premises are being utilised as warm spaces for our local community at what is an extremely difficult time for so many people.**

Community Voluntary Services Tendring, Essex / £32,250 grant over two years

Our staff as well as the people who use our service are struggling with the cost of living rises and therefore, we are supporting them with a wage increase. Your additional grant is very much appreciated!

Improving Lives Nottingham / Mental Health / £35,583 one year continuation grant

Matching the commitment of Lloyds Banking Group

Our Matched Giving Scheme gives Lloyds Banking Group colleagues the opportunity to claim up to £1,000 for charities close to their hearts. And these dedicated supporters did not disappoint, finding innovative ways to fundraise and volunteer.

Knowing donations would be matched, particularly when it feels a little more stretching nowadays, meant I was still able to raise £400 for my chosen charity, every penny of which was matched by our Foundation.

Gregg Jones, Lloyds Banking Group, Swansea

A safe space to belong

Domestic abuse charity Phoebe, based in Ipswich, received a £52,250 grant over two years. Director **Mollin Delve** talks about the partnership.

Phoebe supports around 350 women a year with specialist information, education, advocacy and counselling to survivors of female genital mutilation, human trafficking, and domestic violence.

As a charity supporting Black, Asian and minority ethnic women and children, those we support are more likely to suffer during an economic downturn, so we wanted to be able to provide welfare aid and hire more specialised staff to address this.

"Our grant from Lloyds Bank Foundation was a two-way partnership."

Our grant from Lloyds Bank Foundation was a two-way partnership. We were the experts, and we explored and adapted to where we could make the most impact rather than having a fixed instruction on what to do. And through the various conversations with our regional grant manager and the consultants she introduced us to, we reshaped and re-evaluated how we spent the money and were encouraged to use the funds creatively.

We have received non-financial support from funders in the past, but often it felt tokenistic and didn't achieve results. The consultants we worked with, as part of Lloyds Bank Foundation's support, really listened to us. They met us where we were at that moment and took the time to get to know our organisation, supporting us through the sometimes difficult process of change and growth.

As well as addressing immediate needs such as paying for training for our domestic abuse advisors, through consultation we created a manager role to help organise and lead the team. We also employed a Monitoring, Evaluation and Grants Officer to help us map out funding opportunities and develop proposals so that we can sustain our work.

As our funding from the Foundation comes to an end, we are entering a very different and exciting time. With the purchase of our premises, we will be able to offer back-to-back activities for

Above, left to right:

Mollin Delve with Regional Manager, Frances Warwick, at the Phoebe office / A warm welcome at the new Phoebe Centre / Women gathering at the Phoebe Centre

Below: A Zumba session at the new space

women and children and support these families facing the cost-of-living crisis. We will have a community fridge and a food bank. We will be able to train social care workers on how they can support the women we work with to make it easier for women and children to escape abuse.

“Phoebe is now more secure as an organisation and in a strong position to support our community.”

The next few years are going to be difficult. The support we’ve received from the Foundation and the changes we have therefore been able to make over the last two years have meant Phoebe is now more secure as an organisation and in a strong position to support our community to work through the challenges ahead. We know we will be able to continue to support the women and children who need our help to speak up for their rights, learn to read and write, volunteer, find employment and achieve independence.

Supporting charities to develop

Charities have stepped up to keep people safe, warm, fed, and advocate for people's rights. To ensure they can continue to support people facing complex issues, we provide a breadth of capacity building support to help charities grow stronger and more resilient.

What we promised:

- To provide a wide range of developmental support, including training, consultancy and mentoring alongside our funding to strengthen charities.
- Develop new ways for staff at Lloyds Banking Group to volunteer their time and expertise to provide support and advice to charities.

What we achieved:

- **1257 support projects** including training, consultancy and mentoring, were provided to charities alongside our funding.
- **225 activities**, including new bite-sized training workshops and coaching, were delivered by Lloyds Banking Group colleagues volunteering their time and expertise to support charities.

1,257 support projects provided to charities

"Over the years we have accessed so much Enhance support which has fundamentally changed our organisation in many different ways. For example, we have developed a whole new brand and business model for our non-HIV work which is proving a huge success, generating a lot of interest and helping Brigstowe to become more sustainable.

Brigstowe Project, Bristol / Refugees and Asylum Seekers / £76,146 over three years

Number of capacity building activities and projects charities took part in

568

charities helped to build their capabilities and confidence with our non-financial support.

501

Lloyds Banking Group colleagues shared their skills and expertise with small and local charities.

59

charities got together through networking opportunities, such as **Peer Forums and Action Learning Sets**.

Our capacity building support helps charities to develop their skills and capabilities around **nine key areas.** Charities can take up more than one type of development offer.

- Stronger governance
- Excellent leadership
- Sustainable finance and fundraising
- Clear strategy and planning
- Effective communications and marketing
- Robust systems and processes
- Skilled staff and volunteers
- Systematic monitoring and evaluation
- Effective services

Providers' experience should be diverse

More than a quarter of the charities we fund are led by people who have been minoritised because of their race or ethnicity. We wanted to ensure we could commission consultants with a high degree of cultural awareness and understanding of the injustice and barriers that some of the charities we fund have faced. 23% of our consultants who provide capacity building support to the charities we partner with are now from Black, Asian and minority ethnic communities.

Asylum Link Merseyside, Liverpool / Asylum Seekers and Refugees / £52,250

"I always benefit from the peer forum sessions, they force you to have a valuable break to think more constructively – it's like being on a mezzanine level looking at work from a different perspective. It can be a lonely place as CEO or director, and it's been comforting to meet with others who face similar challenges and share experiences. It has increased both mine and our charity's resilience to deal with situations and ever-changing circumstances.

Jodie Connelly, Chief Executive, BOSP (Brighter Opportunities for Special People), Essex / Learning Disability / £79,269

Charity volunteering changed my future

Rachel Holder, Head of HR Legal at Lloyds Banking Group, shares her journey to being a Trustee of Stafford-based charity Re-Solv, which received a £52,250 grant over two years.

Above: Rachel Holder, Head of HR Legal at Lloyds Banking Group

I have worked for Lloyds Banking Group for 28 years. I've never worked for a charity, so it was a great opportunity to volunteer through the Foundation. I believed this opportunity would help me apply my training, skills, and experience for future charity work. I'm considering what I'll do after I retire (hopefully a few years away!) and how I can help others.

We were asked to help Re-Solv assess how to reflect its growing remit in the vocabulary on its website and materials, and whether renaming the charity would make it easier for those who need help to find them.

It was great to meet the charity and work together. A small group from Lloyds Banking Group met weekly with Stephen Ream, the charity's director, to discuss our ideas. And when Steve stated in passing that an audit showed a need to strengthen the Trustee Board's legal skills, I responded without hesitation. Being part of the charity became vital when I realised my legal experience could help with business decisions. I'd seen first-hand how important the charity was to families with nowhere else to turn, and I wanted to do more.

"I knew then I could make an even bigger difference as a Board member."

I used my legal skills to help the charity examine its lease terms and discover a way forward since prices were rising and staff had started to work remotely more. In doing so, I saved the organisation money and worry. I knew then I could make an even bigger difference as a Board member so I applied to become a Trustee too.

After a conversation with the Chair of Trustees, I was in. The Board includes people who have worked in social services, the police force, and the aerosol business, as well as people who have been directly touched by the issue.

Above: Stephen Ream, Director Re-Solv

Above: Education events held by Re-solv in the community

To be effective at Re-Solv, I had to break out of the corporate legal bubble and explain legal points without assuming understanding. It's good for me, and I'm learning a lot about Re-Solv and charitable work.

When I first joined Re-Solv, I had no idea how much I would benefit personally and professionally or how compelled I would feel to do more – it hooks you in a good way. I've gained new perspectives and assumed more responsibility. I can't stress enough the value and reciprocal benefit of bringing people from diverse industries together to solve problems and make connections that help people overcome deep-rooted challenges and fulfil their potential.

"I had no idea how much I would benefit personally and professionally."

"

We were partnered with staff from Lloyds Banking Group to help us improve our marketing and communications, and we were matched with an extremely impressive team that really engaged with the specific needs of our charity. Being able to tap into new skills like this was fantastic and resulted in the appointment of a new Trustee.

Stephen Ream, Director Re-Solv

Strengthening communities

The cost of living crisis, pandemic and austerity have impacted many communities. But also evident is their strength. We are working with a number of communities across the country, helping bring people together to share and combine skills and resources to ensure that everyone, no matter who they are or what they have experienced, feels supported.

What we promised:

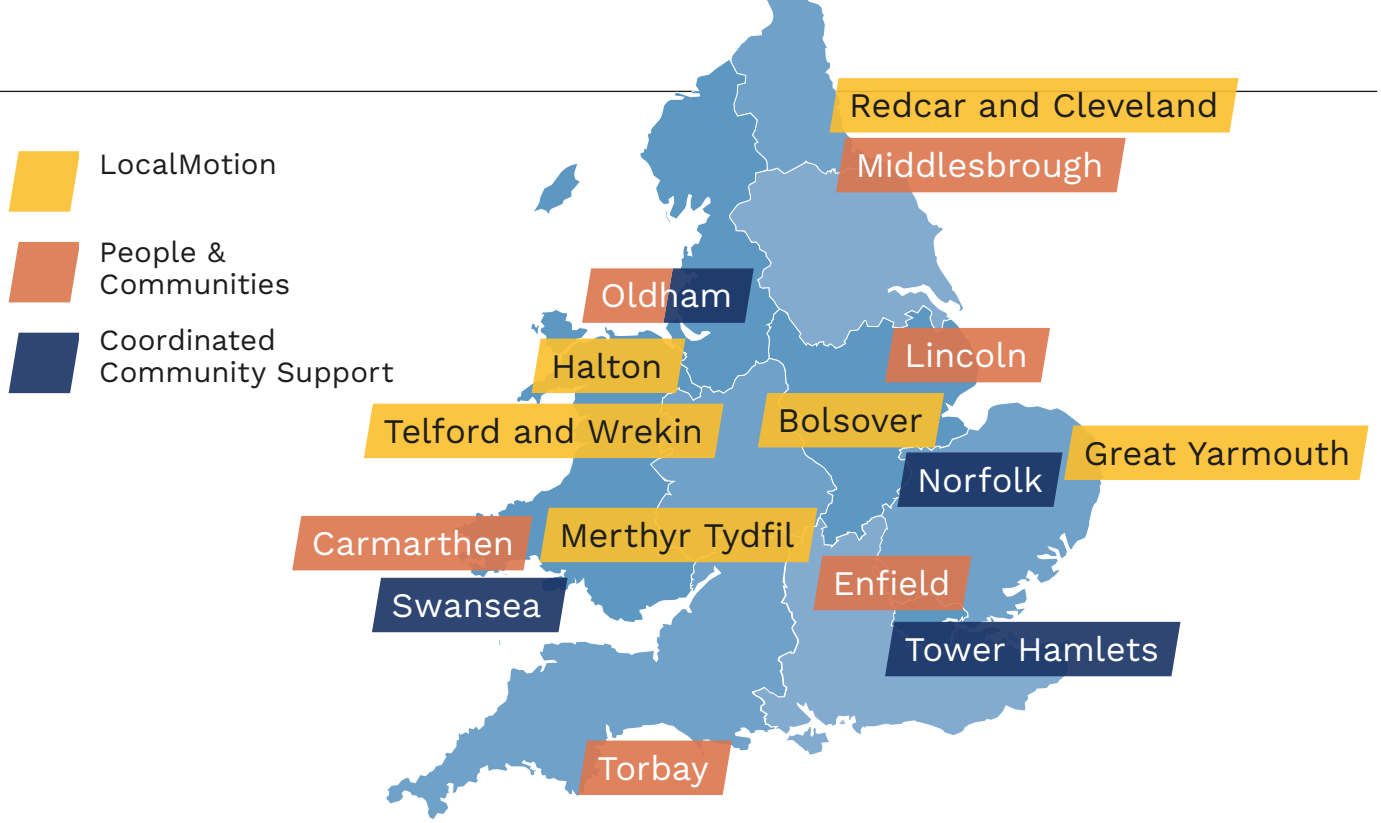
- Work deeper locally with communities in England and Wales to strengthen systems and improve services for people that use them over the long term.

What we achieved:

- We developed and deepened our **People and Communities** work in six places across England and Wales, working with partners across the voluntary and public sectors to tackle local issues.
- We continued our partnership and investment in **LocalMotion**, working alongside five other funders on six community projects to bring people, organisations and institutions together.
- We continued to support the **Coordinated Community Support** programme, focused on four areas, to improve welfare assistance.

LocalMotion

LocalMotion has now completed a two-year development phase, allowing places to build longer-term plans. As LocalMotion moves towards the decision point for 2024-2031 delivery, it's committed to increasing the diversity of voices shaping the project and distributing power as a movement by communities, for communities, helping them to flourish.



People and communities working together

In 2022, we continued to partner with six communities, bringing people together to tackle local issues, establishing ways to work together, building relationships through face-to-face engagement, and community members taking ownership of this work. People formalised ways of coming together and agreed on structures for working as a group.

Importantly, we don't define what 'impact' looks like for the communities. They are doing that themselves, enabling people to make the changes they need rather than being led by external funding priorities.

Coordinated Community Support

We supported the Coordinated Community Support (CCS) programme with a grant of £600k between 2020–2022 to improve welfare assistance provided by local authorities by forming partnerships with the voluntary sector. This work focused on four pilot areas and demonstrated that better coordination and referral systems amongst partners improves access to support for those in emergency financial need. This has created more referrals between the voluntary and community sector (VCS) and statutory organisations; agencies are working closer together and it has improved outcomes for people who use services, and the lessons have been shared with local and national policymakers.

> There are many who would say this is pointless, [we] need proper funding; not make do and mend. This Programme shows that it's not 'either or' but 'yes and...' – that you need both more funding and more joined up support at a local level."
>
> Board member, final evaluation report for the CCS programme by Cloud Chamber, September 2022

Unlocking potential in Telford and Wrekin

Ann Johnson, Local Implementation Lead, People & Communities, Telford and Wrekin, talks about how the work has developed locally.

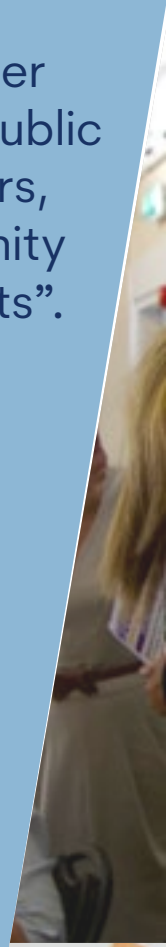
"We brought together the charity sector, public sector commissioners, businesses, community groups, and residents".

In Telford, we brought together the charity sector, public sector, businesses, community groups, and residents to form an alliance with a shared vision of unlocking potential – not just employment opportunity, but how potential can bring purpose, balance and meaning to individuals, communities and the borough itself.

2022 provided the space for the alliance to work together to assess borough activity and determine what to do next, encouraging cross-sector thinking and visioning by prioritising resident engagement and collaboration. Coming together is not always easy, as often we need to give something of ourselves to the discussions. Moving from the transactional thinking that our current ways of working often encourage; to thinking 'what if', and seeing what's possible can be difficult when people are under significant pressure in their day-to-day roles.

"Coming together is not always easy."

As we close the year, we are focussing on specific pieces of work: research into the fluctuations in education attainment and how recruitment might be re-imagined to fill the ever-growing job vacancies in the borough. Both of which have the principles of working together in order to create meaning for all involved.



When you can only devote 10% of your time to change, 90% of your time will be spent dealing with the consequences of not changing.

Commissioner

This page:

Telford at its Best community workshop. Foundation staff and Trustees meeting with partners involved in the Alliance in Telford and Wrekin.

Influencing policy and practice

Through funding, partnerships and our own influencing, we work with charities to speak up – to ensure policymakers hear their voices, concerns and solutions to address the challenges charities and the people they support face.

What we promised:

- Champion the role, value and needs of small and local charities with national and local government and commissioners.
- Help charities to influence change so that people affected by the cost-of-living crisis can access the welfare support they need.
- Support charities to shape a more effective criminal justice system.

What we achieved:

- Worked with National Council for Voluntary Organisations (NCVO) and other charity partners to **influence the Procurement Bill, meeting with ministers, civil servants and parliamentarians** to secure changes so that it better supports charities to engage in public service delivery.
- Pushed for change on issues impacting people facing complex issues, **drawing attention to the problems of deductions from Universal Credit** and calling for reform.
- Continued to **support 16 charities influencing policy and practice** in the criminal justice system and provided additional funding to nine charities to increase their impact.

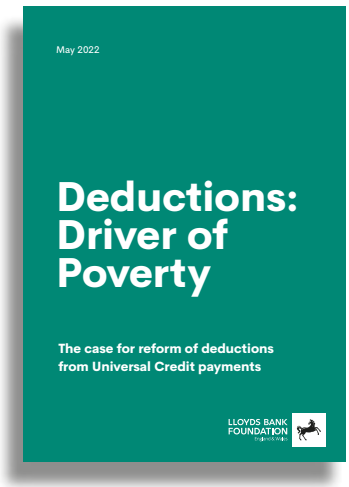
> As a result of access to banking training, I knew what I was doing when I advised a family seeking asylum on getting a bank account. Their teenage son had joined the local college and they wanted to give him a bursary, but he needed a bank account. They'd been trying for months and we got him one!
>
> **Jenny Watts, Garas**, Gloucestershire, helping asylum seekers and refugees

Almost half (44%) of those receiving universal credit have money automatically deducted, with an average of £78 a month withheld from their payments. For a single person aged over 25 that represents a fifth of their entitlement.

Deductions Report

Spotlight on welfare

In May, we launched our report *Deductions – Driver of Poverty*, highlighting the concerns raised by our charity partners that too many people were facing sudden, confusing, unmanageable and unfair deductions from benefits, often through no fault of their own, leaving them struggling to make ends meet. The report captured the attention of national media, featuring in The Guardian, Daily Mirror, I, Express, ITV, the Independent, 50+ regional outlets and 450 radio programmes. The issue was brought to life through River's story who was helped by one of our charity partners. We presented the report to MPs and met with the Prime Minister's advisers. It helped push deductions from Universal Credit up the agenda, working with and alongside other charity partners to keep advocating for action on deductions.



Addressing issues charities care about

In 2022, we raised issues and concerns about energy costs for charities, sharing case studies and helping influence the Government's energy price guarantee. We've worked with charity partners to influence the Procurement Bill which will determine how contracting authorities decide who will receive statutory funding to deliver public services. It's vital the Bill addresses the challenges small and local charities face, being squeezed out of commissioning processes.

Access to banking

If you are homeless or escaping domestic abuse it can be difficult to have the right documents to open or manage a bank account. With our colleagues in Lloyds Banking Group we hosted training for up to 220 charity professionals to help explain how the Bank can help – enabling even more people to access vital banking services.

Steps toward policy change

Latin American Women's Rights Service (LAWRS) based in London received a £52,250 unrestricted grant, and a £113,605 three-year grant to influence national policy. **Gisela Valle**, Director, explains their achievements.

Thanks to support and funding from the Foundation, we hired our first policy role in 2017. We were able to collect evidence that two thirds of abuse survivors with insecure immigration status felt the police wouldn't believe them because of their legal status, and more than half were threatened with deportation by their attackers if they went to the police.

With the additional grant and our campaigning, evidence and persistence, we improved migrant women's protections – by raising awareness and securing cross party support for amendments to the Domestic Abuse Bill, resulting in two compromise amendments by the government. In 2022, the Justice Committee called for a firewall between reporting abuse and immigration control in the Victims' Bill, and the London Mayor's Violence Against Women and Girls Strategy 2022–25 commits to lobbying for this firewall.

> "We need to make sure support services are separate from immigration control."

Below: Latin American Women's Rights Service (LAWRS), London / Domestic Abuse / £52,250 unrestricted grant, and a £113,605 three-year grant to influence national policy

Preventing homelessness

The Bevan Foundation, a welfare charity based in Wales was awarded three grants, totalling £79,603 over three years. **Dr Steffan Evans**, Head of Policy (Poverty), explains the difference this support has made to their work.

One of the largest costs faced by any household is the cost of keeping a roof over their head. In recent months, more and more households have been struggling to meet these costs, with Local Housing Allowance (LHA) frozen and failing to match rents. Some of the biggest rent gaps are in Wales.

“Some of the biggest rent gaps are in Wales.”

Our work has put the challenges faced by low-income renters front and centre of housing policy discussions in Wales and is starting to shape local authority practice. Local authorities are using our data to inform their housing and homelessness strategic plans and exploring how they might be able to operate differently, drawing on the examples of best practice identified through our work. We’ve brought local authorities and landlords together to explore how they can collaborate to provide affordable homes for people leaving homelessness – having a direct and immediate benefit on people’s lives.

“We’ve brought local authorities and landlords together”.

Our aspiration was to work effectively with partners and ensure that Welsh voices are not overlooked in UK discussions. Momentum for the need to look at LHA levels is building. We now have links and are actively engaged in ways we thought not possible.

Below and right: Bevan Foundation, Wales / Welfare / three grants awarded totalling £79,603 over three years. Photos courtesy The Bevan Foundation.

Challenging ourselves to deliver better

As we evolve, we work to continuously improve what we do, which means reflecting and making changes internally as well as externally.

We know that as a charitable foundation we also hold power and privilege. We are working to improve our own diversity, equity and inclusion in our make up as an organisation, our approach and the work that we do and use our power and voice to be a real ally. To enhance staff and Trustee diversity, we're a Living Wage employer and funder, monitor gender and ethnicity pay data, have signed up to the Show the Salary pledge, changed how we recruit and have Disability Confident Employer committed status. In an effort to be more sustainable, long term investments are held in a Climate Active Investment Fund, and in January 2022 we downsized our headquarters in London, helping to reduce our carbon footprint.

Strength in diversity

We have expanded our list of partner consultants and welcomed new members to our Board of Trustees; community activist Bushra Ahmed, Cherrie Bija, CEO of a small charity we fund in Wales, entrepreneur Claud Williams, and our new Chair Dame Ann Limb DBE DL. Through our ongoing efforts to improve, the Foundation is continuing to work with people with a broader range of skills, experience, and backgrounds to guide our operations.

Last year marked the third year the Foundation has been involved in the 2027 Programme – a 12 month placement offering people who self-identify as working class and working in the community an opportunity to gain experience in the grant-giving sector, giving the Foundation an opportunity to diversify its workforce. We're delighted that two associates have stayed on as full-time employees after their placement ended.

Left to right:
Amazing Grace Spaces, Newport / Homelessness and Addiction / £52,250

Our learnings

Over the past five years, funders and frontline charities have witnessed extraordinary social, health and economic challenges. At the end of our Reaching Further strategy we reflected on what we learned, what worked well and the mistakes we made. We shared these eight lessons at an event in October attended by 282 sector colleagues who support charities, including those from trusts and foundations.

1

Listen actively

2

Fund flexibly

3

Lighter touch doesn't mean less robust

4

Equity requires action

5

You can't do it alone

6

Relationships unlock progress

7

Acknowledge your trade-offs

8

Make use of your assets

See the full learnings report here

Above: Our *Lessons For Funder Practice* event, London 2022

Building a Better Future

Too many people experience injustice and inequality in our society and face barriers because of their gender, ethnicity, nationality or disability. Through our new five-year strategy, *Building a Better Future*, we aim to:

1 **Support small and local charities making a life-changing difference.**

Focusing on charities with an income of £25,000–£500,000 and those who understand the complexity of the challenges people face, particularly due to ethnicity or disability, who are best placed to make a difference to people's lives.

2 **Help charities and their partners strengthen communities, policies, and society.**

By engaging with councils, public bodies, and other local organisations to influence systems, structures, and policies, we can improve people's lives.

3 **Influence practice and policy to address causes and consequences of complex issues.**

Using our insights and research to help identify the root causes of disadvantage. We'll advocate improved ways of working, particularly on housing, welfare, and refugees.

4 **Work effectively to maximise our impact.**

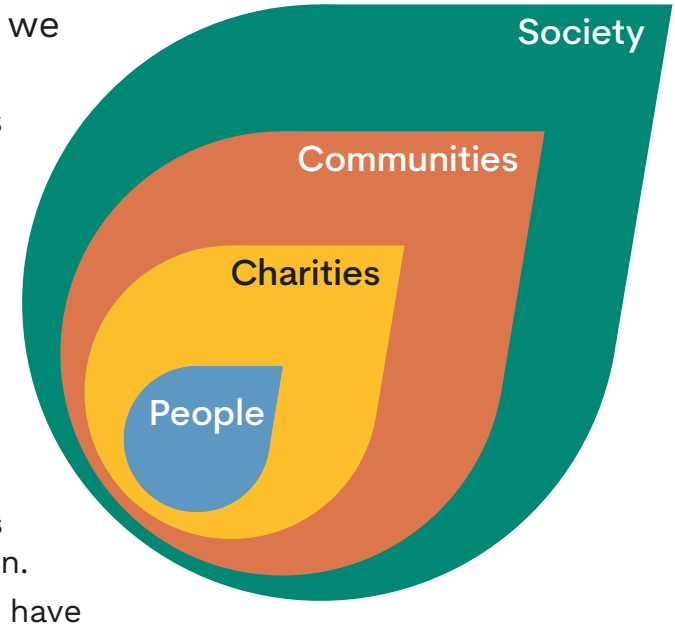
Sharing resources, opportunity and power, we'll put diversity, equity, and inclusion at the centre of who we are, what we do and how we do it.

Below: Gateway Into The Community, Hexham / Learning Disability / £52,250

> Having £50,000 over two years has been amazing, but the support that goes around the grant is of equal value. Our regional grant manager's support has been incredible – connecting us, helping us build our expertise and grow and develop the business. We now have a business plan and have gathered the written evidence to help secure further funding.
>
> **The Purfleet Trust**, Norfolk, / Homelessness / £52,250 grant over two years

Our promise for 2023

In this first year of our new strategy we have set ourselves some ambitious goals to use our skills and resources where they are needed most and can make the most impact.



For people

- Make the social security system work better for those facing the greatest challenges.
- Make sure those facing complex issues have access to suitable accommodation.
- Ensure those facing crisis / destitution have access to support.

For charities

- Award 145 new grants of £75,000 over three years to small and local charities.
- Allocate 25% of funding to charities led by and for Black, Asian and minority ethnic communities and 25% to charities led by and for D/deaf and disabled people.
- Provide capacity building support that leverages the skills of Lloyds Banking Group volunteers and works best for the charities we partner with.

For communities

- Continue to support and partner with communities to improve and strengthen systems and support for the people who use them.
- Support local charities to form and deepen collaborations through a dedicated grants programme.
- Continue to work with other funders and communities as a member of LocalMotion.

For society

- Listen to and amplify the voices of people with lived experience to influence change.
- Work with organisations to influence policy and practice on improving the availability of accommodation; the operation of the welfare system; and support for refugees and asylum seekers.
- Share our research, evaluation and learnings.

Financial review

In this section, our Trustees outline our principal funding source in the year ended 31 December 2022 and how we used these resources to support our key objectives. Full details can be found in the financial statements that follow this Trustees' Report (page 48 onwards).

Where our money comes from

The Foundation is an independent charity principally funded by Lloyds Banking Group, receiving a share of the Group's profit under a Deed of Covenant (see note 16b for further details of our connection with this party).

The Foundation does not raise funds from the public nor enter into other fundraising activities.

In 2022 we received £16.2m (2021: £18.4m) from Lloyds Banking Group – £14.7m under the Covenant and an additional £1.4m to provide additional funding to charities facing cost of living pressures.

How we spend our money

Everything we spend aligns with our mission: to partner with small and local charities helping people overcome complex social issues[1] and rebuild their lives. We aim to make grant funding unrestricted wherever possible.

The principal support to charities was provided through the Renew grant programme – a programme to help charities rebuild their activities from the effects of the pandemic. Under this programme 212 two-year grants of £50,000 were made – at a cost of £10.6m (2021: 207 grants, £10.4m).

Other key funding included;

- Funding of £1.5m to 658 charities to help with the impact of high inflation (2021: £nil)
- grant extensions to 53 charities totalling £1.7m (2021: 74 charities costing £1.9m)
- £2.3m of organisational development support for charities (2021: £1.9m)
- a total of £1.6m (2021: £650k) of strategic grants to support charities engaged in work in seeking to change society in key areas such as Criminal Justice, Welfare and supporting the work of small charities
- Grants and other expenditure totalling £902k (2021: £949k) to support development in communities that other services fail to reach.

A total of £1.5m (2021: £1.2m) was paid to charities across the country under the Matched Giving scheme, where the Foundation matches the fundraising efforts of colleagues at Lloyds Banking Group.[2] Expenditure increased as many fundraising and volunteering events which Lloyds colleagues support restarted in 2022 but the level of giving in this area remains below that of 2019.

Total grant expenditure was £15.6m (2021: £15.9m). The amount of funding was lower in 2022 reflecting the lower income from LBG. Total charitable expenditure was £22.9m (2021 £19.8m) as the Foundation used reserves to maintain levels of funding to charities.

1 Full details of the complex social issues funded are shown on the Foundation website.

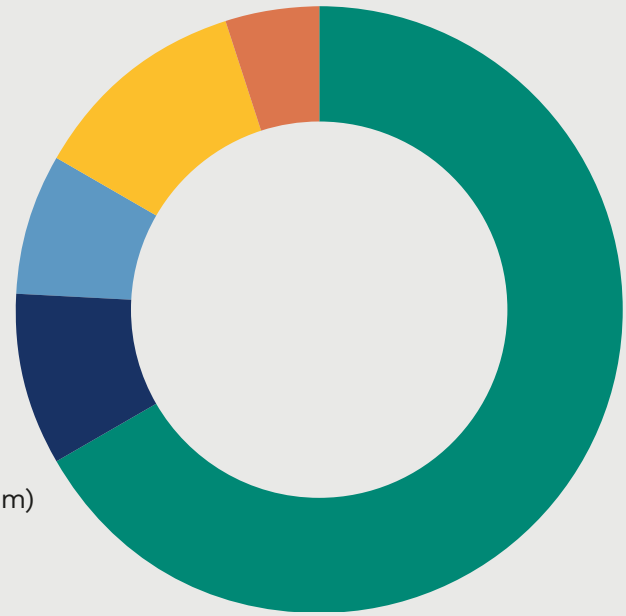
2 Eligible charities were those with a turnover between £25,000 and £1 million that did not have more than 12 months operating expenditure in reserves.

The overall result for the year was a deficit on unrestricted funds of £6.2m (2021: £0.2m) before investment losses of £2.1m (2021: investment gain of £1.3m).

The Foundation is currently able to spend more than the annual income from Lloyds Banking Group as in 2017 it received a significant gift of shares which were sold realising £38.6 million. The Foundation will continue to incur a deficit in 2023 and beyond but will align its spending with annual income once the additional funding from the share proceeds has been utilised which it expects to be in 2026.

- Long-term funding: **£15.3m** (2021: £13.4m)
- Development: **£2.1m** (2021: £1.8m)
- Influencing, Policy and Practice: **£1.7m** (2021: £0.6m)
- Direct costs of charitable activity: **£2.7m** (2021: £2.6m)
- Central support costs: **£1.1m** (2021: £1.2m)

Expenditure 2022



Investments

The overarching investment objective is to maintain sufficient liquidity of funds and their overall value in order to finance the planned deficits arising from the excess of expenditure over income which is expected in the short term under the current strategy. This objective has been met by applying three levels of investment strategy;

- bank deposits and short-term funds for funds required within three years
- medium-term funds with a time horizon from three to five years.
- long-term funds with a time horizon beyond five years.

The Foundation aims to hold a minimum of £5m of immediately accessible cash to meet grant payments and operating costs. As at 31 December 2022, the Foundation had cash in hand of £9.4m (2021: £5.6m).

Financial investments of the Foundation to the value of £13.5m (2021: £33.1m) are managed by Sarasin & Partners LLP within agreed parameters. The investment funds are divided into medium and long-term portfolios. The short term portfolio was realised during the year and is now held in cash.

	2022	2022	2021	2021
	Asset value	Return	Asset value	Return
	£'m	%	£'m	%
Long-term portfolio	11.5	(10.6)	13.4	10.9
Medium-term portfolio	2.0	(15.6)	4.2	2.3
Short-term portfolio	-	-	15.5	-
Total	**13.5**		**33.1**	

The **Long-Term portfolio** is invested in the Sarasin Climate Active Endowment Fund and has a long term (5+ years) horizon with the aim of providing a good flow of income and protection. This pooled managed fund seeks a combined income and capital return over the long term of 4.5% above inflation. The fund is predominantly invested in listed assets and the valuation is provided by the fund manager based on the fair value of each asset.

The Trustees policy is to avoid investment in companies which are materially engaged in certain sectors including tobacco, alcohol, gambling and adult entertainment. This fund is a global multi-asset portfolio with an integrated socially responsible investment policy and makes investment decisions consistent with the aims of the Paris Accord on climate change.

The Long-Term portfolio is recognised at its market value of £11.5m (2021: £13.4m). After three years of growth the fund fell in value as equity and bond markets both declined in value. The fund manager's performance has fallen below the benchmark and is being actively reviewed by the Trustees.

A total of £0.5m was transferred from the Long-term to Medium-term fund. Since 31 December the fund has recovered some of its value.

Investment by asset class at 31 December	**2022**	**2021**
Long-term portfolio	**£'m**	**£'m**
Equities	7.6	9.8
Bonds	1.4	1.1
Property	0.5	0.5
Alternative investments	1.5	1.4
Cash	0.5	0.6
Total	**11.5**	**13.4**

The Medium-term portfolio, which was established in August 2020, is recognised at its market value of £2.0m (2021: £4.2m). It is invested in the Sarasin Income and Reserve Fund. The falls in bond markets meant that the fund fell significantly in value, a fall of 15.6% (2021: gain 2.3%) and was 0.9% worse than the benchmark of (14.7)% (2021: 2.2%).

Investment by asset class at 31 December	**2022**	**2021**
Medium-term portfolio	**£'m**	**£'m**
Equities	0.4	1.0
Bonds	1.1	2.5
Alternative investments	0.3	0.5
Liquid assets	0.2	0.2
Total	**2.0**	**4.2**

At the start of the year the Foundation held £15.5m in a Short-term portfolio managed by Sarasin and Partners LLP, invested in a diversified range of short-dated government and corporate bonds and cash deposits to gain a return in the short term prior to utilisation in the Foundation's activities. The Foundation redeemed the majority of the fund in early February 2022 to provide cash for grants. This timing avoided falls in bond markets that took place later in the year.

Pan Intercultural Arts, London / Trafficking and Modern Slavery / £52,250

Financial risk management

The risks associated with the Foundation's investments are monitored by its Audit, Investment & Risk Committee and managed on a day-to-day basis by its investment managers, Sarasin and Partners LLP. The key risks which the Trustees believe are relevant to the Foundation's investments are:

Market risk

Exposure

The portfolio is well diversified with holdings in a wide range of asset classes. The Long-Term portfolio is invested in the Sarasin Climate Active Endowment Fund in which the largest holding of any share is 2.4% of the fund.

The Foundation derives the majority of its income from the covenanted payment from Lloyds Banking Group and is able to take a long-term view of its investments.

Sensitivity

The largest market risk is a fall in the value of equity markets. Based on the position at 31 December 2022, in the event that there was a general 10% fall in equity markets there would be a reduction in net income of £763k (2021: £1.1m).

Currency

The Long-Term portfolio is denominated in GBP. The currency exposure of the fund at 31 December 2022 was as follows;

	2022			2021		
	Currency exposure	Hedging	Net expoure	Currency exposure	Hedging	Net exposure
	%	%	%	%	%	%
Sterling	49.6	13.2	62.8	41.6	18.4	59.9
US Dollar	34.3	(8.1)	26.2	41.7	(14.0)	27.7
Euro	8.3	(5.2)	3.2	9.5	(4.3)	5.2
Japanese Yen	1.3	-	1.3	1.8	-	1.8
Swiss Franc	1.0	-	1.0	-	-	-
Other	5.5	-	5.5	5.4	-	5.4
Total	**100.0**	**-**	**100.0**	**100.0**	**-**	**100.0**

The investments of the Short-term portfolio were all in GBP denominated assets.

Credit risk

The credit risk of the Foundation's investment at 31 December 2022 was as follows:

	Long-term portfolio	Medium-term portfolio
Value of bond investments	£1.4m	£1.1m
Value of non-government bonds	£0.8m	£0.7m
Credit rating of BBB+ or better	76.8%	80.9%
Average duration of non-government bonds	7.3 years	13.3 years

Term deposits of £14 million at 31 December 2022 (2021: £10m) were invested in Lloyds and two other banks; the Foundation policy is that there is a limit of £5 million for deposits with any bank other than Lloyds.

Liquidity risk

The Long-Term portfolio is invested in the Sarasin Climate Active Endowment Fund and the Medium-Term portfolio is invested in the Sarasin Income & Reserves Fund both of which have daily dealing which would allow the Foundation to realise cash if this were required.

Further details of the Foundation's investments are included at note 9.

Reserves

Currently the balance of total reserves held by the Foundation stands at £24.9m (2021: £33.5m) of which the free reserves are £24.6m (2021: £32.4m). Reserves were enhanced by £38.6m in 2017 with the proceeds from the disposal of a gift of Ordinary Shares in Lloyds Banking Group from Lloyds Banking Group.

The Foundation holds reserves for both operational and strategic purposes considering the main risks to the organisation.

The Trustees recognise that there is a significant risk around the Foundation having one primary income source, being Lloyds Banking Group. As such the reserves policy requires 12 months total expenditure less the minimum payment under the Lloyds Banking Group covenant with a tolerance level of 5% below the target before action is required. At 31 December 2022 this represented a level of £9.1m (2021: £9.4m). At £24.6m at 31 December 2022 (2021: £32.3m), the level of reserves stands well in excess of this requirement. The higher level of reserves will enable the Foundation to make a higher level of grant awards in future years than would be possible from its annual income from Lloyds Banking Group. The Foundation plans to utilise the reserves over the five years to the end of 2026 when the target and actual reserves will be aligned.

Grants, (including multi-year grants) are recognised in the financial statements as liabilities when they are approved. As a result, the balance sheet includes creditors and provisions for future years commitments (see note 1 for the full grant accounting policy).

The Foundation also has designated and restricted funds. There are designated funds to provide for awards expected to be made in 2023 from 2022 programmes and in respect of funds invested in Fixed Assets.

Restricted Funds represented funds received from partners for a joint project.

Full details of Designated and Restricted Funds are shown in note 14.

Gateway Into The Community, Hexham / Learning Disability / £52,250

Risk

How we manage risk

Trustees are tasked with ensuring that the framework of governance, risk management and control supports the appropriate management of risk. Within this framework, the Board judge whether its agenda is focussing assurance on the issues that are the most significant in relation to achieving the Foundation's objectives and whether best use is being made of resources, targeting those areas of greatest risk.

Principal risk around a single source of income

The Audit, Investment & Risk Committee plays a crucial role in supporting the Board of Trustees to meet these assurance obligations.

- The covenant with Lloyds Banking Group (see note 16b for further details) addresses short term risk through the inclusion of a minimum level of income for the Foundation. Exposure to a one-off drop in profitability of the Group is limited by the averaging of profits over three years.
- The medium and long-term risk to the Foundation's strategy is addressed by the reserves policy.

An appropriate and proportionate Risk Assurance Framework

Under the Foundation's Risk Assurance Framework, the Trustees have defined five headline strategic risks.

Risk	How we manage it
Impact – is the Foundation making the desired impact, and can it be evidenced?	• Regular feedback from charity partners • Monitoring of Key Performance Indicators • Monitoring by Regional Managers
Financial sustainability – is the Foundation managing finances to ensure it can continue to make an impact in the medium to long term?	• Regular monitoring of financial performance • Detailed forecasting • Reserves strategy
Compliance – is the Foundation meeting regulatory, accounting and legal compliance requirements?	• Robust internal controls • Specialist advisors for legal requirements, IT and Health & Safety • Regular reporting to Trustees
Reputation – is the Foundation able to respond effectively to any incident that could affect its reputation?	• Fraud response plan • Monitoring of grantee activities • Communications plan
Other – are partnerships with Lloyds Banking Group and others having the desired impact?	• Nine-year covenant with Lloyds Banking Group • Four Lloyds Banking Group Trustees • Regular meetings with Lloyds Banking Group • Monitoring by Senior Leadership Team and Trustees of partnership and volunteering initiatives

The key strategic risks together with the current controls and methods of management and actions to improve management or mitigate risks are documented in a strategic risk summary. In order to actively manage strategic risk, the summary is used as a tool by the Senior Leadership Team and at each of the quarterly Audit, Investment & Risk Committee meetings to

- frame conversation around strategic risk
- facilitate active management of that risk against an assumed risk appetite
- inform decisions on future activity

The Committee consider one or two areas in detail at each meeting and reports back to the Board of Trustees.

Fundraising activities

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as 'soliciting or otherwise procuring money or other property for charitable purposes. In relation to this statement, the Foundation does not undertake widespread fundraising from the general public and does not employ professional fundraisers. The charity is therefore not bound by any regulatory scheme and does not consider it necessary to comply with any voluntary code of practice. The Foundation does not have policies in relation to fundraising activities nor do we consider it necessary to design specific policies and procedures to monitor activities.

Covid 19, war in Ukraine, and the cost of living crisis

- The Trustees have considered the impact of the latest developments surrounding Covid 19 on the Foundation, including its staff, grantees and investments. The Trustees note that;
- The Foundation's staff have been able to work effectively throughout the pandemic.
- Although Lloyds Banking Group profits were affected by the pandemic LBG profits have recovered strongly in 2021 and 2022.
- LBG has also raised the minimum level paid under the covenant arrangement from £10.8m to £14.4m.

In terms of support for charities

- The Foundation made every effort to make earlier payments and relaxed conditions of the funding with most funding now unrestricted.
- Enhance support has been tailored to respond to the crisis by providing virtual consultancy and IT equipment and training for remote working.
- The Foundation has provided additional cost of living grants to charities.
- The Foundation has signed up to the London Funders statement of support to the charity sector.
- The Foundation's support costs represent just 4.7% of total expenditure (2021: 6.4%) and staff costs 12.2% (2021; 13.3%).

In 2022 the Long-term fund investments have fallen (10.6%) and the Medium-term (15.6%). This follows three years of strong growth with the Long-term fund increasing by 10.9% in 2021, 10.6% in 2020 and 19.9% in 2019 and reserves remain robust.

Although there are currently no restrictions on redemptions from any of the funds in which the Foundation is invested the fall in value may affect any decision to draw on investment funds to enhance our grant giving capability.

Going concern

The covenant with Lloyds Banking Group provides a significant degree of protection. The funding for 2023 has been received in full and for future years the agreement, which requires nine years notice to be given, provides for minimum of £14.4m. The Trustees are therefore confident that they are able to continue as a going concern until 2026.

Phoebe, Ipswich / Domestic Abuse / £52,250 over two years

Governance

Constitution

The Lloyds Bank Foundation for England & Wales is incorporated as a company limited by guarantee. It is regulated by its Memorandum and Articles of Association dated 13 December 1985.

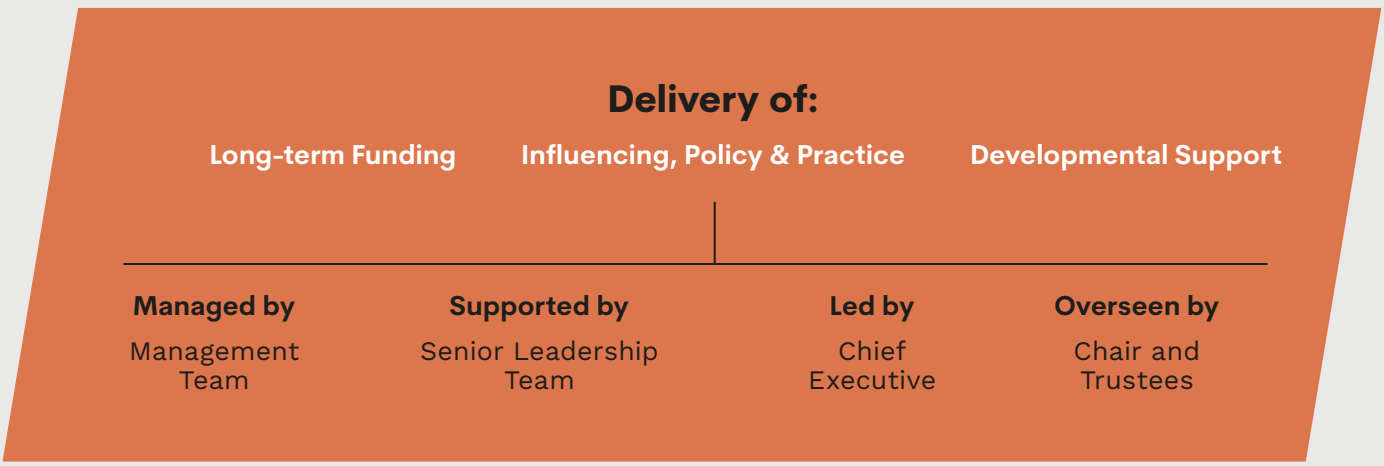
The Articles set out that the Foundation was established with widely drawn objects to do anything which is a charitable purpose. The Foundation has prioritised its objects further as it has evolved, choosing to focus strategically on partnering with small and local charities helping people overcome complex social issues and rebuild their lives.

The Trustees confirm that they have complied with their duty to have due regard to the Charity Commission's public benefit guidance when reviewing the Foundation's aims and objectives and in planning and setting the strategy. Further details on our strategy for the future can be found on page 33.

The Foundation applies and follows the Charity Governance Code (for large charities).

Organisational structure

The Foundation is organised and governed under an agreed strategic framework as summarised below. The Board of Trustees has collective responsibility for everything that the Foundation does – including the legal responsibility to ensure that the Foundation is controlled and properly managed.



The Board delegates responsibility for operational management to the Chief Executive, who leads the Senior Leadership Team which in turn support the Management Team. Together these teams develop the organisation's plans, policies and processes, following the Board's advice and approval.

The principal governing body of the Foundation is the Board of Trustees, whose names are listed on page 68. The Board is responsible for the strategic direction of the Foundation and meets quarterly together with the Executive to review progress and to ensure that the Foundation is on track to meet its objectives.

Board of Trustees

The Board has delegated specific decisions to four permanent Committees. The members of the Committees are drawn from the Board of Trustees.

Audit, Investment & Risk Committee

Monitors the Foundation's integrity in financial reporting and reviews the effectiveness of the risk management framework

The main responsibilities of the Audit, Investment & Risk Committee are to provide assurance and recommendation to the Foundation on the effectiveness of its governance, internal control, risk management framework and investment and reserves strategies.

In addition, the Committee reviews the annual report and financial statements and approves the accounting policies followed to satisfy themselves that the financial statements give a true and fair

view of the Foundation's affairs.

The Committee meets quarterly.

Nomination Committee

Ensures that the Board and committee composition has the optimum balance of skills knowledge and experience

The purpose of the Nominations Committee is to support the recruitment and appointment of Trustees, giving due consideration to the balance of skills, interests and experience on the Board of Trustees.

The Committee makes recommendations to Lloyds Banking Group, who formally make the appointments at their own Nominations & Governance Committee (as required under the governing document of the Foundation – its Articles of Association).

The Committee meets as required.

Remuneration Committee

Monitors remuneration and benefits for Foundation staff

The role of the Remuneration Committee is to maintain, record and oversee the Foundation's reward strategy and pay policy; and the scope of pension arrangements and be fully informed on their implications for the future running of the organisation.

The Committee meets bi-annually.

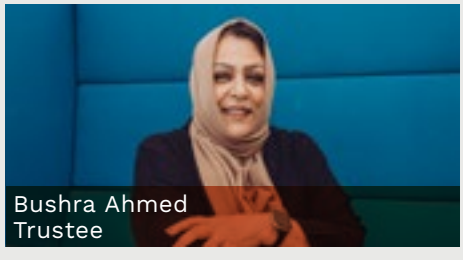
Grants Panel

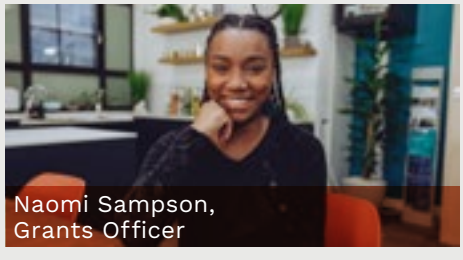
Approves grant applications for the grant making programme in line with Foundation strategy

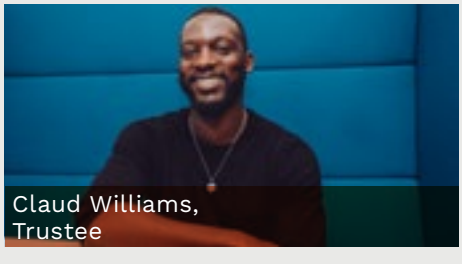
The main responsibility of Grant Panels is to review and approve grant applications against the relevant programme's aims and objectives. The panels consider recommendations taking into account factors including outcomes, risk factors, geographical spread and budgetary considerations.

The various panels meet regularly throughout the year as necessary.

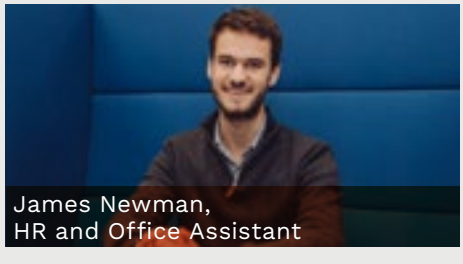
Jill Baker,
Director of Communities


Bushra Ahmed
Trustee


Naomi Sampson,
Grants Officer


Claud Williams,
Trustee

Aaliya Ali,
Research and Evaluation Officer


James Newman,
HR and Office Assistant

Our people

Our staff

Our passionate and dedicated Foundation staff make it possible to have life-changing effects on the lives of people facing complex social issues, through small and local charities. To ensure that we employ and develop talented staff and keep them accountable in their work, all staff take part in performance feedback and appraisal throughout the year.

Proposed pay increases for all staff including the Senior Leadership Team are presented to the Remuneration Committee for approval. Proposals take into consideration the market as assessed by Croner, an external salary benchmark provider specialising in the charity sector.

The Foundation does not offer performance related bonuses.

Our Trustees

The Foundation is passionate about recruiting a diverse Board of Trustees with a wide range of skills and interests. When recruiting new Trustees the Nomination Committee helps identify areas that could be better represented, and we recruit publicly, usually through national adverts, to strengthen the Board's skillset.

Newly appointed Trustees follow an induction programme including:

- an induction pack which includes the main governing documents, operational framework, financial position and future plans and objectives, signposts to various Charity Commission guidance
- a series of short training sessions with the Senior Leadership Team to familiarise themselves with the Foundation
- mentoring by existing Trustees.

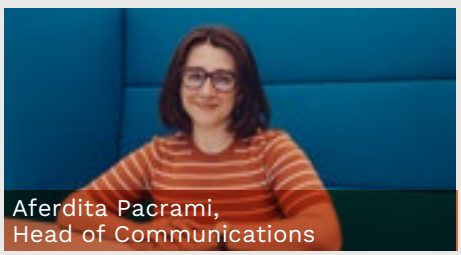
In addition, a formal training session on the legal duties and responsibilities of Trustees is held biennially as a refresher for all Trustees.

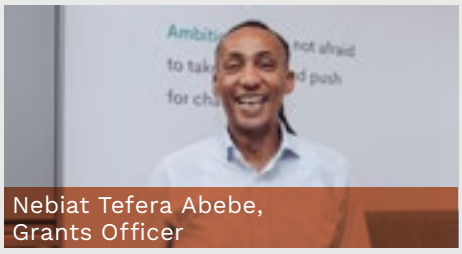
Trustees typically serve a three-year term, although this may be extended for a maximum of a further three years. Trustees are fully engaged with the work of the Foundation and get to know our grantees as well as strategic priorities through regularly visiting our charities and learning about the organisation from the Chair and Senior Leadership Team.

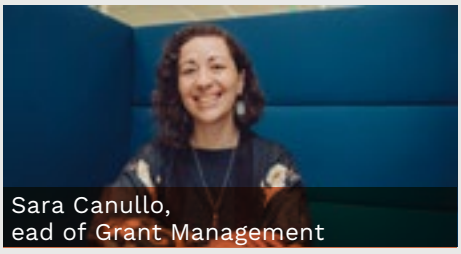
More details about our Trustees can be found on page 68.

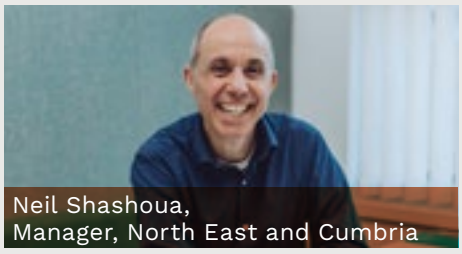
Horacio Herrera-Richmond,
Brand and Content Officer

Maria Kontoeidi,
Grants Associate


Aferdita Pacrami,
Head of Communications


Nebiat Tefera Abebe,
Grants Officer


Sara Canullo,
ead of Grant Management


Neil Shashoua,
Manager, North East and Cumbria

Statement of Trustees' Responsibilities

The Trustees (who are also directors of Lloyds Bank Foundation for England & Wales for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The company law applicable to charities requires the Trustees to prepare financial statements for each financial 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 including the income and expenditure. In preparing the financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the Trustees are aware:

a) there is no relevant audit information of which the auditors are unaware; and

b) the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent auditors

A resolution to re-appoint Deloitte LLP as auditors to the Foundation will be proposed at the annual general meeting.

The Trustees' Report, including the Strategic Report was approved by the Board of Trustees on 24 May 2023 and signed on their behalf by **Dame Ann Limb DBE DL, Chair of Trustees**.

signature

Independent Auditor's report to the members of Lloyds Bank Foundation for England & Wales

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Lloyds Bank Foundation for England & Wales (the 'charitable company'):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, which comprise:

- the statement of financial activities
- the balance sheet
- the statement of cash flows; and
- the related notes 1 to 18.

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).

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: 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 design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the charitable company's industry and its control environment, and reviewed the charitable company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and Trustees about their own identification and assessment of the risks of irregularities, including those that are specific to the charitable company's business sector.

We obtained an understanding of the legal and regulatory framework that the charitable company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Charities Act and UK Companies Act; and
- did not have a direct effect on the financial statements but compliance with which may be fundamental to the charitable company's ability to operate or to avoid a material penalty. These included the Charity Commission for England and Wales (Charity Commission) regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following area, and our specific procedures performed to address it are described below:

- We identified a risk with regard to the correct recognition of liabilities in respect of grant expenditure. We have addressed this risk by selecting a sample of grants recognised in the year and reviewing the grant agreements, Board minutes, cash payments and related information to understand the conditions present and ascertain the correct level of expenditure and related liability to recognise.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing any correspondence with the Charity Commission.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report, which includes the Strategic Report and the Directors' Report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report included within the Trustees' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic and Directors' Report included within the Trustees' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of this report

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

signature

Craig Wisdom, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP, Statutory Auditor, St Albans Date:

Financial statements

Statement of financial activities

(incorporating an Income and Expenditure account)

Year ended 31 December 2022	Note	Unrestricted	Restricted	Total Funds 2022	Unrestricted	Restricted	Total Funds 2021
		£'000	£'000	£'000	£'000	£'000	£'000
Income from:							
Donations and legacies	2	16,198	94	16,292	18,526	451	18,977
Investment income	9	155	-	155	371	-	371
Other income	3	11	-	11	9	-	9
Total income		**16,364**	**94**	**16,458**	**18,906**	**451**	**19,357**
Expenditure on:							
Charitable activities	4a	(22,602)	(340)	(22,942)	(19,055)	(705)	(19,760)
Investment fees		(92)	-	(92)	(100)	-	(100)
Total expenditure		**(22,694)**	**(340)**	**(23,034)**	**(19,155)**	**(705)**	**(19,860)**
Net (expenditure) before (loss)/gain on investments		(6,330)	(246)	(6,576)	(249)	(254)	(503)
Net (loss)/gain on investments	9	(2,022)	-	(2,022)	1,291	-	1,291
Net (expenditure)/income		**(8,352)**	**(246)**	**(8,598)**	**1,042**	**(254)**	**788**
Transfers between funds		-	-	-	(100)	100	-
Net movement in funds		**(8,352)**	**(246)**	**(8,598)**	**942**	**(154)**	**788**
Reconciliation of funds:							
Total funds brought forward		33,237	246	33,483	32,295	400	32,695
Total funds carried forward	**14**	**24,885**	**-**	**24,885**	**33,237**	**246**	**33,483**

All recognised gains and losses have been included in the Statement of Financial Activities and the amounts included are derived from the continuing activities of the Foundation.

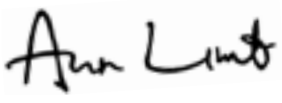
The Notes on pages 51 to 67 form part of these financial statements.

Balance sheet

As at 31 December 2022	Note	2022	2021
Fixed assets:		**£'000**	**£'000**
Tangible assets	8	112	83
Investments	9	13,522	33,130
Total fixed assets		**13,634**	**33,213**
Current assets:			
Debtors	10	82	80
Investments	9	14,000	10,000
Cash at bank and in hand		9,360	5,612
Total current assets		**23,442**	**15,692**
Creditors: Amounts falling due within one year	11	(9,463)	(13,293)
Net current assets		**13,979**	**2,399**
Total assets less current liabilities		**27,613**	**35,612**
Creditors: Amounts falling due after more than one year	12	(1,223)	(598)
Provision for liabilities and charges	13	(1,505)	(1,531)
Total net assets		**24,885**	**33,483**
The funds of the charity			
Unrestricted funds:	14		
General fund		24,586	32,353
Designated funds		299	884
Total unrestricted funds		**24,885**	**33,237**
Restricted funds	14	-	246
Total charity funds		**24,885**	**33,483**

The financial statements of Lloyds Bank Foundation for England & Wales registered number 1971242 including the notes on pages 51 to 67 were approved and authorised for issue by the Trustees on 24 May 2023 and signed on their behalf by **Dame Ann Limb DBE DL, Chair of Trustees**.

signature



Statement of cash flows

Year ended 31 December 2022	Note	2022	2021
Cash flows from operating activities		**£'000**	**£'000**
Net cash used in operating activities	**(A)**	**(9,837)**	**(7,338)**
Cash flows from investing activities:			
Dividends and interest from investments		137	42
Purchase of investments		(4,000)	–
Purchase of tangible assets		(64)	
Proceeds from sale of investments		17,512	6,000
Net cash provided by investing activities		**13,585**	**6,042**
Change in cash and cash equivalents in the reporting year		3,748	(1,296)
Cash and cash equivalents at the beginning of the reporting year		**5,612**	**6,908**
Cash and cash equivalents at the end of the reporting year	**(B)**	**9,360**	**5,612**

(A) Reconciliation of net expenditure to net cash flows from operating activities	2022	2021
	£'000	**£'000**
Net (expenditure)/income for the reporting year	**(8,598)**	**788**
Adjustments for:		
Depreciation charges	35	46
Income from investments	(155)	(371)
(Increase)/decrease in debtors	(2)	3,354
(Decrease) in creditors	(3,205)	(10,013)
(Decrease)/increase in provisions	(26)	49
Loss/(gain) on investments	2,022	(1,291)
Investment management fees	92	100
Net cash used in operating activities	**(9,837)**	**(7,338)**

(B) Analysis of cash and cash equivalents	2022	2021
	£'000	**£'000**
Cash in hand	9,360	5,612
Total cash and cash equivalents	**9,360**	**5,612**

The Notes on pages 51 to 68 form part of these financial statements.

Notes to the Financial Statements

1. Accounting policies

Basis of preparation

The Foundation is incorporated in England & Wales as a company limited by guarantee, not having share capital. The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by a revaluation of investments, and in accordance with applicable Accounting Standards in the United Kingdom, including the Charities SORP FRS 102 (second edition – October 2019) and in accordance with the Companies Act 2006 and Charities Act 2011, using consistently applied accounting policies.

Lloyds Bank Foundation for England & Wales meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value with investments at fair market value unless otherwise stated in the relevant accounting policy notes.

Fund accounting

Restricted and designated funds are separately disclosed as set out in note 15. The different funds held are defined below:

Unrestricted funds

The Foundation's unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.

Designated funds

Designated funds are unrestricted funds earmarked by the Trustees for particular purposes.

Restricted funds

These funds are subject to specific restrictions imposed by the donor.

Investments

Listed investments are included in the Balance Sheet at fair value which is their closing market bid price on the current or previous trading day.

Realised gains and losses on disposals in the year and unrealised gains and losses on investments at the Balance Sheet date are included in the Statement of Financial Activities for the relevant underlying fund. All investment income is treated as unrestricted.

Current asset investments have a maturity date or expected disposal date of less than one year and are not held for long term investment purposes.

Income

Income is recognised in the Statement of Financial Activities when the Foundation is entitled to the income, performance conditions attached to the income have been met, receipt is probable, and the amount can be measured reliably.

Interest income is recognised on a receivable basis which reflects the effective interest method.

Going concern

The Trustees have adopted the going concern basis of accounting in preparing the financial statements having assessed the principal risks relating to the Foundation's income. The Foundation receives virtually all its income under a covenant with Lloyds Banking Group Plc which requires nine years notice to be given which contains provision for a minimum £14.4m. The covenant income for the full year is received early in the financial year prior to the signing of the financial statements. The Foundation holds a level of reserves to enable its activities to continue for more than one year from the balance sheet date in the event that no further funding was received. Accordingly, the Foundation expects to continue to have access to sufficient liquid resources to continue as a going concern for a period of at least 12 months after the approval of these financial statements, namely the period to May 2024.

Financial instruments other than investments

The Charity has financial assets and financial liabilities of a kind that qualify as basic. Basic financial instruments are measured at their settlement value in the case of current assets.

Covenanted income is recognised in the year to which the Foundation is entitled to the income.

Dividend income represents the Foundation's share of dividends received from investments in common investment funds. The income recognised represents the amount credited to the common investment fund.

Donated services and facilities are valued and included as income and expenditure at the price the Foundation estimates it would pay in the open market for an equivalent service or facility.

Expenditure

All expenditure is included on an accruals basis in the period in which it is incurred.

Grant cost

Grant expenditure is recognised where there is a legal or constructive obligation to pay. All grants, both single and multi-year, are recognised in the financial statements as liabilities after they have been approved, the recipients have been notified and there are no further terms and conditions to be fulfilled which are within the control of the Foundation. In these circumstances there is a valid expectation by the recipients that they will receive the grant.

Provisions

Provisions are recognised when there is a legal or constructive financial obligation, that can be reliably estimated and for which there is an expectation that payment will be made.

Enhance provisions

The Foundation's Enhance programme provides the recipient charity with access to specialist support, the cost of which is met by the Foundation directly. The estimated costs of the specialist are recognised as a provision on approval as the Foundation has a constructive obligation to pay but the amount and timing is subject to uncertainty. The grantee is informed of the approved intervention but not the value.

Releases of grant commitments

There are occasions when it becomes necessary to withdraw a grant which has been approved in a prior year. Where this happens, the funds revert to the original unrestricted or restricted reserve.

Allocation of expenditure

Support costs are allocated where possible to the particular activity to which the costs relates.

Where expenditure contributes to more than one area of activity, the costs are allocated on the basis of the activity's grant expenditure.

Governance costs are the costs associated with the constitutional and statutory requirements and the strategic management of the Foundation's activities.

Tangible assets

Tangible assets are included at historic cost less accumulated depreciation.

Capitalisation and Depreciation

The minimum value for the capitalisation of tangible fixed assets is £1,000.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight-line basis over the expected useful lives of the assets concerned. The principal rates used, which are consistent with last year, are:

Computer equipment	33% per annum
Furniture and other office equipment	10% per annum

Pension costs

The Foundation participated in two separate independently managed, defined benefit, occupational pension schemes: the Lloyds Bank Group Pension Schemes No.1 and No.2. There are no longer any active members in either scheme. It is not possible to identify the Foundation's share of the underlying assets and liabilities of these schemes and hence contributions to the schemes are accounted for as if they were defined contribution schemes; the cost recognised within the Statement of Financial Activities for the year being equal to the contributions payable to the schemes for the year.

The Foundation also participates in defined contribution schemes. Contributions in respect of the year are charged to the Statement of Financial Activities in the year to which they relate.

Redundancy payments

Redundancy payments may occur where the Foundation has agreed to terminate the employment of an employee. The amounts are included in the financial statements when the payment has been formally agreed.

Operating leases

Costs in respect of operating leases are charged to the Statement of Financial Activities on a straight-line basis.

Irrecoverable VAT

Any irrecoverable VAT is charged to the Statement of Financial Activities or capitalised as part of the cost of the related asset, where appropriate.

Tax

The Foundation is a registered charity and as such is entitled to certain tax exemptions on income and profits from investments, surpluses on any trading activities carried on in furtherance of the Foundation's primary purpose, to the extent these profits and surpluses are applied for charitable purposes.

Accounting estimates and judgements

In the application of the Foundation's accounting policies, which are described in note 1, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure beyond the accounting policies listed above.

The Harbour Project / Asylum Seekers and Refugees / £142,797

2. Donations and Legacies

	Unrestricted	Restricted	Total 2022	Unrestricted	Restricted	Total 2021
Donations from Lloyds Banking Group	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Covenant income	14,722	-	14,722	18,427	-	18,427
Cost of living award	1,442	-	1,442	-	-	-
External audit services	34	-	34	34	-	34
Other donations						
Department of Culture Media & Sport	-	-	-	-	426	426
The Holman Foundation	2	-	2	-	-	-
Sport England	-	-	-	-	15	15
Power to Change Trust	-	-	-	-	10	10
LocalMotion	-	94	94	-	-	-
Donated services	8	-	8	50	-	50
Legacies	(10)	-	(10)	15	-	15
Total	**16,198**	**94**	**16,292**	**18,526**	**451**	**18,977**

Covenant income is the sum that the Foundation receives from Lloyds Banking Group. The cost of living award was an additional sum from Lloyds Banking Group to enable the Foundation to make additional grants to charities to help with cost of living pressures.

In 2021, the Department for Culture Media and Sport (DCMS) gave £426k for the Foundation's Recovery grant programmes.

The Foundation's auditors were remunerated with an allocation from the Lloyds Banking Group audit fee. As a result, the external audit fee has been recognised as donated services from the Lloyds Banking Group. The amount recognised is the fair value that the Foundation believes they would pay for external audit services if the Lloyds Banking Group did not pay on their behalf.

LocalMotion is a joint project with other charity partners and represents a contribution towards shared costs

3. Other income

	2022	2021
	£'000	**£'000**
Administration support to Lloyds Bank Foundation for the Channel Islands	9	9
Other income	2	-
Total	**11**	**9**

4. Analysis of Grant Expenditure

4a. Charitable activities

Year ended 31 December 2022	Grant Awards	Direct staff Costs	Other direct Costs	Support Costs	Total
	£'000	£'000	£'000	£'000	£'000
Long term funding	15,259	1,169	170	834	17,432
Developmental support	2,179	376	232	140	2,927
Influencing Policy and Practice	1,709	565	185	124	2,583
Total	**19,147**	**2,110**	**587**	**1,098**	**22,942**

Year ended 31 December 2021	Grant Awards	Direct staff Costs	Other direct Costs	Support Costs	Total
	£'000	£'000	£'000	£'000	£'000
Long term funding	13,440	1,121	99	979	15,639
Developmental support	1,799	420	283	167	2,669
Influencing Policy and Practice	641	521	199	91	1,452
Total	**15,880**	**2,062**	**581**	**1,237**	**19,760**

Support costs have been allocated using the value of each programme's grant and direct expenditure. See note 4d for further information about support costs.

Lessons for Funder Practice event, October 2022

4b. Grant awards

	2022		2021	
Long-term funding	**No.**	**£'000**	**No.**	**£'000**
Core grant programme	265	12,287	281	12,261
Cost of living grants		1,481		–
Matched Giving		1,491		1,229
Total	**265**	**15,259**	**281**	**13,490**
Developmental support				
Enhance and Development Partner Support		2,340		1,902
Development funding	5	388	17	247
	5	**2,728**	**17**	**2,149**
Influencing Policy and Practice				
National grant programme	32	1,709	15	641
Total grants awarded in the year	**302**	**19,580**	**313**	**16,280**
Less grants cancelled in the year		**(549)**		**(400)**
Grants payable (note 4c)		**19,147**		**15,880**

A full list of the grants approved in 2021 can be found on our website lloydsbankfoundation.org.uk/our-impact/who-we-support

The cost of living grants included £65,250 to charities supported under the National Programme and £2,250 for charities supported by Development activities.

Basis, Yorkshire / Sexual Abuse and Exploitation / £52,250

4c. Grants payable

The table below shows the reconciliation between amounts approved during the year and amounts paid during the year.

	2022	2021
Reconciliation of grants payable	**£'000**	**£'000**
Amount outstanding at 1 January	15,046	24,684
Grants approved/cancelled in year		
Grants approved	19,696	16,280
Grants cancelled or recovered	(549)	(400)
Grants payable for the year	**19,147**	**15,880**
Grants paid during the year	**(22,285)**	**(25,519)**
Amounts outstanding at 31 December	**11,908**	**15,045**
Amounts outstanding at 31 December split between:		
Due within one year (Note 12)	9,180	12,916
Due after more than one year (Note 13)	1,223	598
Provision for liabilities and charges (Note 14)	1,505	1,531
Amounts outstanding at 31 December	**11,908**	**15,045**

4d. Support costs

	2022	2021
	£'000	**£'000**
Finance	245	276
Human Resources	174	170
Facilities	275	410
IT	133	112
Executive	240	252
Trustees	29	17
Total	**1,098**	**1,237**

5. Governance costs

	2022	2021
	£'000	£'000
Legal fees	-	55
Auditor's remuneration	34	34
Trustee recruitment	20	16
Other costs	5	6
Total	**59**	**111**

Governance costs are included within relevant headings under Support costs (note 4d).

The external auditors are remunerated by Lloyds Banking Group and the value is included in Incoming Resources as a donated service and included in Governance costs.

The Trustees, who are also the Directors of the Foundation, received no remuneration during the year (2021: nil).

Expenses were paid directly or by reimbursement for nine Trustees principally relating to travel and subsistence totalling £4k (2021: £1k, two Trustees).

6. Staff costs

	2022	2021
	£'000	£'000
Wages and salaries	2,139	2,146
Social security costs	254	232
Pension costs	269	226
Other staff costs	30	29
Agency staff costs	117	17
Total	**2,809**	**2,650**

The average number of persons employed by the Foundation was 48 (2021: 48) of which full-time employees is 44 (2021: 45) and part time is 3 (2021: 3).

The number of employees receiving emoluments (salary, allowances and benefits in kind, excluding pension contribution) greater than £60,000 are as follows:

	2022	2021
	No.	No.
£60,001–£70,000	-	-
£70,001–£80,000	1	1
£80,001–£90,000	3	3
£130,001–£140,000	1*	-
£140,001–£150,000	-	1*
Total	**5**	**5**

Total remuneration received by key management personnel being the Senior Leadership Team was £532k (2021: £510k). The reduction in remuneration for the highest paid employee reflects a reduction in working hours.

*Excludes an amount of 13% of salary paid in lieu of pension for one employee.

Pension costs

	2022	2021
	£'000	£'000
Defined contribution scheme	268	226
Total	**268**	**226**

Lloyds Banking Group defined benefit schemes

The schemes that the Foundation contributed to, No. 1 (final contributions made in 2019) and No. 2 Scheme (final contribution made in 2018), are administered by Lloyds Banking Group. The Foundation is not responsible for any additional contributions agreed under the deficit recovery plan which are met on the Foundation's behalf by Lloyds Bank. More information on the funding of the Group's pensions schemes can be found in the latest Report and Financial Statements of Lloyds Banking Group.

Lloyds Banking Group defined Contribution schemes

Since 1 April 2019, the Foundation's defined contribution pension scheme arrangements are provided under a Group Personal Pension arrangement with Scottish Widows. The contributions made to the scheme were £269k (2021: £226k).

7. Other (net income/expenditure)

Net income/(expenditure) is stated after charging	2022 £'000	2021 £'000
Depreciation	35	46
Operating lease costs	78	218
Auditor's remuneration (Statutory audit)	34	34

Bright Futures, South Shields / Sexual Abuse and Exploitation / £106,963

8. Tangible assets

Cost	Furniture and office equipment £'000	Computer equipment[3] £'000	2022 Total	2021 total 2021 Total
At beginning of the year	102	252	354	354
Additions	60	4	64	-
Disposals	(61)	-	(61)	-
At end of the year	101	256	357	354
Accumulated Depreciation				
At beginning of the year	76	195	271	226
Charge for the year	16	19	35	46
Disposals	(61)	-	(61)	
At end of the year	**31**	**214**	**245**	**271**
Net book value at beginning of the year	26	57	83	128
Net book value at end of the year	**70**	**42**	**112**	**83**

[3]Includes the value of computer software

Amazing Grace Spaces, Newport / Homelessness and Addiction / £52,250

9. Investments

Fixed and current asset investments	2022 £'000	2021 £'000
Fixed asset investments	13,522	33,130
Current asset investments	14,000	10,000
Total	**27,522**	**43,130**

Movement in a year

As at 1 January 2022	43,130	47,610
Dividend income reinvested	18	329
Disposal of fixed asset investments	(17,512)	(6,000)
Net (loss)/gain on investments	(2,022)	1,291
Management fees less rebates	(92)	(100)
Movement on deposits	4,000	-
As at 31 December 2022	**27,522**	**43,130**

Breakdown of Sarasin investments (excluding short-term deposits)	2022		2021	
	£'000	% of portfolio	£'000	% of portfolio
Cash and other liquid assets				
Cash	-	-	2,995	9
Corporate bonds	-	-	1,114	3
Institutional Liquidity Funds	-	-	11,409	35
Sub-total	**-**	**-**	**15,518**	**47**
Multi asset fund	13,522	100	17,612	53
Total	**13,522**	**100**	**33,130**	**100**

Details of the nature of the investment assets, valuation methods and risk management are included in the Trustees report.

Investment income	2022 £'000	2021 £'000
Dividend income	143	329
Bank interest	137	42
Total	**280**	**371**

10. Debtors

	2022	2021
	£'000	£'000
Other debtors	30	17
Prepayments and accrued income	52	63
Total	**82**	**80**

11. Creditors: Amounts falling due within one year

	2022	2021
	£'000	£'000
Grants payable (Note 4c)	9,180	12,916
Trade creditors	149	67
Other creditors	75	61
Accruals and deferred income	63	249
Total	**9,463**	**13,293**

12. Creditors: Amounts falling due after more than one year

	2022	2021
	£'000	£'000
Grants payable (Note 4c)	1,223	598
Total	**1,223**	**598**

13. Provision for liabilities and charges

	2022	2021
	£'000	£'000
Balance brought forward	1,531	1,482
Additions	2,165	1,717
Cancellations in the year	(539)	(345)
Utilised during the year	(1,652)	(1,323)
Balance carried forward	**1,505**	**1,531**

The provision relates to the Foundation's Enhance and Development Partner programmes which provides charities with access to specialist support, the cost of which is met by the Foundation. It is expected to be utilised within the next 12 months.

14. Movement in funds

	Balance at 1 Jan 2022	Total incoming resources	Total resources expended	Change in market value of investments	Transfers	Balance at 31 Dec 2022
Unrestricted funds:	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
General fund	32,353	16,364	(22,694)	(2,022)	585	24,586
Designated funds						
Fixed asset funds	83	-	-	-	29	112
Development funding	91	-	-	-	(91)	-
IT systems	10	-	-	-	(10)	-
Grant funds carried forward	700	-	-	-	(513)	187
Total designated	**884**	**-**	**-**	**-**	**(585)**	**299**
Total unrestricted	**33,237**	**16,364**	**(22,694)**	**(2,022)**	**-**	**24,885**
Restricted funds						
LocalMotion	246	94	(340)	-	-	-
Total restricted	**246**	**94**	**(340)**	**-**	**-**	**-**
Total funds	**33,483**	**16,458**	**(23,034)**	**(2,022)**	**-**	**24,885**

Gateway Into The Community, Hexham / Learning Disability / £52,250

Movement in funds continued:	**Balance at 1 Jan 2022**	**Total income**	**Total expenditure**	**Change in market value of investments**	**Transfers**	**Balance at 31 Dec 2022**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Unrestricted funds:	31,924	18,906	(19,155)	1,291	(613)	32,353
Designated funds						
Fixed asset funds	129	-	-	-	(46)	83
Development funding	108	-	-	-	(17)	91
Enhance projects	11	-	-	-	(11)	-
IT systems	-	-	-	-	10	10
Grants carried forward	123	-	-	-	577	700
	371	**-**	**-**	**-**	**513**	**884**
Restricted funds:						
DCMS	-	426	426	-	-	-
Big Lottery Fund -Diagnostics Project	1	-	(1)	-	-	-
Sport England	-	15	(15)	-	-	-
Power to Change	-	10	(10)	-	-	-
LocalMotion	399	-	(253)	-	100	246
Total restricted	**400**	**451**	**(705)**	**-**	**100**	**246**
Total funds	**32,695**	**19,357**	**(19,860)**	**1,291**	**-**	**33,483**

Designated Funds

Fixed asset Funds

The fixed asset fund represents the value invested in operating fixed assets.

Development funding

Comprises funds set aside from development grant programmes.

Enhance projects

Comprises funds to support core grant holders through training and guidance materials.

Grant funds carried forward

Comprises funds set aside for grant extensions expected to be awarded in 2022 which charities have requested be awarded in 2023. In 2022 this related to funding from influencing programmes.

Restricted Funds

LocalMotion

The fund was established in 2018 by the Foundation with five partner organisations Esmée Fairbairn, Paul Hamlyn, City Bridge Trust, Tudor Trust and Lankelly Chase Foundation with the aim of developing strategies for regeneration in deprived areas. Each Foundation contributed towards the project which is administered by the Lloyds Bank Foundation who have employed a Project Director. The Lloyds Bank Foundation contributed a further £100,000 in 2021. The financial administration of LocalMotion was transferred to Esmée Fairbairn from January 2022 and the balance on restricted funds was transferred at that time.

Net assets as at 31 December 2022	General fund £'000	Designated funds £'000	Restricted funds £'000	Total £'000
Tangible fixed assets	-	112	-	112
Investments	13,522	-	-	13,522
Net current assets	13,792	187	-	13,979
Creditors due after more than one year	(1,223)	-	-	(1,223)
Provisions	(1,505)	-	-	(1,505)
Total	**24,586**	**299**	**-**	**24,885**

Net assets as at 31 December 2021	£'000	£'000	£'000	£'000
Tangible fixed assets	83	83	-	83
Investments	33,130	-	-	33,130
Net current assets	1,269	884	246	2,399
Creditors due after more than one year	(598)	-	-	(598)
Provisions	(1,531)	-	-	(1,531)
Total	**33,353**	**884**	**246**	**33,483**

15. Guarantee Company

The Foundation is a company limited by guarantee not having share capital. The liability of the members is limited by the Memorandum of Association to £1 each. The number of Trustees (including the Chair) who are also members at 31 December 2022 was 12 (2021: 11).

16. Related party transactions

16a Connected Foundations

The following Foundations are connected, having common and related objects:

Halifax Foundation for Northern Ireland

Clifton House Heritage Centre
2 North Queen Street
Belfast BT15 1ES

There were no transactions with Halifax Foundation for Northern Ireland in 2022 or 2021.

Bank of Scotland Foundation

The Mound
Edinburgh EH1 1YZ

There were no transactions with the Bank of Scotland Foundation in 2022 or 2021.

Lloyds Bank Foundation for the Channel Islands

Society Building
8 All Saints Street
London N1 9RL

The Foundation received £8,782 (2021: £8,526) from the Lloyds Bank Foundation for the Channel Islands in respect of time spent by the Chief Executive and his staff on Lloyds Bank Foundation for the Channel Islands business.

16b Connected company

The Foundation derives its revenue primarily from Lloyds Banking Group. In December 2013 the Foundation entered into an agreement with Lloyds Banking Group whereby the Foundation is to receive 0.3606% of the Lloyds Banking Group's adjusted pre-tax profits, averaged over three years, subject to a minimum amount of £14.4m and a maximum amount of £36m which increases by RPI each year.

The following transactions took place with Lloyds Banking Group during the year, and with which there were the following balances at the year end:

The Foundation received income of £16.2m (2021: £18.4m) as income, and £74k (2021: £8k) bank interest was received from Lloyds Banking Group plc.

At 31 December 2022 a balance of £18.3m is in two accounts with Lloyds Banking Group plc (2021: £5.5m).

16c Transactions

During the year a number of grants and payments were made where a Trustee or senior member of staff of the Foundation is affiliated to a connected organisation.

Trustee Joanna Harris is employed by Lloyds Banking Group, and has supported **Women Acting in Today's Society (WAITS)** as a mentor to the Chief Executive. In 2022 the Foundation awarded grants of £52,250 to WAITS over two years, of which £2,250 was paid in the year. The outstanding amount at 31 December 2022 was £50,000. In 2021 Enhance support worth £3,680 was provided to the charity. There was no Enhance support provided in 2022.

Trustee Kamran Mallick was Chair of **Wheels for Wellbeing**. During the year ended 31 December 2021 the Foundation made a donation in relation to the Matched Giving Scheme of £701. There were no Matched Giving donations in 2022.

Trustee Bushra Ahmed is a Trustee of **Shelia McKechnie Foundation** and **Home-Start UK**. The Foundation sponsored an award run by the Shelia McKechnie Foundation at a cost of £7,500 in 2022 (2021; £10,000). In 2022 the Foundation gave a donation of £500 to a local Home-Start group (2021: £451).

Former Chair Irene Fritchie DBE is a Patron of **Winston's Wish**. During the year ended 31 December 2022 the Foundation made a donation in relation to the Matched Giving Scheme of £283 (2021: £500).

Director of Policy, Communications and Research, Duncan Shrubsole is Chair of **The Switchback Initiative**. In 2021 Enhance support worth £760 was provided to the charity. There was no Enhance support provided in 2022.

Director of Communities, Jill Baker, is Non-Executive Director of **Newcastle upon Tyne Hospitals NHS Foundation Trust** and chairs the **Newcastle upon Tyne Hospitals NHS Charity.** During the year ended 31 December 2021 the Foundation made a donation to Newcastle upon Tyne Hospitals NHS Charity in relation to the Matched Giving Scheme of £2,100. There were no Matched Giving donations made in 2022.

Chief Operating Officer, Liz Winder, is a Trustee of **Settle Support**. In accordance with normal practice a three year grant of £100,000 awarded in 2019 was extended for a further year with the award of a further £33,333 grant. A total of £33,333 was paid in 2022 in final payment of the grant (2021: £20,000 paid). A cost of living crisis grant of £2,250 was awarded and paid in 2022.

Head of Communications, Aferdita Pacrami, is a Trustee of **Lewisham Refugee and Migrant Network**. In 2020 the Foundation awarded a grant of £72,500 of which £25,000 was paid in 2022. The outstanding balance at 31 December was £Nil (2021: £25,000). In 2022, a cost of living crisis grant of £2,250 was awarded and paid. Additionally, in 2022 Enhance support worth £13,406 was provided to the charity (2021: £3,360).

Head of Finance, Andrew Whitehead, is a volunteer at Enfield Churches Debt Centre. In the year ending December 2022, the Foundation made a donation to the charity in relation to the Matched Giving Scheme of £980 (2021: £0).

Manager for North East, Neil Shashoua was a Trustee of **North East law Centre (NELC).** In the year ended 31 December 2019 a grant of £100,000 was awarded to NELC. In accordance with normal practice of the Invest Programme the three year grant was extended for a further year with the award of an additional £33,333. A total of £33,333 was paid in 2022 in final payment of the grant. In 2021 a total of £33,334 was paid in final payment of the investment grant. A cost of living crisis grant of £2,250 was awarded and paid in 2022. Neil's spouse works for Newcastle Carers. In 2021 Enhance support worth £2,100 was provided to the charity. There was no enhance support provided in 2022.

Manager for West Midlands, Peter Cunnision, is a Committee Member (non-paid) of **BBC Children in Need**. During the year ended 31 December 2021 the Foundation made a donation in relation to the Matched

Giving Scheme of £208. There was no Matched Giving donation made in 2022.

Manager for Wales, Rachel Marshall, is a Trustee of **St Andrews Major CIW Primary School PTA.** During the year ended 31 December 2022 the Foundation made a donation in relation to the Matched Giving Scheme of £500 (2021: £500).

Lili Lance, Accountant, is a spouse to an Interim Chief Operating Officer of the **Mental Health Foundation**, which in the year ending 31 December 2022, received a donation through the Matched Giving Scheme of £780 (2021: £180).

Rachel Cain, Public Affairs and Programme Officer, is sister to a Trustee of **Zacchaeus 2000 Trust (Z2K)**. In 2020, the foundation awarded a two year grant of £49,834 which was paid in full in 2021. In 2022, this grant was extended for a further year and awarded and paid an additional £25,000. In the year ending 31 December 2022, the foundation supported the charity with a cost of living crisis grant of £2,250 which was awarded and paid in the year.

17. Lease commitments

The Foundation had a total commitment under non-cancellable operating leases at 31 December 2022:

	Buildings		Other	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Within one year	94	17	7	7
Within two to five years	283	-	4	11
Total	**377**	**17**	**11**	**18**

On 4 January 2022 the Foundation signed a new lease for office accommodation for office space within the NCVO Society Building in London. The annual lease commitment is £94,435 per annum under a five-year lease.

18. Capital Commitments

The Foundation had the following capital commitment at 31 December:

	2022	2021
	£'000	£'000
Contracted	-	50
Total	**-**	**50**

The Capital Commitments at 31 December 2021 represent the amounts contracted for the fitting out of the new office within the NCVO Society Building in London.

Handcrafted Projects, Durham and Gateshead / Homelessness / £52,250 grant over two years

Reference and administrative details

Registered charity number:	327114
Company Limited by Guarantee Registered Number:	1971242
Country of registration:	England & Wales
Country of incorporation:	United Kingdom

Registered office and operational address

Society Building
8 All Saints Street
London N1 9RL

Bankers

Lloyds Bank plc
25 Gresham Street
London EC2V 7AE

Solicitors

Stone King LLP
Boundary House
91 Charterhouse Street
London EC1M 6HR

Independent Auditors

Deloitte LLP
3 Victoria Square
Victoria Street
St Albans AL1 3TF

Investment Managers

Sarasin & Partners LLP
100 St. Paul's Churchyard
London EC4M 8BU

Trustees and Senior Management

Trustees

Chair: Dame Ann Limb DBE DL, and Chair, Nominations Committee (both from 1 July 2022)

Baroness Irene Fritchie DBE, and Chair, Nominations Committee (both until 30 June 2022)

Vice Chair: Dame Gillian Morgan DBE (until 31 December 2022), and Chair, Audit, Investment & Risk Committee (until 30 September 2022)

Ruth Sutherland CBE and Vice Chair from 2 January 2023

Bushra Ahmed (from 1 July 2022)

Cherrie Bija (from 2 January 2023)

Catharine Cheetham

Joanna Harris

Darren Knight

Sarah Legg, and from 5 October 2022, Chair, Audit Investment & Risk Committee

Kamran Mallick

Gareth Oakley, and from 2 January 2023, Chair of Remuneration Committee

Rebecca Shaw

Claud Williams (from 2 January 2023)

Dr Neil Wooding CBE, and Chair, Remuneration Committee (both until 31 December 2022)

Senior Leadership Team

Chief Executive: Paul Streets OBE

Chief Operating Officer: Elizabeth Winder

Director of Grants: Harriet Stranks (until 20 January 2023)

Director of Policy, Communications and Research: Duncan Shrubsole

Director of Communities: Jill Baker

Phoebe, Ipswich
/ Domestic Abuse
/ £52,250 over
two years

> Lloyds Bank Foundation is a fantastic network where you can meet and learn from other organisations. The funding allowed us to quickly adapt and respond when we received a huge number of referrals to our services and it also allows us to meet our objectives and keep working towards our vision, rather than bend and have to shape ourselves to the funder.

Handcrafted Projects, Durham and Gateshead / Homelessness / £52,250 grant over two years

lloydsbankfoundation.org.uk
enquiries@lloydsbankfoundation.org.uk

Society Building
8 All Saints Street
London N1 9RL

LLOYDS BANK FOUNDATION
England & Wales

Registered Charity No. 327114

Company Limited by Guarantee Registered in England and Wales Company No. 1971242

LLOYDS BANK FOUNDATION FOR ENGLAND & WALES

England & Wales - Charity number 327114

Accounts

Shared Strength

Trustees' Report and Financial Statements 2021

LLOYDS BANK FOUNDATION
England & Wales

LLOYDS BANK FOUNDATION
England & Wales

Lloyds Bank Foundation for England and Wales partners with small and local charities who help people overcome complex social issues. Through funding for core costs, developmental support and influencing policy and practice, the Foundation helps charities make life-changing impact.

The Foundation is an independent charity funded by the profits of Lloyds Banking Group.

Our mission

To partner with small and local charities to help people overcome complex social issues and rebuild their lives

Our approach

/1 We fund /2 We develop /3 We influence

This report

The Trustees present their annual report (incorporating the Strategic Report) and the audited financial statements for the year ended 31 December 2021.

About 85% of our costs are core costs – that's our rent, salaries, IT, stationery.

What I believe our visitors need, is the surety that we're open every day. That's the vital role the Lloyds funding allows us to have. And the multi-year grant makes a big difference because it means I'm not constantly on that treadmill of looking for money.

The Harbour Project / £140,547 / Asylum Seekers and Refugees

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The Harbour Project

From our Chair & Chief Executive

This last year, with all the challenges it has thrown up, has been a true testament to the strength of small and local charities and the real difference they can make to people's lives. As we see every day and captured in our new research Value of Small in a Big Crisis small charities showed up, helping people facing complex social issues in ways that mattered the most and at a time when they were needed the most. They stuck around when others didn't, finding many ways to maintain human connection and truly care for people. They have the passion, specialist knowledge and local connection that enabled them to reach and engage people facing a range of challenges, making their role in our society essential.

Embedding and building on the momentum of 2020, small charities remained at the forefront of providing support for their communities from delivering food and essential goods, to operating welfare checks and improving access to digital tools. As small and local charities reacted to the waves of the pandemic, other challenges arose. Disintegrating support systems, changing government policy, the rising cost of living, a refugee crisis. With each new challenge, charities stepped up as a collective force for good, forming and embedding existing partnerships to speak out with and fight for the people that have been most deeply affected by the growing inequalities in our society. Emblematic of this has been the real partnership working of funders, charities, membership and infrastructure bodies and government both national and local. As we sought to better understand how we could think and work together in new and more productive ways to improve the lives of people disadvantaged by society. And it is important that this new way of working together continues and increases as we move forward.

Thanks to the ongoing support of Lloyds Banking Group, we continued to be a trusted partner to small and local charities. Our unrestricted funding and the range of development support has been crucial. Small charities told us how our flexibility has been key to their improved service provision, enabling them to meet the changing needs of individuals as they emerged. Since we made a commitment in 2020 to increase our support for communities facing historic and structural inequalities, we have awarded 30% of our funding to frontline charities led by and for Black, Asian and minority ethnic communities.

Through a range of monitoring and evaluation approaches and listening directly to our partners, we've heard how our support – despite the continued pressures of the pandemic – has offered charities the opportunity to assess their organisational resilience and strengthen their capabilities and practices. Crucial to this has been ensuring we're listening more. In the past year we've gone further into communities, for example, engaging faith based charities to understand preconceptions they face in the funding sector. We've helped establish Stephna's Legacy Foundation, a West Midlands forum which brings together a number of Black, Asian and minority ethnic charity leaders to increase regional representation and create fresh perspectives.

A key part of our support to help small charities develop and build their own capabilities has been the energetic response from our colleagues at Lloyds Banking Group. We've seen an increase in colleagues offering their skills and expertise to our charity partners.

We also piloted a new scheme connecting charities with local bank branches to explore how they might help and inform each other, particularly in helping people without standard forms of ID access banking.

Nationally we played a leading role to improve government funding and commissioning for charities. We coordinated a response with infrastructure bodies, presented evidence to the House of Lords Public Services Committee, met with the Minister and officials. We continued to work alongside charities we fund to build confidence, capabilities and achieve lasting change locally and nationally on welfare reforms, domestic abuse and criminal justice.

And locally we have deepened our work to shape systems and improve practices in six communities.

None of the impact you'll see in this report could have been achieved without the combined strengths and efforts shared by a considerable number of people – our charity partners, regional voluntary sector organisations and businesses, our colleagues at Lloyds Banking Group, and of course our staff and trustees at the Foundation who have continued to work tirelessly throughout the year.

Having the security of the support of the Lloyds Foundation over the next two years means we can put all of our effort into delivering support, knowing we can help those in our community who need it most. Our work has taken shape over the past decade and demand increases every year, but with your backing we can grow this legacy and bring in a specialist outreach worker to really scale up delivery and strengthen our existing foundations.

We can continue advocating for our participants and working in partnership with local statutory and voluntary agencies, supporting the work taking place across Teesside in tackling the root causes of poverty and effecting long term change."

Moses Project / £50,000 / Addiction and Dependency

Paul Streets OBE
Chief Executive

Baroness Irene Fritchie DBE
Chair of the Board of Trustees

2021 at a glance

We funded

£16.3m
awarded in funding in total
We supported 899 charities through our grants programmes
2020: £24.6m*, 919 charities

281
charities supported through new grants
We totalled £12.3m in new grant giving
2020: 781 charities, £18.9m

£1.2m
given in matched giving
Distributed to 908 charities
2020: £1.3m, 1,111 charities

The Shrewsbury Ark / £51,700 / Homeless and Vulnerably Housed

*This includes additional funding the Foundation secured from the Department of Digital, Culture, Media and Sport (DCMS) of £4.6m and £500k from the Health Foundation.

We developed

£1.9m
invested in development support
753 charities received support through our Enhance programme, totalling £1.7m
2020: £2.9m, 632 charities

562
Skills Based Volunteering
Lloyds Banking Group colleagues engaged in skills based volunteering for our charity partners

150+
individuals and organisations
actively engaged across the six communities

MK Snap / £33,000 / Learning Disabilities

We influenced

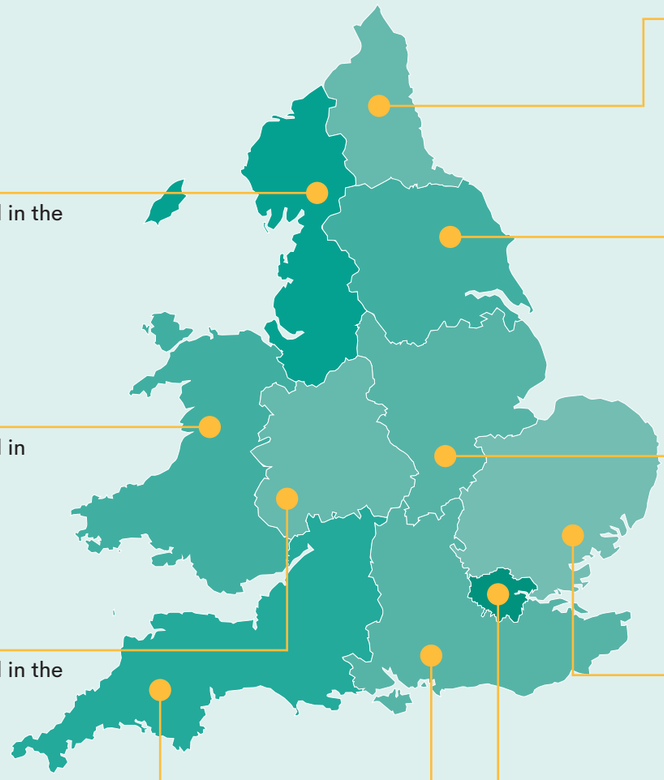
£641k
in National Programme spend
Benefitting 15 organisations and partnerships
2020: £1.4m, 48 organisations

41
continued support
of 41 projects to influence criminal justice and welfare systems and to improve local infrastructure

8
calls for evidence and consultations
responded to, drawing attention to the issues faced by small and local charities

The Door / £32,300 / Care Leavers

In 2021 we supported 899 small and local charities (863 in 2020) through our grant programmes, some of which received multiple grants.



70
charities supported in the **North East**
2020: 61

119
charities supported in the **North West**
2020: 120

81
charities supported in **Yorkshire and the Humber**
2020: 79

83
charities supported in **Wales**
2020: 79

61
charities supported in the **East Midlands**
2020: 73

61
charities supported in the **West Midlands**
2020: 67

62
charities supported in the **East of England**
2020: 56

88
charities supported in the **South West**
2020: 95

87
charities supported in the **South East**
2020: 85

187
charities supported in **London**
2020: 148

Having that security [of a multi-year grant] means that we can offer that person [a] permanent contract, because we can see in the budget, that there is enough room for that to be the case … we're not giving a permanent contract, only to make them redundant. And that enables a much, much healthier workplace for someone and therefore much better work for the clients and much better outcomes."

Small charity quote from an evaluation of our 2021 funding.

ACTIVITIES
Lives transformed in 2021

"Everything has completely changed for me. I don't think the way I used to, my body doesn't feel the way it used to. I've gone from having absolutely no hope at all to having a lot of plans and a lot of faith. It's brought me back in touch with my family who wouldn't see me. It's changed my life completely!"

A client at The Living Room | £50,000 | Addiction and Dependen

2021 continued to be a challenging year for many people. From the ongoing impact of Covid, strict lockdowns and frequent changing of restrictions and the rollout of the vaccine programme; people found themselves in a state of flux and uncertainty. This was compounded by the £20 a week cut to Universal Credit ahead of a looming cost of living crisis.

Yet, small and local charities we support continued to work tirelessly for their communities. They helped people through another year of a pandemic, keeping people safe, fed and informed as well as supporting nearly 90,000 people across England and Wales to overcome complex social issues.

In total, the charities we funded - whether with new or existing grants – supported people to:

17,476
Regain choice and control
2020: 11,844

486
Enter education
2020: 229

1,741
Gain qualifications
2020: 1,609

15,831
Manage a mental health condition
2020: 19,877

994
Move to independent living
2020: 782

11,872
Find stable and suitable housing
2020: 15,488

22,098
Be safe from violence and abuse
2020: 22,075

1,521
Become employed
2020: 2,052

3,088
Not reoffend
2020: 3,371

2,456
Safely manage dependencies
2020: 2,173

6,818
Maintain healthy relationships
2020: 6,678

5,305
Find stable income and financial independence
2020: 4,798

We funded

Small and local charities in England and Wales faced greater uncertainty over funding in 2021, yet the severity and number of challenges they faced as a result of the pandemic only intensified. Therefore our combination of unrestricted funding and capacity building support was even more important.

Our unrestricted funding, its availability throughout the year and the reduced time it took charities to apply for and receive it meant that charities could use the money where it mattered most.

Unrestricted funding, generally, is just like gold. For charities, it's a fuel that keeps you running, it's a flexibility, it's that difference between being able to be creative and fix a problem pretty immediately to just not being able to deliver. So yeah, it's just absolutely invaluable to be able to have that."

Small charity quote from an evaluation of our 2021 funding.

2021 Objective
Greater control: Trust charities to spend the funding we give them as they judge best to achieve the greatest impact

We have seen a marked increase in numbers of complex referrals during the last year. We suspect women are staying longer due to the pandemic and as a result have poorer mental health, higher incidents of violence and abuse and increased financial and emotional issues."

Domestic abuse charity in the West Midlands

We fund charities helping people to overcome the following complex social issues

Addiction and Dependency

Asylum Seekers and Refugees

Care Leavers

Domestic Abuse

Homeless and Vulnerably Housed

Learning Disabilities

Mental Health

Offending, Prison and Community Service

Sexual Abuse and Exploitation

Trafficking and Modern Slavery

Young Parents

Additional funding stream
Racial Equity

Our commitment to racial equity

Deeply rooted and significant race and ethnic inequalities that already exist within our society have only intensified during the pandemic. And for too long, the charities that are best equipped to support people experiencing racial inequity – those which are led by their communities – have been under funded.

When evaluating our own funding, we saw that our processes were not working for these charities, so in 2020 we committed to distribute 25% of our unrestricted grants to charities led by and for communities experiencing racial inequity. We continued this commitment in 2021.

Through this commitment we reached many more charities which we'd never funded before. We're proud to say that because of the changes we've made to our funding criteria and the way we promote our programmes, 30% of our unrestricted two-year grants portfolio is made up of charities that are led by and for Black, Asian and minority ethnic communities. And applications from these charities have the same rate of success as that of white led charities.

"It was really refreshing, especially in a period of Covid-19, where everything was about the here and now to come across Lloyds, and to understand the bit of their offering and what they wanted to achieve with the money they had available. For us as an organisation wanting to grow, and with big ideas about how to grow and looking for ways in which we could achieve that was finding a pot of money in effect, and also the additional support that came with it from Lloyds that could enable us to do that, and help us to do that."

Small charity quote from an evaluation of our 2021 funding.

2021 Objective
Racial Equity:
Award at least 25% of our unrestricted grants in 2021 to charities that are led by and support Black, Asian and minority ethnic communities

23% of our new grants in 2021 were distributed to charities led by and for Black, Asian and minority ethnic communities. Since 2020 we have awarded 30% of our funding to frontline charities led by and for Black, Asian and minority ethnic communities.

Matching the commitment of Lloyds Banking Group

Each year we match the fundraising and volunteering efforts of colleagues from Lloyds Banking Group. During another turbulent year of lockdowns, restrictions and rising Covid numbers, colleagues kept up the momentum and dedication by finding new and innovative ways to safely volunteer and fundraise for charities across England and Wales. In spite of the limitations throughout the year, Lloyds Banking Group colleagues helped to raise £1.2million for over 900 charities.

2021 Objective
More giving:
Match the fundraising and volunteering efforts of LBG staff, distributing these funds to charities across England and Wales

Incoming Lloyds Banking Group CEO, Charlie Nunn, visiting Bristol Refugee Rights supported by the Foundation with an unrestricted grant of £77,000 and a grant of £51,192 to influence the welfare system.

Meet
The Vine Centre

Grant size: £50,000

80%

of the centre's clients self-identify as having a mental health issue with the majority having a diagnosis. In 2020, we awarded the centre a

£33,000

grant to contribute towards their core costs, freeing up time and capacity so the team could concentrate on the immediate needs of their clients. In 2021, the charity received a further

£50,000

in unrestricted funding over two years.

For any small charity to get core funding – that's the best kind of funding!

Lesley Herniman, CEO The Vine Centre

The Vine Centre in Aldershot offers wrap-around support all in one building to people who are homeless, poorly housed, socially isolated and long-term unemployed.

The centre has come a long way since its beginnings as a soup kitchen in 1987. Building on its role as an open community, the charity has grown into a centre that proudly refuses to be categorised. It is known – even more widely following their lauded response to the pandemic – for providing a broad range of services to the most disadvantaged members of the community.

Tracey Ashton, the Vine Centre's operations manager, explains that often a person will visit the charity needing support in one area - such as help finding a job - before entrusting the charity with more closely-guarded information, such as support with mental ill health or addiction. This process of building relationships and confidence is key to how the centre has become such a trusted resource for the surrounding communities.

During the pandemic they acted quickly to ensure their clients were looked after. Volunteers offered doorstep support whilst delivering vital supplies. They established Vine Line, a phone line that ensured they could reach the community from a distance. They digitised their sessions offering art classes and one-to-one support via Zoom.

It didn't take long before news of their rapid response swept the area. "We always did all this great work but for some unknown reason, we weren't hitting the spot. As soon as we did this, everyone suddenly realised we were here and understood what we did. It really raised us in the local community. The local authority were asking me what to do. It was a complete change. We never stopped any of our services at any point," Lesley says proudly.

Covid has allowed us to do much more person-centred support, much more intense support, in all areas. We're getting more people back into work, more people back into training, and more people getting support for their mental health."

Lesley Herniman, CEO The Vine Centre

We developed

The past year saw charities continue to go above and beyond and rapidly adapt to the changing and growing needs of their communities, their staff and volunteers. Yet, small and local charities continued to face a range of pressures from income generation to the digital confidence of the people they support to the wellbeing or their staff and volunteers. We provided charities with a range of support to help them become stronger and more resilient.

Last year we invested in a greater range of offers of support to help small and local charities in the way that suited them best.

Having Enhance support from Lloyds Bank Foundation was my first experience of 'funder plus' support. What's so impressive about Enhance is you feel like you're receiving high calibre, quality expertise at a 1:1 local level. You're provided with options and then given ownership over the relationship with the consultant

Landau Limited / £163,913 / Learning Disabilities

2021 Objective
New ways to grow: Provide a wide range of developmental support, including training, consultancy and mentoring alongside our funding to strengthen charities

Investing in the future of small and local charities

73
Skilled staff and volunteers
2020: 31

105
Sustainable finance and fundraising
2020: 89

134
Robust systems and processes
2020: 148

75
Effective services
2020: 49

89
Effective communications and marketing
2020: 64

Across the year, 149 small and local charities were supported by a Development Partner – an experienced consultant to work alongside them. Charities could call on this trusted partner to help them work through specific issues, big or small, from achieving greater financial stability to improving the confidence and capabilities of their staff and leadership. All this was complemented by access to our established Enhance development programme.

The learning and support we receive makes a sustainable and tangible difference to how we operate. As one member of the team said: 'Stuff that money can't buy, and if we could buy it, we couldn't afford it'.

Brilliant, thank you! Lloyds Bank Foundation input has helped to secure and shape our future."

Centre for Fun and Families / £137,391 / Young Parents

So far, we've heard from evaluations of our grants programme how Development Partners are sharing their expertise designing and delivering communications strategies, improving evaluation and impact reporting practices, attracting funding, and expanding HR practice. More than this, Development Partners are helping charities as a critical friend and as a point of contact for networking and peer support.

99
Clear strategy and planning
2020: 95

66
Stronger governance
2020: 75

57
Excellent leadership
2020: 35

55
Systematic monitoring and evaluation
2020: 46

Charities supporting one another

We continued to provide a space for charity leaders to work with a group of their peers. For some, participating in these peer networks had been transformative in their role.

...being in a room with other chief executives who are experiencing similar things and and going, Oh, wow, it really is similar. And I'm not alone."

Small charity quote from an evaluation of our 2021 funding.

I think this is a fantastic grant programme. And please don't go away. Because it's invaluable. And I think the network, that peer support that you offer, that you're trying to encourage, is such a fundamental part of it."

Small charity quote from an evaluation of our 2021 funding.

Refugee Women Connect / £107,500 / Domestic Abuse

Stephna's Legacy Foundation

One such network created during the pandemic was Stephna's Legacy Foundation. We reached out to leaders from charities led by and for Black, Asian and minority ethnic communities to understand the challenges they faced. The group originally consisted of six leaders from the West Midlands and one from London to discuss shared experiences and challenges. This soon evolved into a peer network which the Foundation supported to meet regularly to identify mission, purpose and values and support one another with the help of external facilitators.

The network doubled in size and began to actively engage with funders to better support charities led by minority ethnic communities. They are now working with the West Midlands Funders Network to determine how they can work together strategically within the region.

The network is named after Stephna Davis-Watts, a colleague and friend who supported members of the group and worked tirelessly to ensure that charities working for Black and minoritised communities were championed and understood by funders. Stephna sadly passed away in 2021 and with the permission of her family the group named the network after her in recognition of the key role she played in supporting each of the leaders in the network and charities working with Black and minoritized communities.

Building Resilience Together

Working together with small charity leaders and civil society experts, we commissioned research to identify how to build organisaitonal resilience.

This resulted in a co-designed programme that guides participants in assessing their organisation to identify how to build on assets and address weaknesses. A pilot group in Bolsover showed promising results, with two-thirds of post-workshop respondents reporting fully achieving what they hoped for from the programme.

To complement the further roll-out of these workshops, we co-authored an Organisational Resilience Guide which supports organisations to build their resilience as an organisation, with peers or as part of a larger group of organisations working towards a common goal.

Lloyds Banking Group colleague

Leveraging the skills and expertise of Lloyds Banking Group

Lloyds Banking Group employees have a range of skills and experiences and are eager to support local charities and connect with their communities. The specialist knowledge and expertise of these colleagues can be invaluable to small and local charities. Despite the challenges of the pandemic and frequent lockdowns we worked closely with colleagues from the Group and small charities to developed new ways for them to connect online.

Together we designed new offers and built on existing ones and now boast a range of programmes that charities and colleagues can chose from that best meet their needs. Whether it's immediate advice, a long term trusting relationship, or a problem solving workshop with a group, these tailored programmes have helped charities devise strategies, craft compelling communications, increase income generation, recruit and induct new staff and more.

I was apprehensive about volunteering as I wasn't sure how much value I could add, given I am not an expert in disabilities. However, I was pleasantly surprised with how much I could utilise what I have learned at Lloyds Banking Group to help offer valuable guidance and support to such a worthwhile cause. It was really rewarding and I would recommend it to everyone."

Zodie James, Product Owner – Tools & Federation

The work the Lloyds Bank Foundation team is doing to support small charities is really important. We need to have a thriving eco-system where third sector organisations can work in partnership with the public sector and private local businesses to improve things for people and communities across the country. Work to make these organisations more resilient is fundamental and initiatives like the Organizational Resilience Toolkit will help with this, as does the support for developing thought leadership on the future of public procurement, which can help shape the environment in which they operate."

Jonathan Bland, Managing Director, Social Business International and Coordinator of the E3M initiative

Strengthening communities by working deeper locally

We believe that the people living within communities are the ones that can make change happen. This belief is central to our People and Communities work and that is why we provide critical friend support to local people as they work together to improve their community. We continued our work with voluntary sector organisations, businesses and councils and others that provide and fund services locally to identify focal issues for each of the six locations we're working in.

2021 Objective
Reimagined communities: Work deeper locally in six communities in England and Wales to strengthen the whole system and improve services for the people that use them over the long-term

> **"Having Lloyds Bank Foundation actively bringing people together, facilitating conversations, helping joint reflection, sense making and learning to take place can be a game changer. This is not about someone parachuting in to dictate how services should look or funding the delivery of projects. It is about identifying the existing strengths in a place and helping all those living and working together to imagine how things might be better. It is about creating the conditions of trust, safety, capacity and removing barriers such as fear so new relationships can emerge."**
>
> Laura Seebohm, Changing Lives

1. **Redcar and Cleveland**
2. **Halton**
3. **Bolsover**
4. **Telford and Wrekin**
5. **Great Yarmouth**
6. **Merthyr Tydfil**

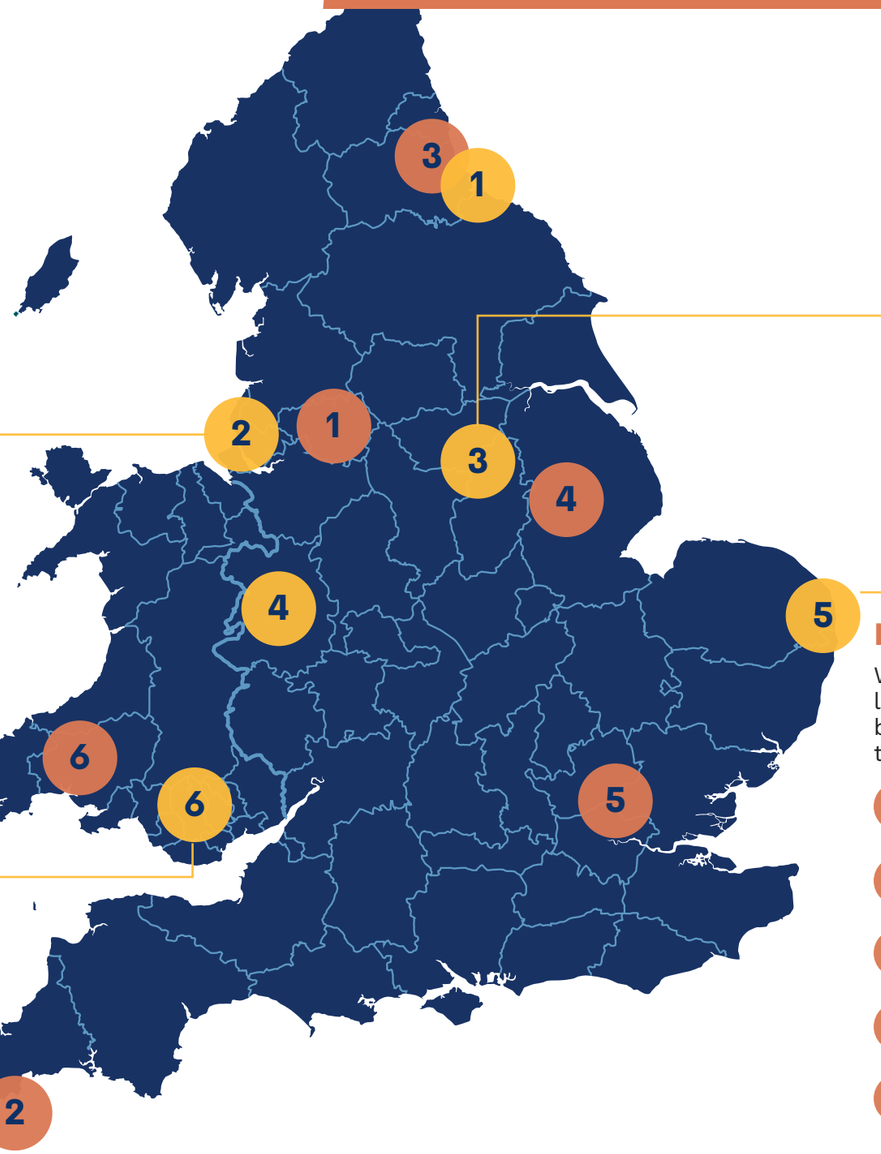
Halton

The *Feeding Halton* group of local food banks, other voluntary, community and social enterprise (VCSE) organisations and statutory partners was established to work collectively and address food insecurity locally.

The Living Room | £50,000 | Addiction and Dependency

Merthyr Tydfil

The local authority and third sector organisations are working together to focus on young people's mental health.



Bolsover

Great Yarmouth

A Homeless Alliance was formed by the county council and local voluntary organisations to engage with people with experience of homelessness to design services around their needs.

LocalMotion

We've continued our investment in a place-led initiative with five other national funders bringing people, organisations and institutions together for long term collaboration

1. **Oldham**
2. **Torbay**
3. **Middlesbrough**
4. **Lincoln**
5. **Enfield**
6. **Carmarthen**

Meet
The Harbour Project

Grant size: £140,547

750

people are registered with the Harbour Project, receiving asylum and protection advice from the charity.

Since 2019 the Foundation awarded a total of

£140,547

to the Harbour Project in unrestricted funding. This included emergency funding in 2020 to help the charity adapt to the pandemic.

We started with providing a donation of basic staples – food and toiletries – and it's blossomed into a conversation on the practicalities of visitors holding money in a bank account,"

Nick Simons, Bank Manager at Halifax Swindon

The Harbour Project began in Swindon in 2000 when Kosovar Albanian refugees fled the fighting in former Yugoslavia and arrived in the town. Since 2006, when the Home Office designated Swindon a 'dispersal town' for incoming refugees, the charity has grown rapidly, playing a key role in 2021 helping refugees from Afghanistan who were placed in hotels in the town with no support.

Today the Harbour offers community and advice to those who've risked their lives, families and homes fleeing war and persecution. The Harbour's ten-strong team are accredited by the Office of the Immigration Services Commissioner to give asylum and protection advice to the 750 people from 53 countries.

The charity is funded in part by a four-year, core costs grant of £140,547 by Lloyds Bank Foundation. This flexible funding means the charity can spend it in a variety of ways, and it is not fixed to any particular roles or costs. "It's taught us to explore how we can say yes rather than no," says Nick as he proudly reflects on their recent work with arriving Afghan refugees. "They're currently in hotels and we've supported one full hotel's worth of refugees in opening accounts, and a good proportion of the second hotel."

Claire Garrett, CEO of the Harbour Project comments on the importance of core funding: "About 85% of our costs are core costs – that's our rent, salaries, IT, stationery. The activities you see here today, they don't really cost very much to run. Packets of biscuits and boxes of tea - I can do that! What I believe our visitors need, and what the town of Swindon needs, is the surety that we're open every day. That's the vital role the Lloyds funding allows us to have. And the multi-year grant makes a big difference because it means I'm not constantly on that treadmill of looking for money."

As part of the Foundation's development support, the Harbour Project was matched with local Halifax colleagues Nick and Ethan in late 2020, to explore ways in which surrounding branches can support visitors.

"We started with providing a donation of basic staples – food and toiletries – and it's blossomed into a conversation on the practicalities of visitors holding money in a bank account," said Nick Simons, Bank Manager at Halifax Swindon. "It's a real challenge and ID is a big, big problem. So, we've worked on checks and procedures and what we can do to support them."

For a new refugee who will have rent to pay, maybe claiming Universal Credit, looking for work – they need a bank account! It's what we all need to be able to get on. Nick and Ethan [staff from the local Halifax branch] have been amazing. We've had people who have been unable to open a bank account. We've sent them to Nick who's said 'they are not leaving this branch today until they can walk out of here with a bank account'.

Claire Garrett, CEO of the Harbour Project

Harbour Project

We influenced

In 2021 we built on our progress and work, leveraged our partnerships and continued to make the case for the distinctive value of small and local charities to influencers, policy makers and those with power.

2021 Objective
Champion charities

We continued to support charities to influence for change locally and nationally around criminal justice, domestic and sexual abuse and welfare through our ongoing funding programmes as well as awarding one off grants aimed at giving charities the tools, confidence and resources to feed into decision making and improve the policies that affect people.

The value of small in a big crisis

In the spring of 2021, we published The Value of Small in a Big Crisis. Researchers from Sheffield Hallam, the Open University, IVAR and the University of Wolverhampton found that small and local charities' distinctiveness in who they support, how they carry out their work, and the role they play in their communities put them at the forefront of helping people and communties respond to Covid, lockdowns and all their impacts and challenges. The research showed how small and local charities 'showed up' and then 'stuck around' using their position of trust within communities experiencing complex social issues to support people when they were needed the most. This contrasts with parts of the public sector, which were slower to react early on, and informal support and mutual aid, which dissipated over time. Smaller charities addressed four main areas of need: access to food, isolation and loneliness, information, and mental health/wellbeing.

"Small charities can do what we struggle with – that personal touch, getting to know someone, offering them a consistent face... they speak to the same person and build a relationship. If you're that Resident and you've not spoken to someone all week, that continuity is really important. Small charities have scaled up, increased their capacity and in a short space of time."

Public Sector Stakeholder, Ealing, quoted from The Value of Small in a Big Crisis report

Harbour Project / £140,547 / Asylum Seekers and Refugees

Improving funding and commissioning arrangements for small and local charities

Whilst commissioning has been a challenge for small charities for many years, the need for new legal arrangements post-Brexit offers an opportunity to influence change.

Following the launch of the Procurement Green Paper at the end of 2020, we played a leading role in coordinating the sector's response to the new plans. We worked with infrastructure bodies to organise an engagement event for charities and met with the Minister and officials, presenting oral evidence to the House of Lords Public Services Committee.

As a result of this work, Government proposed keeping the "Light Touch Regime" in some form to acknowledge the difference between services for people and other goods and works alongside an indication that they will explore exempting a limited number of services from procurement. This is an issue that will impact on many charities we fund and will remain a priority for us in 2022.

Local authorities have for years faced a crisis of growing demand and diminishing funds which historically has been met with greater outsourcing and cost-saving measures. All of this has been exacerbated by the Covid-19 pandemic. Keep It Local, a campaign in collaboration with Locality, has built transformative local partnerships between councils and communities, to better harness the power and value of community organisations.

"Council staff were impressed and thankful that [we] managed to launch our expanded foodbank within only one week of lockdown being announced... the similar statutory service provision of emergency food parcels, reserved for people meeting a narrow criterion, took 6 weeks longer for them to organise."

Small charity in the South East, quoted from The Value of Small in a Big Crisis report

Case study: Bradford Metropolitan District Council

With funding from the Foundation, Locality have worked closely with the Council in Bradford to put Keep it Local principles into practice. Challenges around commissioning and procurement have too often shut out local charities but with support from Keep it Local, the Council has published a new procurement strategy, with a strong emphasis on local procurement and aspirations to enable local VCSEs to work effectively with the Council.

Thanks to the work of this initiative the Council adopted these new success measures:

- **Turn community spirit into community power**
  Harness the community support and burgeoning networks so successful during the pandemic and direct them to our national recovery
- **Create collaborative public services**
  Channel the value of community collaboration that provided such high-quality services for local people to tackle the long-term challenges we face as a society
- **Support a community-powered economic recovery**
  As we face an unprecedented economic crisis, impacting marginalised groups the most, we must fight for a fairer, greener economic model

Infrastructure support

Our Infrastructure programme supports the charitable infrastructure organisations that are the backbone of the local voluntary sector. We continued to work with the 15 charities funded under this programme to help them become more sustainable so they can in turn continue to advocate for and raise the voice of small and local charities.

In the last year we have brought together the group of infrastructure charities on learning events and provided support to adapt to the new environment, enhance their advocacy work and develop their financial stability.

2021 Objective

Supporting infrastructure:
Support local infrastructure charities to advocate for and raise the voice of small and local charities, particularly supporting Black, Asian and minority ethnic-led infrastructure charities

Triangular support small Refugee Community Organisations (RCOs) in the North East of England, providing a voice for refugees and asylum seekers with the receiving community, local authorities, and other local service providers.

The infrastructure programme has allowed us to access capacity building support ourselves, strengthening the support we provide to RCOs. During 2021, we delivered structured training to 11 RCOs, helping them work towards a quality mark. Three organisations have now registered as Community Interest Companies. We're working with one RCO to improve education in the community about LGBT+ rights. Our community champions have also developed close links with a local Citizens Advice, improving access to advice and information for refugees, especially important during the pandemic.

Working with the infrastructure programme's Development Partner, we've improved our data collection, which means we're now able to better demonstrate what we do. We also had support to develop a fundraising strategy, which resulted in successfully getting another grant from the Foundation, and will help ensure we can be sustainable in continuing our role ensuring the voices of refugee communities are heard."

Dr Sirak Hagos, Chair

Welfare

The cost of living crisis is deeply affecting people already experiencing complex social issues while benefit rates are already below what people need to live on. So last year, we were supporters of the #KeepTheLifeline campaign to persuade the Government to keep the £20 uplift to Universal Credit rate that they introduced at the start of the pandemic. Alongside this, we have been working with think tank, Bright Blue, to advocate for reform to Universal Credit.

We funded Working Chance to set up *Changemakers*, a group of women with lived experience of the criminal justice system. The group use their lived experience to influence Government to improve Universal Credit for women like them. They launched #BetterBenefits report and campaign and spoke at the All Party Parliamentary Group on Universal Credit. Their powerful testimonies resonated strongly with MPs and peers who have since followed up with the charity to see how they can work with Working Chance to push for change.

Helping people who fall into some form of financial crisis has also been a concern of ours and so we are a key funder of the Coordinated Community Support programme which has been working in four areas to try to demonstrate a better model of bringing together councils and the voluntary sector to support people who need help.

2021 Objective

Social security:
Help charities to influence change so that people facing complex social issues can access the welfare support they need

Domestic Abuse

A vital part of our influencing efforts is to equip charities with the means to feed directly into government decision making. We made an investment of £249,891 this year in extending and expanding the policy capacity of Rape Crisis for England & Wales. Our previous funding of their policy lead has given them the capacity to be part of a number of high-level groups to feed directly into government decision making around the funding of sexual abuse services and improving how the criminal justice system responds to rape and sexual abuse and survivors of it.

As a result of their work, the Government's Rape Review reflected key recommendations that Rape Crisis had pushed for, such as national roll-out of section 28, allowing survivors to give pre-recorded evidence outside of the courtroom as well as the creation of a named Minister responsible for Rape and Serious Sexual Offences. Our new funding will now help them push for more change over the next three years.

Similarly, our renewed funding of Latin American's Women's Rights Service of £113,605 has enabled them to continue to make the case for better protections of migrant victims of domestic abuse, securing the active support of the Domestic Abuse Commissioner, including through the Parliamentary passage of the Nationality and Borders Bill.

2021 Objective

Domestic and Sexual Violence:
Support charities to ensure legislation and policies enable specialist services to support victims and survivors

Breaking down barriers to banking

For many of us, access to a bank account is something we take for granted. However, our charity partners report that their communities often face a number of significant barriers to managing or opening a bank account, restricting people from paying bills, receiving payments or even purchasing food.

Of these barriers the most common was a lack of documentation, such as a passport or driver's licence. For Refugee and Asylum Seeker communities in particular, this can be a difficult bridge to cross and is often compounded by another significant barrier – language. We brought together charities working with people who are most impacted by this with colleagues from the group to identify ways in which Lloyds Banking Group can help customers access banking.

In Swindon, through a pilot scheme connecting charity partners with local Lloyds Banking Group branches, The Harbour Project were brought together with colleagues at Halifax Swindon.

Since the start of the pandemic, our four independent charitable Foundations and hundreds of Lloyds Banking Group colleagues have been working together to provide additional support to charities that help the most vulnerable people in our communities. I have been incredibly humbled by the enthusiasm and dedication I've seen from our people, especially during challenging circumstances.

They've taken our unique and powerful partnership even further and shared their skills to help thousands of charities continue to offer life-changing support. I'm very proud of our commitment to the Foundations and our partnership will continue to be fundamental to our purpose to Help Britain Recover, helping us to tackle social disadvantage and build a more inclusive society."

Robin Budenberg, Chairman, Lloyds Banking Group

The Vine Centre

Future Plans & Objectives

We'll fund

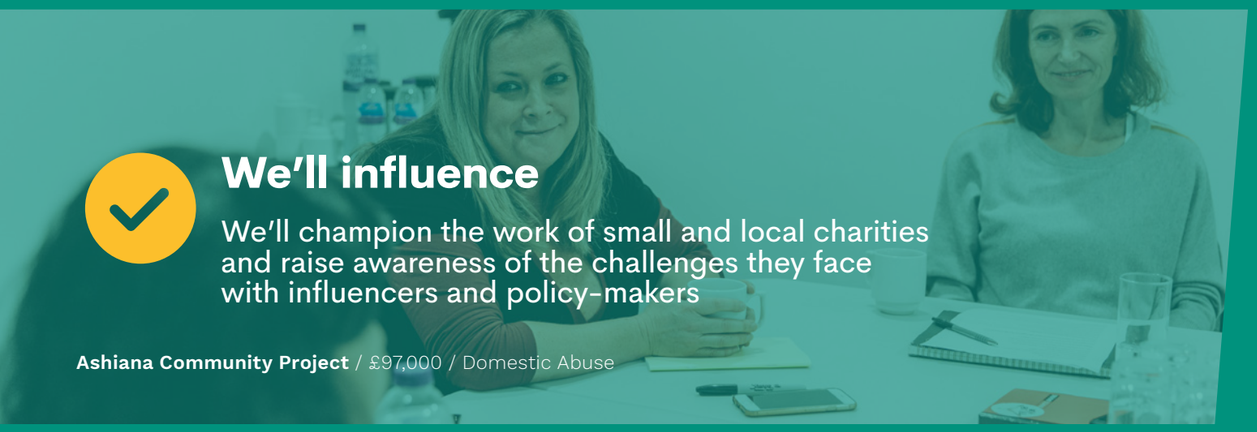
Every year we'll make grants to hundreds of small and local charities, investing in their work helping people overcome complex social issues across England and Wales

Youth Concern / £153,425 / Homeless and Vulnerably Housed

We'll develop

We'll provide a wide range of developmental support, including training, consultancy and mentoring alongside our funding to strengthen charities

Maundy Relief Trust / £102,720 / Mental Health



We'll influence

We'll champion the work of small and local charities and raise awareness of the challenges they face with influencers and policy-makers

Ashiana Community Project / £97,000 / Domestic Abuse

The Foundation is in the process of adopting a new strategy for the period from 2022 to 2026.

The new strategy recognises that resilient small and local charities, supportive communities, and changes to national and local policy help people overcome complex social issues and rebuild their lives.

New funding

Make grants to over 150 new charities.

Racial equity

Continue a commitment to provide unrestricted funding to charities that are led by and support Black, Asian and minority ethnic communities.

New ways to grow

Provide a wide range of developmental support, including training, consultancy and mentoring alongside our funding to strengthen charities.

Reimagining communities

Work deeper locally in six communities in England and Wales to strengthen the whole system and improve services for the people that use them over the long-term.

Champion charities

Champion the role, value and needs of small and local charities with national and local government and commissioners.

Criminal Justice

Support specialist charities to shape a more effective criminal justice system.

More giving

Match the fundraising and volunteering efforts of Lloyds Banking Group staff, distributing these funds to charities across England and Wales.

New ways to help

Develop new ways for staff at Lloyds Banking Group to volunteer their time and expertise to provide support and advice to charities.

Social security

Help charities to influence change so that people affected by the cost of living crisis can access the welfare support they need.

A farewell from our Chair

It has been a real honour to serve as the Chair of the Foundation for seven exceptional years. As I reflect on these years and all that we have achieved as a board, as a staff team, as a sector, our values as a Foundation continue to come to mind. 'Partnering' in particular. This word perfectly exemplifies what we aim for and indeed my experience at the Foundation.

As Trustees and staff we have striven to be a true partner to small and local charities, ensuring that we listen, work with and walk alongside them. Of course, offering vital funding to charities but also in these last seven years developing and deepening the range of support we offer charities to help them develop their capabilities and capacity and to influence wider policy and practice affecting them and the people and communities they serve.

I have been lucky to work with a passionate and experienced board of Trustees and staff team.

I am also grateful to the leadership team and colleagues at Lloyds Banking Group who have continued to work in partnership with us and small charities as part of their commitment to Helping Britain Prosper. Although I am stepping down as Chair of the Foundation in 2022, I will continue to be a supporter and advocate for the Foundation and particularly for all of the charities I have been privileged to meet, see and help to support. They may be small, but the work they do has a big effect and is absolutely vital.

Baroness Irene Fritchie DBE
Chair of the Board of Trustees

Trustees' report
Financial review

Overview

In this section, our Trustees outline our principal funding source in the year ended 31 December 2021 and how we used these resources to support our key objectives. Full details can be found in the financial statements that follow this Trustees' Report (page 36 onwards).

Where our money comes from

The Foundation is an independent charity principally funded by Lloyds Banking Group, receiving a share of the Group's profit under a Deed of Covenant (see Note 16b for further details of our connection with this party).

The Foundation does not raise funds from the public nor enter into other fundraising activities.

In 2021 we received £18.4m (2020: £18.4m) from Lloyds Banking Group under the Covenant. As the amount of the covenant is linked to the Group's profits, the amount due in 2021 would have been lower than 2020 as the pandemic had an impact on the Group's profits. However, the Group generously set aside the covenant for 2021 and gave the same amount as 2020 – an increase of £4.8m from the covenant amount.

How we spend our money

Everything we spend aligns with our mission: to partner with small and local charities helping people overcome complex social issues and rebuild their lives. We aim to make grant funding as unrestricted as possible.

The principal support to charities was provided through the Renew grant programme – a new programme to help charities rebuild their activities from the effects of the pandemic. Under this programme 207 two-year grants of £50,000 were made – at a cost of £10.4m.

Other key funding included;

- grant extensions to 74 charities totalling £1.9m (2020: £1.5m)
- £1.9m of organisational development support for charities (2020: £2.9m)
- a total of £650k (2020: £1.3m) of strategic grants to support charities engaged in work in seeking to change society in key areas such as Criminal Justice and Domestic Abuse
- grants and other expenditure totalling £949k (2020: £785k) to support development in communities that other services fail to reach.

[1] Eligible charities were those with a turnover between £25,000 and £1 million that did not have more than 12 months operating expenditure in reserves.

[2] Full details of the complex social issues funded are shown on the Foundation website

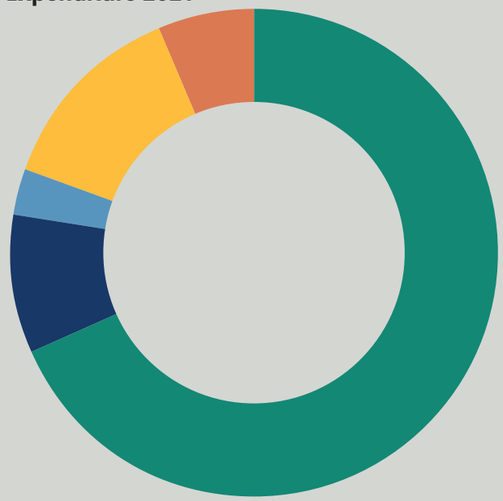
A total of £1.2m (2020: £1.3m) was paid to charities across the country under the Matched Giving scheme, where the Foundation matches the fundraising and volunteering efforts of Lloyds Banking Group colleagues. Both 2020 and 2021 funding was lower than previous years as many regular fundraising activities could not take place over this period due to the pandemic.

Total grant expenditure was £15.9m (2020: £24.1m). The lower sum compared to 2020 reflects the fact that 2020 included emergency funding committed. The Foundation provided significant funds for this from its own resources but also was the recipient of a grant from the Department of Culture Media and Sport as part of the government's Community Match Challenge programme of £4.6m and the Health Foundation of £500k.

The overall result for the year was a deficit on unrestricted funds of £0.2m (2020: £3.6m) before investment gains of £2.3m (2020: £1.0m).

The Foundation is currently able to spend more than the annual income from Lloyds Banking Group as in 2017 it received a significant gift of shares which were sold realising £38.6 million. The Foundation will continue to incur a deficit from 2022 and beyond but will align its spending with annual income once the additional funding from the share proceeds has been utilised which it expects to be in 2025.

Expenditure 2021



- **Long-term funding:** £13.4m
- **Development:** £1.8m
- **Influencing, Policy and Practice:** £0.6m
- **Direct costs of charitable activity:** £2.6m
- **Central support costs:** £1.2m

Investment policy

The overarching investment objective is to maintain sufficient liquidity of funds and their overall value in order to finance the planned deficits arising from the excess of expenditure over income which is expected in the short term under the current strategy. This objective has been met by applying three levels of investment strategy;

- bank deposits and short-term funds for funds required within three years
- medium-term funds with a time horizon from three to five years.
- long-term funds with a time horizon beyond five years.

The Foundation aims to hold a minimum of £5m of immediately accessible cash to meet grant payments and operating costs. As at 31 December 2021, the Foundation had cash in hand of £5.6m (2020: £6.9m).

Financial investments of the Foundation to the value of £33.1m (2020: £37.6m) are managed by Sarasin & Partners LLP within agreed parameters. The investment funds are divided into short, medium and long-term portfolios.

	2021	2021	2020	2020
	Asset value	Return	Asset value	Return
	£'m	%	£'m	%
Long-term portfolio	13.4	10.9	13.5	10.6
Medium-term portfolio	4.2	2.3	4.1	3.1[3]
Short-term portfolio	15.5	0.0	20.0	0.8
Total	**33.1**		**37.6**	

The Long-Term portfolio is invested in the Sarasin Climate Active Endowment Fund and has a long term (5+ years) horizon with the aim of providing a good flow of income and protection. This pooled managed Fund seeks a combined income and capital return over the long term of 4.5% above inflation. The fund is predominantly invested in listed assets and the valuation is provided by the fund manager based on the fair value of each asset.

The Trustees policy is to avoid investment in companies which are materially engaged in certain sectors including tobacco, alcohol, gambling and adult entertainment. This Fund is a global multi-asset portfolio with an integrated socially responsible investment policy and makes investment decisions consistent with the aims of the Paris Accord on climate change.

The Long-Term portfolio is recognised at its market value of £13.4m (2020: £13.5m). During the year the investments performed strongly generating a return of 10.9% (2020: 10.6%), reflecting the strong recovery of financial markets in the later part of the year and outperformance by the fund managers compared to the benchmark of 4.6% (2020: 6.8%).

Investment by asset class at 31 December	**2021**	**2020**
Long-term portfolio	**£'m**	**£'m**
Equities	9.8	9.8
Bonds	1.1	2.0
Property	0.5	0.2
Alternative investments	1.4	1.1
Cash	0.6	0.4
Total	**13.4**	**13.5**

The Medium-Term portfolio, which was established in August 2020, is recognised at its market value of £4.2m (2020: £4.1m). The return for 2021 was 2.3% (2020: 3.1%) compared to the benchmark of 2.2% (2020: 2.9%).

Investment by asset class at 31 December	**2021**	**2020**
Medium-term portfolio	**£'m**	**£'m**
Equities	1.0	1.0
Bonds	2.5	2.7
Alternative investments	0.5	0.3
Liquid assets	0.2	0.1
Total	**4.2**	**4.1**

The sum the Foundation realised from the gift of shares from Lloyds Banking Group was largely invested in the **Short-Term portfolio** to gain returns in the period. As these funds will be used over the next few years to make additional grant payments the investment strategy for the Short-Term portfolio is deliberately cautious. It is focussed on delivering a premium to cash deposit rates with limited volatility in value. The portfolio is managed by Sarasin and Partners and invested in a diversified range of short-dated government and corporate bonds, floating rate notes, certificates of deposit and cash deposits; see the table below for more details.

The Short-Term portfolio is recognised at its market value of £15.5m (2020 – £20.0m). The fall in value of the fund reflects the cash flow requirements of the Foundation. The return for the year was 0.0% (2020: 0.8%). In early 2022 the majority of the portfolio was redeemed and is managed as Treasury deposits.

[3]Performance from 3 August to 31 December 2020

Investment by asset class at 31 December	**2021**	**2020**
Short-term portfolio	**£'m**	**£'m**
Non-government bonds	1.1	9.1
Liquid assets	14.4	10.9
Total	**15.5**	**20.0**

The investments in non-government bonds are held in individual listed securities. The liquid assets are invested in Institutional Liquidity Funds managed by Morgan Stanley and BlackRock. The valuations are provided by the fund manager based on the fair value of each security and term deposit within the fund.

Financial risk management

The risks associated with the Foundation's investments are monitored by its Audit, Investment and Risk Committee and managed on a day-to-day basis by its investment managers, Sarasin and Partners. The key risks which the Trustees believe are relevant to the Foundation's investments are:

Market risk

Exposure

The portfolio is well diversified with holdings in a wide range of asset classes. The Long-Term portfolio is invested in the Sarasin Climate Active Endowment Fund in which the largest holding of any share is 2.6% of the fund.

The Foundation derives the majority of its income from the covenanted payment from Lloyds Banking Group and is able to take a long-term view of its investments.

Sensitivity

The largest market risk is a fall in the value of equity markets. Based on the position at 31 December 2021, in the event that there was a general 10% fall in equity markets there would be a reduction in net income of £1.1m.

Currency

The Long-Term portfolio is denominated in GBP. The currency exposure of the fund at 31 December was as follows;

	2021			**2020**		
	Currency exposure	**Hedging**	**Net expoure**	**Currency exposure**	**Hedging**	**Net exposure**
	%	**%**	**%**	**%**	**%**	**%**
Sterling	41.6	18.4	59.9	42.6	17.1	59.7
US Dollar	41.7	(14.0)	27.7	37.8	(13.3)	24.5
Euro	9.5	(4.3)	5.2	7.9	(3.8)	4.1
Japanese Yen	1.8	-	1.8	2.4		2.4
Other	5.4	-	5.4	9.3		9.3
Total	**100.0**	**-**	**100.0**	**100.0**	**-**	**100.0**

The investments of the Short-term portfolio are all in GBP denominated assets.

Credit risk

The credit risk of the Foundation's investment at 31 December was as follows;

	Long-term portfolio	Medium-term portfolio	Short-term portfolio
Value of bond investments	£2.0m	£2.5m	£1.1m
Value of non-government bonds	£1.3m	£1.5m	£1.1m
Credit rating of BBB+ or better	76.4%	65.6%	100%
Average duration of non-government bonds	10.3 years	13.3 years	0.3 years

Term deposits of £10 million at 31 December 2021 (2020: £10m) were invested with two banks – different institutions to the bank in which the Foundation's current and deposit accounts are held with a limit of £5 million with each bank.

Liquidity risk

The Long-Term portfolio is invested in the Sarasin Climate Active Endowment Fund and the Medium-Term portfolio is invested in the Sarasin Income & Reserves Fund both of which have daily dealing which would allow the Foundation to realise cash if this were required.

93% of the Short-Term portfolio is invested in liquid assets and 7% in bonds with a very short duration.

Further details of the Foundation's investments are included at Note 9.

Reserves

Currently the balance of total reserves held by the Foundation stands at £33.5m (2020: £32.7m) of which the free reserves are £32.3m (2020: £32.0m). Reserves were enhanced by £38.6m in 2017 with the proceeds from the disposal of a gift of Ordinary Shares in Lloyds Banking Group from Lloyds Banking Group.

The Foundation holds reserves for both operational and strategic purposes considering the main risks to the organisation.

The Trustees recognise that there is a significant risk around the Foundation having one primary income source, being Lloyds Banking Group. As such the reserves policy requires 12 months total expenditure less the minimum payment under the Lloyds Banking Group covenant with a tolerance level of 5% below the target before action is required. At 31 December 2021 this represented a level of £9.4m (2020: £17.0m). At £32.3m at 31 December 2021 (2020: £32.0m), the level of reserves stands well in excess of this requirement. The higher level of reserves will enable the Foundation to make a higher level of grant awards than would be possible from its annual income from Lloyds Banking Group. The Foundation plans to utilise the reserves over the next five years such that the target and actual reserves will be aligned towards the end of 2026.

Grants, (including multi-year grants) are recognised in the financial statements as liabilities when they are approved. As a result, the balance sheet includes creditors and provisions for future years commitments (see note 1 for the full grant accounting policy).

The Foundation also has a number of designated and restricted funds. There are designated funds to provide for awards expected to be made in 2022 from 2021 programmes and in respect of funds invested in Fixed Assets.

Restricted Funds represent funds received from partners for joint projects.

Full details of Designated and Restricted Funds are shown in Note 14.

Risk

How we manage our risk

Trustees are tasked with ensuring that the framework of governance, risk management and control supports appropriate management of risk. Within this framework, the Board judge whether its agenda is focussing assurance on the issues that are the most significant in relation to achieving the Foundation's objectives and whether best use is being made of resources, targeting those areas of greatest risk.

The Audit, Investment and Risk Committee plays a crucial role in supporting the Board of Trustees to meet these assurance obligations.

Principal risk around a single source of income

The Trustees recognise that there is a significant risk associated with the Foundation being principally funded from one source, namely Lloyds Banking Group. The current economic uncertainty may impact on the profitability of the Group. The Trustees are satisfied that this risk is suitably mitigated as follows:

- The Covenant with Lloyds Banking Group (see Note 16b for further details) addresses short term risk through the inclusion of a minimum level of income for the Foundation. Exposure to a one-off drop in profitability of the Group is limited by the averaging of profits over three years.
- The medium and long-term risk to the Foundation's strategy is addressed by the reserves policy.

An Appropriate and Proportionate Risk Assurance Framework

Under the Foundation's Risk Assurance Framework, the Trustees have defined five headline strategic risks.

Risk	How we manage it
Impact – is the Foundation making the desired impact, and can it be evidenced?	• Regular feedback from grantees • Monitoring of Key Performance Indicators • Monitoring by Regional Managers
Financial sustainability – is the Foundation managing finances to ensure it can continue to make an impact in the medium to long term?	• Regular monitoring of financial performance • Detailed forecasting • Reserves strategy
Compliance – is the Foundation meeting regulatory, accounting and legal compliance requirements?	• Robust internal controls • Specialist advisors for legal requirements, IT and Health & Safety • Regular reporting to Trustees
Reputation – is the Foundation able to respond effectively to any incident that could affect its reputation?	• Fraud response plan • Monitoring of grantee activities • Communications plan
Other – are partnerships with Lloyds Banking Group and others having the desired impact?	• Nine-year covenant with Lloyds Banking Group • Four Lloyds Banking Group trustees • Regular meetings with staff from Lloyds Banking Group • Monitoring by Senior Leadership Team and Trustees of partnership initiatives

The key strategic risks together with the current controls and methods of management and actions to improve management or mitigate risks are documented in a strategic risk summary. In order to actively manage strategic risk, the summary is used as a tool by the Senior Leadership Team and at each of the quarterly Audit, Investment and Risk Committee meetings to:

- frame conversation around strategic risk
- facilitate active management of that risk against an assumed risk appetite
- inform decisions on future activity

The Committee consider one or two areas in detail at each meeting and report back to the Board of Trustees.

Fundraising Activities

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as 'soliciting or otherwise procuring money or other property for charitable purposes. In relation to this statement, the Foundation does not undertake widespread fundraising from the general public and does not employ professional fundraisers. The charity is therefore not bound by any regulatory scheme and does not consider it necessary to comply with any voluntary code of practice. The Foundation does not have policies in relation to fundraising activities nor do we consider it necessary to design specific policies and procedures to monitor activities.

Covid 19 and the war in Ukraine

The Trustees have considered the impact of the latest developments surrounding Covid 19 on the Foundation, including its staff, grantees and investments. The trustees note that;

- The Foundation's staff have been able to work from home throughout the pandemic.
- Although Lloyds Banking Group profits were affected by the pandemic in 2020 LBG mitigated the impact on the Foundation by paying the same amount in 2021 as in 2020.
- LBG has also raised the minimum level paid from £10.8m to £14.4m.
- LBG profits have recovered strongly in 2021.

In terms of support for charities

- The Foundation made every effort to make earlier payments and relaxed conditions of the funding.
- Enhance support has been tailored to respond to the crisis by providing virtual consultancy and IT equipment and training for remote working.
- The Foundation has co-ordinated volunteering support to charities through Lloyds Banking Group, and a suite of webinars to help them respond to the crisis.
- The Foundation has signed up to the London Funders statement of support to the charity sector.

Since 31 December 2021 the Long term fund investments have fallen £761k (5.7%) and the Medium Term £307k (6.5%). This follows three years of strong growth with the long term fund increasing by 6.2% in the final quarter of 2021.

Although there are currently no restrictions on redemptions from any of the funds in which the Foundation is invested the fall in value may affect any decision to draw on investment funds to enhance our grant giving capability.

The Trustees are confident that they are able to continue their operations and grant funding activities as planned for the remainder of the year, throughout 2023 and beyond.

The Harbour Project / £140,547
/ Asylum Seekers and Refugees

Governance

Constitution

The Lloyds Bank Foundation for England & Wales is incorporated as a company limited by guarantee. It is regulated by its Memorandum and Articles of Association dated 13 December 1985.

The Articles set out that the Foundation was established with widely drawn objects to do anything which is a charitable purpose. The Foundation has prioritised its objects further as it has evolved, choosing to focus strategically on partnering with small and local charities helping people overcome complex social issues and rebuild their lives.

The Trustees confirm that they have complied with their duty to have due regard to the Charity Commission's public benefit guidance when reviewing the Foundation's aims and objectives and in planning and setting the strategy. Further details on our strategy for the future can be found on page 30.

The Foundation applies and follows the Charity Governance Code (for large charities) which was issued in July 2017 and updated in 2020.

Organisational structure

The Foundation is organised and governed under an agreed strategic framework as summarised below

Delivery of

Long-term Funding | **Influencing Policy & Practice** | **Developmental Support**

Managed by **Management Team**

Supported by **Senior Leadership Team**

Led by **CEO**

Overseen by **Chair and Trustees**

The Board of Trustees has collective responsibility for everything that the Foundation does – including the legal responsibility to ensure that the Foundation is controlled and properly managed.

The Board delegates responsibility for operational management to the Chief Executive, who leads the Senior Leadership Team which in turn support the Management Team. Together these teams develop the organisation's plans, policies and processes, following the Board's advice and approval.

Board of Trustees

As noted on page 41, the principal governing body of the Foundation is the Board of Trustees, whose names are listed on page 68. The Board is responsible for the strategic direction of the Foundation and normally meets quarterly together with the Executive to review progress and to ensure that the Foundation is on track to meet its objectives.

The Board has delegated specific decisions to four permanent Committees. The members of the Committees are drawn from the Board of Trustees.

Audit, Investment and Risk Committee

Monitors the Foundation's integrity in financial reporting and reviews the effectiveness of the risk management framework

The main responsibilities of the Audit, Investment and Risk Committee are to provide assurance and recommendation to the Foundation on the effectiveness of its governance, internal control, risk management framework and investment and reserves strategies.

In addition, the Committee reviews the annual report and financial statements and approves the accounting policies followed to satisfy themselves that the financial statements give a true and fair view of the Foundation's affairs.

The Committee meets quarterly.

Remuneration Committee

Monitors remuneration and benefits for Foundation staff

The role of the Remuneration Committee is to oversee the remuneration policies for the Foundation, with particular focus on the remuneration of the Senior Leadership Team.

The Committee meets twice a year.

Nomination Committee

Ensures that the Board and committee composition has the optimum balance of skills knowledge and experience

The purpose of the Nominations Committee is to support the recruitment and appointment of Trustees, giving due consideration to the balance of skills, interests and experience on the Board of Trustees.

The Committee makes recommendations to Lloyds Banking Group, who formally make the appointments at their own Nominations Committee (as required under the governing document of the Foundation - its Articles of Association).

The Committee meets as required.

Grants Panel

Approves grant applications for the grant making programme in line with Foundation strategy

The main responsibility of Grant Panels is to review and approve grant applications against the relevant programme's aims and objectives. The Panels consider recommendations taking into account factors including outcomes, risk factors, geographical spread and budgetary considerations.

The various Panels meet regularly throughout the year as necessary.

Our people

Our staff

Our passionate and dedicated Foundation staff make it possible to have life-changing effects on the lives of people facing complex social issues, through small and local charities. To ensure that we employ and develop talented staff and keep them accountable in their work, all staff take part in performance feedback and appraisal throughout the year.

Salaries are reviewed annually in line with performance, subject to an internal calibration process. Proposed pay increases for all staff including the Senior Leadership Team are presented to our Remuneration Committee for approval. Proposals take into consideration the market as assessed by Croner, an external salary benchmark provider specialising in the charity sector.

The Foundation does not offer performance related bonuses.

Our Trustees

The Foundation is passionate about recruiting a diverse Board of Trustees with a wide range of skills and interests. When recruiting for new Trustees the Nomination Committee helps identify areas that could be better represented, and we recruit publicly, usually through national adverts, to strengthen the Board's skillset.

Newly appointed Trustees follow an induction programme including :

- an induction pack which includes the main governing documents, operational framework, financial position and future plans and objectives, signposts to various Charity Commission guidance
- a series of short training sessions with the Senior Leadership Team to familiarise themselves with the Foundation
- mentoring by existing Trustees

In addition, a formal training session on the legal duties and responsibilities of trustees is held biennially as a refresher for all Trustees.

Trustees typically serve a three-year term, although this may be extended for a maximum of a further three years. The term of the Chair, Baroness Irene Fritchie was extended for one further year to avoid undertaking the recruitment process during the pandemic to 2022 when she will be standing down. Trustees are fully engaged with the work of the Foundation and get to know our grantees as well as strategic priorities through regularly visiting our charities and learning about the organisation from the Chair and Senior Leadership Team.

More details about our Trustees can be found on page 68.

Statement of Trustees' Responsibilities

The Trustees (who are also directors of Lloyds Bank Foundation for England and Wales for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The law applicable to charities requires the Trustees to prepare financial statements for each financial 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 including the income and expenditure. In preparing the financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

In so far as the Trustees are aware:

a. there is no relevant audit information of which the auditors are unaware; and

b. the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent auditors

A resolution to re-appoint Deloitte LLP as auditors to the Foundation will be proposed at the annual general meeting.

The Trustees' Report, including the Strategic Report was approved by the Board of Trustees on 17 May 2022 and signed on their behalf by:

Baroness Irene Fritchie DBE
Chair of the Board of Trustees

Independent auditors' report to the members of Lloyds Bank Foundation for England & Wales

Report on the audit of the financial statements

Opinion

In our opinion, Lloyds Bank Foundation for England and Wales' financial statements (the "financial statements"):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006

We have audited the financial statements, which comprise:

- the statement of financial activities
- the balance sheet
- the statement of cash flows; and
- the related notes 1 to 18.

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).

Basis for opinion

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

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

Reporting on other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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

Responsibilities of Trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: 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 design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the charitable company's industry and its control environment, and reviewed the charitable company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and Trustees about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the charitable company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Charities Act and UK Companies Act; and
- did not have a direct effect on the financial statements but compliance with which may be fundamental to the charitable company's ability to operate or to avoid a material penalty. These included the Charity Commission for England and Wales (Charity Commission) regulations

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following area, and our specific procedures performed to address it are described below:

- we identified a risk due to fraud related application of grant expenditure in line with charitable objectives, and the correct recognition of liabilities in respect of grant expenditure. We have addressed this risk by selecting a sample of grants recognised in the year and reviewing the grant agreements, Board minutes, cash payments and related information to understand the purpose of the grant, any conditions present and ascertain the correct level of expenditure and related liability to recognise.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing any correspondence with the Charity Commission.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report, which includes the Directors' report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report included within the Trustees' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' report included within the Trustees' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of this report

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

Sarah Anderson

Sarah Anderson FCCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor, London

Date: 23 May 2022

Financial statements

Statement of Financial Activities
(incorporating an Income and Expenditure account)

Year ended 31 December 2021

	Note	Unrestricted	Restricted	Total Funds 2021	Unrestricted	Restricted	Total Funds 2020
		£'000	£'000	£'000	£'000	£'000	£'000
Income from:							
Donations and legacies	2	18,526	451	18,977	18,491	5,372	23,863
Investment income	9	371	-	371	735	-	735
Other income	3	9	-	9	10	-	10
Total		**18,906**	**451**	**19,357**	**19,236**	**5,372**	**24,608**
Expenditure on:							
Charitable activities	4a	(19,055)	(705)	(19,760)	(22,713)	(5,355)	(28,068)
Investment fees		(100)	-	(100)	(136)	-	(136)
Total		**(19,155)**	**(705)**	**(19,860)**	**(22,849)**	**(5,355)**	**(28,204)**
Net (expenditure)/income before gain/ (loss) on investments		(249)	(254)	(503)	(3,613)	17	(3,596)
Net gain on investments	9	1,291	-	1,291	1,049	-	1,049
Net (expenditure)/income		**1,042**	**(254)**	**788**	**(2,564)**	**17**	**(2,547)**
Transfers between funds		(100)	100	-	(50)	50	-
Net movement in funds		**942**	**(154)**	**788**	**(2,614)**	**67**	**(2,547)**
Reconciliation of funds:							
Total funds brought forward		32,295	400	32,695	34,909	333	35,242
Total funds carried forward	**14**	**33,237**	**246**	**33,483**	**32,295**	**400**	**32,695**

All recognised gains and losses have been included in the Statement of Financial Activities and the amounts included are derived from the continuing activities of the Foundation.

The Notes on pages 51 to 67 form part of these financial statements.

Balance sheet

As at 31 December 2021

	Note	2021	2020
Fixed assets:		**£'000**	**£'000**
Tangible assets	8	83	128
Investments	9	33,130	37,610
Total fixed assets		**33,213**	**37,738**
Current assets:			
Debtors	10	80	3,435
Investments	9	10,000	10,000
Cash at bank and in hand		5,612	6,908
Total current assets		**15,692**	**20,343**
Creditors: Amounts falling due within one year	11	(13,293)	(19,603)
Net current assets		**2,399**	**740**
Total assets less current liabilities		**35,612**	**38,478**
Creditors: Amounts falling due after more than one year	12	(598)	(4,301)
Provision for liabilities and charges	13	(1,531)	(1,482)
Total net assets		**33,483**	**32,695**
The funds of the charity			
Unrestricted funds:	14		
General fund		32,353	31,924
Designated funds		884	371
Total unrestricted funds		**33,237**	**32,295**
Restricted funds	14	246	400
Total charity funds		**33,483**	**32,695**

The financial statements of Lloyds Bank Foundation for England & Wales registered number 1971242 including the notes on pages 51 to 67 were approved and authorised for issue by the Trustees on 17 May 2022 and signed on their behalf by:

Irene F. Fritchie

Baroness Irene Fritchie DBE
Chair of the Board of Trustees

Statement of cash flows

Year ended 31 December 2021

	Note	2021	2020
Cash flows from operating activities		**£'000**	**£'000**
Net cash used in operating activities	(A)	(7,338)	(5,294)
Cash flows from investing activities:			
Dividends and interest from investments		42	60
Proceeds from sale of investments		6,000	6,250
Net cash provided by investing activities		**6,042**	**6,310**
Change in cash and cash equivalents in the reporting year		(1,296)	1,016
Cash and cash equivalents at the beginning of the reporting year		**6,908**	**5,892**
Cash and cash equivalents at the end of the reporting year	**(B)**	**5,612**	**6,908**

(A) Reconciliation of net expenditure to net cash flows from operating activities

	2021	2020
	£'000	**£'000**
Net (expenditure) for the reporting year	**788**	**(2,547)**
Adjustments for:		
Depreciation charges	46	31
Income from investments	(371)	(735)
Decrease/(increase) in debtors	3,354	(3,265)
(Decrease)/increase in creditors	(10,013)	2,138
Increase/(decrease) in provisions	49	(3)
(Gain) on investments	(1,291)	(1,049)
Investment management fees	100	136
Net cash used in operating activities	**(7,338)**	**(5,294)**

(B) Analysis of cash and cash equivalents

	2021	2020
	£'000	**£'000**
Cash in hand	5,612	6,908
Total cash and cash equivalents	**5,612**	**6,908**

The Notes on pages 51 to 67 form part of these financial statements.

Notes to the Financial Statements

1. Accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by a revaluation of investments, and in accordance with applicable Accounting Standards in the United Kingdom, including the Charities SORP FRS 102 (second edition – October 2019) and in accordance with the Companies Act 2006 and Charities Act 2011, using consistently applied accounting policies.

Lloyds Bank Foundation for England & Wales meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value with investments at fair market value unless otherwise stated in the relevant accounting policy notes.

Fund accounting

Restricted and designated funds are separately disclosed as set out in Note 14. The different funds held are defined below:

Unrestricted funds

The Foundation's unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.

Designated funds

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Restricted funds

These funds are subject to specific restrictions imposed by the donor.

Investments

Listed investments are included in the Balance Sheet at fair value which is their closing market bid price on the current or previous trading day.

Realised gains and losses on disposals in the year and unrealised gains and losses on investments at the Balance Sheet date are included in the Statement of Financial Activities for the relevant underlying fund. All investment income is treated as unrestricted.

Current asset investments have a maturity date or expected disposal date of less than one year and are not held for long term investment purposes.

Income

Income is recognised in the Statement of Financial Activities when the Foundation is entitled to the income, performance conditions attached to the income have been met, receipt is probable, and the amount can be measured reliably.

Interest income is recognised on a receivable basis which reflects the effective interest method.

Financial instruments other than investments

The Charity has financial assets and financial liabilities of a kind that qualify as basic. Basic financial instruments are measured at their settlement value in the case of current assets.

Covenanted income is recognised in the year to which the Foundation is entitled to the income.

Dividend income represents the Foundation's share of dividends received from investments in common investment funds. The income recognised represents the amount credited to the common investment fund.

Donated services and facilities are valued and included as income and expenditure at the price the Foundation estimates it would pay in the open market for an equivalent service or facility.

Expenditure

All expenditure is included on an accruals basis in the period in which it is incurred.

Grant cost

Grant expenditure is recognised where there is a legal or constructive obligation to pay. All grants, both single and multi-year, are recognised in the financial statements as liabilities after they have been approved, the recipients have been notified and there are no further terms and conditions to be fulfilled which are within the control of the Foundation. In these circumstances there is a valid expectation by the recipients that they will receive the grant.

Provisions

Provisions are recognised when there is a legal or constructive financial obligation, that can be reliably estimated and for which there is an expectation that payment will be made.

Enhance provisions

The Foundation's Enhance programme provides the recipient charity with access to specialist support, the cost of which is met by the Foundation directly. The estimated costs of the specialist are recognised as a provision on approval as the Foundation has a constructive obligation to pay but the amount and timing is subject to uncertainty. The grantee is informed of the approved intervention but not the value.

Releases of grant commitments

There are occasions when it becomes necessary to withdraw a grant which has been approved in a prior year. Where this happens, the funds revert to the original unrestricted or restricted reserve.

Allocation of expenditure

Support costs are allocated where possible to the particular activity to which the costs relates.

Where expenditure contributes to more than one area of activity, the costs are allocated on the basis of the activity's grant expenditure.

Governance costs are the costs associated with the constitutional and statutory requirements and the strategic management of the Foundation's activities.

Tangible assets

Tangible assets are included at historic cost less accumulated depreciation.

Capitalisation and Depreciation

The minimum value for the capitalisation of tangible fixed assets is £1,000.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight-line basis over the expected useful lives of the assets concerned. The principal rates used, which are consistent with last year, are:

Computer equipment	33% per annum
Furniture and other office equipment	10% per annum

Pension costs

The Foundation participated in two separate independently managed, defined benefit, occupational pension schemes: the Lloyds Bank Group Pension Schemes No.1 and No.2. There are no longer any active members in either scheme. It is not possible to identify the Foundation's share of the underlying assets and liabilities of these schemes and hence contributions to the schemes are accounted for as if they were defined contribution schemes; the cost recognised within the Statement of Financial Activities for the year being equal to the contributions payable to the schemes for the year.

The Foundation also participates in defined contribution schemes. Contributions in respect of the year are charged to the Statement of Financial Activities in the year to which they relate.

Redundancy payments

Redundancy payments may occur where the Foundation has agreed to terminate the employment of an employee. The amounts are included in the financial statements when the payment has been formally agreed.

Operating leases

Costs in respect of operating leases are charged to the Statement of Financial Activities on a straight-line basis.

Irrecoverable VAT

Any irrecoverable VAT is charged to the Statement of Financial Activities or capitalised as part of the cost of the related asset, where appropriate.

Tax

The Foundation is a registered charity and as such is entitled to certain tax exemptions on income and profits from investments, surpluses on any trading activities carried on in furtherance of the Foundation's primary purpose, to the extent these profits and surpluses are applied for charitable purposes.

Accounting estimates and judgements

In the application of the Foundation's accounting policies, which are described in note 1, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure beyond the accounting policies listed above.

The Harbour Project / £140,547
/ Asylum Seekers and Refugees

2. Donations and Legacies

	Unrestricted	Restricted	Total 2021	Unrestricted	Restricted	Total 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Donations from Lloyds Banking Group						
Covenant income	18,427	-	18,427	18,426	-	18,426
External audit services	34	-	34	33	-	33
Other donations						
Department of Culture Media & Sport	-	426	426	-	4,622	4,622
The Health Foundation	-	-	-	-	500	500
Sport England	-	15	15	-	-	-
Power to Change Trust	-	10	10	-	-	-
LocalMotion	-	-	-	-	250	250
Donated services	50	-	50	32	-	32
Legacies	15	-	15	-	-	-
Total	**18,526**	**451**	**18,977**	**18,491**	**5,372**	**23,863**

Covenant income is the sum that the Foundation receives from Lloyds Banking Group.

In 2020, the Department for Culture Media and Sport (DCMS) gave £4.6m and the Health Foundation £500k to provide additional grant funds for the Foundation's Recovery grant programmes. A further £426k was released by DCMS in 2021.

The Foundation's auditors were remunerated with an allocation from the Lloyds Banking Group audit fee. As a result, the external audit fee has been recognised as donated services from the Lloyds Banking Group. The amount recognised is the fair value that the Foundation believes they would pay for external audit services if the Lloyds Banking Group did not pay for the amounts on their behalf.

The Foundation received pro-bono legal services from Eversheds Sutherland and Pinsent Mason who provide legal services to Lloyds Banking Group the value of which has been recognised as donated services.

3. Other income

	2021	2020
	£'000	£'000
Administration support to Lloyds Bank Foundation for the Channel Islands	9	9
Total	**9**	**9**

4. Analysis of Grant Expenditure

4a. Charitable activities

Year ended 31 December 2021

	Grant Awards	Direct staff Costs	Other direct Costs	Support Costs	Total
	£'000	£'000	£'000	£'000	£'000
Long term funding	13,440	1,121	99	979	15,639
Developmental support	1,799	420	283	167	2,669
Influencing Policy and Practice	641	521	199	91	1,452
Total	**15,880**	**2,062**	**581**	**1,237**	**19,760**

Year ended 31 December 2020

	Grant Awards	Direct staff Costs	Other direct Costs	Support Costs	Total
	£'000	£'000	£'000	£'000	£'000
Long term funding	20,127	1,127	179	940	22,373
Developmental support	2,545	437	243	141	3,366
Influencing Policy and Practice	1,390	569	272	98	2,329
Total	**24,062**	**2,133**	**694**	**1,179**	**28,068**

Support costs have been allocated using the value of each programme's grant and direct expenditure. See note 4d for further information about support costs.

Asylum Link Merseyside /
Asylum Seekers and Refugees

4b. Grant awards	2021		2020	
Long-term funding	**No.**	**£'000**	**No.**	**£'000**
Core grant programme	281	12,261	781	18,903
Matched Giving		1,229		1,305
Total		**13,490**		**20,208**
Developmental support				
Enhance and Development Partner Support		1,902		2,899
Development funding	17	247	11	106
	298	**2,149**	**792**	**3,005**
Influencing Policy and Practice				
National grant programme	15	641	48	1,390
Total grants awarded in the year	**313**	**16,280**	**840**	**24,603**
Less grants cancelled in the year		**(400)**		**(541)**
Grants payable (note 5c)		**15,880**		**24,062**

A full list of the grants approved in 2021 can be found on our website
https://www.lloydsbankfoundation.org.uk/our-impact/who-we-support

Basis, Yorkshire / £164,614
/ Sexual Abuse and Exploitation

4c. Grants payable

The table below shows the reconciliation between amounts approved during the year and amounts paid during the year.

Reconciliation of grants payable	2021	2020
	£'000	**£'000**
Amount outstanding at 1 January	24,684	22,980
Grants approved/cancelled in year		
Grants approved	16,280	24,603
Grants cancelled or recovered	(400)	(541)
Grants payable for the year	**15,880**	**24,062**
Grants paid during the year	**(25,519)**	**(22,358)**
Amounts outstanding at 31 December	**15,045**	**24,684**
Amounts outstanding at 31 December split between:		
Due within one year (Note 12)	12,916	18,901
Due after more than one year (Note 13)	598	4,301
Provision for liabilities and charges (Note 14)	1,531	1,482
Amounts outstanding at 31 December	**15,045**	**24,684**

4d. Support costs

	2021	2020
	£'000	**£'000**
Finance	276	230
Human Resources	170	107
Facilities	410	433
IT	112	130
Executive	252	273
Trustees	17	6
Total	**1,237**	**1,179**

5. Governance costs

	2021	2020
	£'000	£'000
Legal fees	55	23
Auditors' remuneration	34	33
Trustee recruitment	16	2
Other costs	6	8
Total	**111**	**66**

Governance costs are included within relevant headings under Support costs (note 4d).

The external auditors are remunerated by Lloyds Banking Group and the value is included in Incoming Resources as a donated service and included in Governance costs.

The Trustees, who are also the Directors of the Foundation, received no remuneration during the year (2020: nil).

Two Trustees received reimbursed expenses principally relating to travel and subsistence totalling £1k (2020: £3k, four Trustees).

6. Staff costs

	2021	2020
	£'000	£'000
Wages and salaries	2,146	2,185
Social security costs	232	240
Pension costs	226	236
Other staff costs	29	29
Agency staff costs	17	22
Total	**2,650**	**2,712**

The average number of persons employed by the Foundation was 48 (2020: 47) of which full-time employees is 45 (2020: 44) and part time is 3 (2020: 3).

The number of employees receiving emoluments (salary, allowances and benefits in kind, excluding pension contribution) greater than £60,000 are as follows:

	2021	2020
	No.	No.
£60,001–£70,000	-	1
£70,001–£80,000	1	-
£80,001–£90,000	3	3
£140,001–£150,000*	1*	-
£150,001–£160,000	-	1*
Total	**5**	**5**

Total remuneration received by key management personnel being the Senior Leadership Team was £510k (2020: £534k). The reduction in remuneration for the highest paid employee reflects a reduction in working hours.

*Excludes an amount of 13% of salary paid in lieu of pension for one employee.

Pension costs

	2021	2020
	£'000	£'000
Defined contribution scheme	226	236
Total	**226**	**236**

Lloyds Banking Group defined benefit schemes

The schemes that the Foundation contributed to, No. 1 (final contributions made in 2019) and No. 2 Scheme (final contribution made in 2018), are administered by Lloyds Banking Group. The Foundation is not responsible for any additional contributions agreed under the deficit recovery plan which are met on the Foundation's behalf by Lloyds Bank. More information on the funding of the Group's pensions schemes can be found in the latest Report and Financial Statements of Lloyds Banking Group.

Lloyds Banking Group defined Contribution schemes

Since 1 April 2019, the Foundation's defined contribution pension scheme arrangements are provided under a Group Personal Pension arrangement with Scottish Widows. The contributions made to the scheme were £226k (2020: £236).

7. Other expenditure

Net income/(expenditure) is stated after charging	2021	2020
	£'000	£'000
Depreciation	46	31
Operating lease costs	218	198
Auditor's remuneration (Statutory audit)	34	33

Bright Futures / £104,713
/ Sexual Abuse and Exploitation

8. Tangible assets

	Furniture and office equipment	Computer equipment[4]	2021 Total	2020 Total
Cost	**£'000**	**£'000**	**£'000**	**£'000**
At beginning of the year	102	252	354	354
At end of the year	102	252	354	354
Accumulated Depreciation				
At beginning of the year	53	173	226	195
Charge for the year	24	22	46	31
At end of the year	**76**	**195**	**271**	**226**
Net book value at beginning of the year	49	79	128	159
Net book value at end of the year	**26**	**57**	**83**	**129**

[4]Includes the value of computer software – net book value at 31 December 2021: £57k (2020: £76k)

Chilli Studios / £82,621 / Mental Health

9. Investments

Fixed and current asset investments	2021 £'000	2020 £'000
Fixed asset investments	33,130	37,610
Current asset investments	10,000	10,000
Total	**43,130**	**47,610**

Movement in a year		
As at 1 January	47,610	52,272
Dividend income reinvested	329	675
Disposal of fixed asset investments	(6,000)	(6,250)
Net gain on investments	1,291	1,049
Management fees less rebates	(100)	(136)
As at 31 December	**43,130**	**47,610**

Breakdown of Sarasin investments (excluding short-term deposits)	2021 £'000	2021 % of portfolio	2020 £'000	2020 % of portfolio
Cash and other liquid assets				
Cash	2,995	9	2,700	7
Corporate bonds	1,114	3	9,060	24
Institutional Liquidity Funds	11,409	34	8,258	22
Sub-total	**15,518**	**47**	**20,018**	**53**
Multi asset fund	17,612	53	17,592	47
Total	**33,130**	**100**	**37,610**	**100**

Details of the nature of the investment assets, valuation methods and risk management are included in the trustees report.

Investment income	2021 £'000	2020 £'000
Dividend income	329	675
Bank interest	42	60
Total	**371**	**735**

10. Debtors

	2021	2020
	£'000	£'000
Other debtors	17	3,329
Prepayments and accrued income	63	105
Total	**80**	**3,434**

Other debtors of £3.3m in 2020 principally comprises funding from DCMS which was received in January 2021.

11. Creditors: Amounts falling due within one year

	2021	2020
	£'000	£'000
Grants payable (Note 4c)	12,916	18,901
Trade creditors	67	23
Other creditors	61	197
Accruals and deferred income	249	482
Total	**13,293**	**19,603**

12. Creditors: Amounts falling due after more than one year

	2021	2020
	£'000	£'000
Grants payable (Note 4c)	598	4,301
Total	**598**	**4,301**

13. Provision for liabilities and charges

	2021	2020
	£'000	£'000
Balance brought forward	1,482	1,485
Additions	1,717	2,061
Cancellations in the year	(345)	(413)
Utilised during the year	(1,323)	(1,651)
Balance carried forward	**1,531**	**1,482**

The provision relates to the Foundation's Enhance and Development Partner programmes which provides charities with access to specialist support, the cost of which is met by the Foundation. It is expected to be utilised within the next 12 months.

14. Movement in funds

2021	Balance at 1 Jan	Total incoming resources	Total resources expended	Change in market value of investments	Transfers	Balance at 31 Dec
Unrestricted funds:	£'000	£'000	£'000	£'000	£'000	£'000
General fund	31,924	18,906	(19,155)	1,291	(613)	32,353
Designated funds						
Fixed asset funds	129	-	-	-	(46)	83
Development funding	108	-	-	-	(17)	91
Enhance projects	11	-	-	-	(11)	-
IT systems	-	-	-	-	10	10
Grant funds carried forward	123	-	-	-	577	700
Total designated	**371**	**-**	**-**	**-**	**513**	**884**
Restricted funds:						
DCMS	-	426	(426)	-	-	-
Big Lottery Fund – Diagnostics Project	1	-	(1)	-	-	-
Sport England	-	15	(15)	-	-	-
Power to Change	-	10	(10)	-	-	-
LocalMotion	399	-	(253)	-	100	246
Total restricted	**400**	**451**	**(705)**	**-**	**100**	**246**
Total funds	**32,695**	**19,356**	**(19,859)**	**1,291**	**-**	**33,483**

Keighley Healthy Living / £136,290

2020	Balance at 1 Jan £'000	Total income £'000	Total expenditure £'000	Change in market value of investments £'000	Transfers £'000	Balance at 31 Dec £'000
Unrestricted funds:	34,395	19,236	(22,849)	1,049	93	31,924
Designated funds						
Fixed asset funds	160	-	-	-	(31)	129
Criminal Justice Funds	150	-	-	-	(150)	-
Development funding	-	-	-	-	108	108
Enhance projects	-	-	-	-	11	11
Grants carried forward	204	-	-	-	(81)	123
	514	**-**	**-**	**-**	**(143)**	**371**
Restricted funds:						
DCMS	-	4,622	(4,622)	-	-	-
Health Foundation	-	500	(500)			
Big Lottery Fund – Diagnostics Project	77	-	(76)	-	-	1
LocalMotion	256	250	(157)	-	50	399
Total restricted	**333**	**5,372**	**(5,355)**	**-**	**50**	**400**
Total funds	**35,242**	**24,608**	**(28,604)**	**1,049**	**-**	**32,695**

Designated Funds

Fixed asset Funds
The fixed asset fund represents the value invested in operating fixed assets.

Development funding
Comprises funds set aside from development grant programmes.

Enhance projects
Comprises funds to support core grant holders through training and guidance materials.

Grant funds carried forward
Comprises funds set aside from influencing programmes to be awarded in further grants in 2022.

Restricted Funds
Big Lottery Fund: Diagnostics Project is a joint project with the Big Lottery Fund to develop a tool to assess the impact of funding on grantee organisations.

LocalMotion
The fund was established in 2018 by the Foundation with five partner organisations Esme Fairbairn, Paul Hamlyn, City Bridge Trust, Tudor Trust and Lankelly Chase Foundation with the aim developing strategies for regeneration in deprived areas. Each Foundation contributed towards the project which is administered by the Lloyds Bank Foundation who have employed a Project Director. The Lloyds Bank Foundation contributed a further £100,000 in 2021. The financial administration of LocalMotion was transferred to Esme Fairbairn from January 2022 and the balance on restricted funds was transferred at that time.

Net assets as at 31 December 2021	General fund £'000	Designated funds £'000	Restricted funds £'000	Total £'000
Tangible fixed assets	83	-	-	83
Investments	33,130	-	–	33,130
Net current assets	1,269	884	246	2,399
Creditors due after more than one year	(598)	-	-	(598)
Provisions	(1,531)	-	-	(1,531)
Total	**33,353**	**884**	**246**	**33,483**

Net assets as at 31 December 2020	£'000	£'000	£'000	£'000
Tangible fixed assets	128	-	-	128
Investments	37,610	-	–	37,610
Net current assets	(31)	371	400	740
Creditors due after more than one year	(4,301)	-	-	(598)
Provisions	(1,482)	-	-	(1,482)
Total	**31,924**	**371**	**400**	**32,695**

15. Guarantee Company

The Foundation is a company limited by guarantee not having share capital. The liability of the members is limited by the Memorandum of Association to £1 each. The number of Trustees (including the Chair) who are also members at 31 December 2021 was 11 (2020: 12).

16. Related party transactions

16a Connected Foundations
The following Foundations are connected, having common and related objects:

Halifax Foundation for Northern Ireland
Clifton House Heritage Centre
2 North Queen Street
Belfast BT15 1ES

There were no transactions with HFNI in 2021 or 2020.

Bank of Scotland Foundation
The Mound
Edinburgh EH1 1YZ

There were no transactions with the Bank of Scotland Foundation in 2021 or 2020.

Lloyds Bank Foundation for the Channel Islands
Society Building
8 All Saints Street
London N1 9RL

The Foundation received £8,526 (2020: £8,442) from the Lloyds Bank Foundation for the Channel Islands in respect of time spent by the Chief Executive and his staff on Lloyds Bank Foundation for the Channel Islands business.

16b Connected company
The Foundation derives its revenue primarily from Lloyds Banking Group plc. In December 2013 the Foundation entered into an agreement with Lloyds Banking Group plc whereby the Foundation is to receive 0.3606% of the Lloyds Banking Group's adjusted pre-tax profits, averaged over three years, subject to a minimum amount of £14.4m and a maximum amount of £36m which increases by RPI each year.

The following transactions took place with Lloyds Banking Group plc during the year, and with which there were the following balances at the year-end:

The Foundation received income of £18.4m (2020: £18.4m) as income, and £8k (2020: £Nil) bank interest was received from Lloyds Banking Group plc.

At 31 December 2021 a balance of £5.5m is in two accounts with Lloyds Banking Group plc (2020: £6.8m).

16c Transactions

During the year a number of grants and payments were made where a Trustee or senior member of staff of the Foundation is affiliated to a connected organisation.

Trustee Joanna Harris works as a Coach and Advisor for **Women Acting in Today's Society (WAITS)**. In 2019 the Foundation awarded a grant of £99,000 to WAITS over three years, of which £33,000 was paid in each of 2021 and 2020. The outstanding amount at 31 December 2021 was £Nil (2020: £33,000). During the year ended 31 December 2020 a React grant of £11,604 was awarded and fully paid. In 2021 Enhance support worth £3,680 was provided to the charity (2020: £Nil). Additionally the Foundation provided £6k of support under the Enhance programme (2020: Nil).

Trustee Ruth Sutherland was Chief Executive of **Samaritans**. During the year ended 31 December 2021 Samaritans received £2,416 under the Matched Giving Scheme (2020: £4,833).

Trustee Kamran Mallick was Chair of **Wheels for Wellbeing**. During the year ended 31 December 2021 the Foundation made a donation in relation to the Matched Giving Scheme of £701 (2020: £Nil).

Chair Irene Fritchie is a Patron of **Winston's Wish**. During the year ended 31 December 2021 the Foundation made a donation in relation to the Matched Giving Scheme of £500 (2020: £Nil). She also did a pro-bono work for the **Door Youth Project** which was awarded and paid a grant of £32,300 in 2020. There was no grant award or payment in 2021. In 2020 Enhance support worth £8,398 was provided to the charity. There was no Enhance support in 2021.

Director of Policy, Communications and Research, Duncan Shrubsole is Chair of **The Switchback Initiative**. During 2019 the Foundation made a grant of £75,000 to Switchback of which £25,000 was paid in both 2020 and 2021 with £Nil outstanding balance at 31 December 2021 (2020: £25,000). In 2021 Enhance support worth £760 was provided to the charity (2020: £Nil).

Director of Development, Jill Baker, is Non-Executive Director of **Newcastle upon Tyne Hospitals NHS Foundation Trust** and chairs the **Newcastle upon Tyne Hospitals NHS Charity**. During the year ended 31 December 2021 the Foundation made a donation to Newcastle upon Tyne Hospitals NHS Charity in relation to the Matched Giving Scheme of £2,100 (2020: £660).

Head of Grants South (until August 2021), Oliver Williams, is a trustee of **Luton Town FC Community Trust**. During the year ended 31 December 2021 LTFCCT was paid £500 under the Matched Giving Scheme (2020: £500).

Research and Learning Manager, Alex Van Vliet, is a member of the charity **360 Giving's Open Data Standard** Stewardship Committee. In 2019 the Foundation awarded a grant of £60,000 of which £30,000 was paid in 2020. Outstanding balance at 31 December is £Nil (2020: £30,000).

Head of Communications, Aferdita Pacrami, is a Trustee of **Lewisham Refugee and Migrant Network**. In 2020 the Foundation awarded a grant of £72,500 of which £47,500 was paid in 2021. Outstanding balance at 31 December is £25,000 (2020: £72,500). In 2021 Enhance support worth £3,360 was provided to the charity (2020: £Nil).

Manager for North East, Neil Shashoua was a Trustee of **North East law Centre (NELC)**. In the year ended 31 December 2019 a grant of £100,000 was awarded to NELC of which £33,333 was paid in each of 2020 and 2021. The outstanding amount at 31 December 2021 was £Nil (2020; £33,334). In the year ended 31 December 2020 a React grant of £8,710 was awarded and fully paid. In 2021 Enhance support worth £1,700 was provided to the charity (2020: £Nil). Neil's wife works for **Newcastle Carers**. In 2018 a grant of £73,347 was awarded to the charity of which £24,514 was paid in 2020. Outstanding balance at 31 December 2021 was £Nil (2020: £Nil). In the year ended 31 December 2020 a React grant of £10,135 was awarded and fully paid. In 2021 Enhance support worth £2,100 was provided to the charity (2020: £2,945).

Manager for West Midlands, Peter Cunnision, is a Committee Member (non-paid) of **BBC Children in Need**. During the year ended 31 December 2021 the Foundation made a donation in relation to the Matched Giving Scheme of £208 (2020: £2,985).

Manager for Wales, Rachel Marshall, is a Trustee of **St Andrews Major CIW Primary School PTA**. During the year ended 31 December 2021 the Foundation made a donation in relation to the Matched Giving Scheme of £500 (2020: £930).

17. Lease commitments

The Foundation had a total commitment under non-cancellable operating leases at 31 December:

	Buildings		Other	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Within one year	17	200	7	4
Within two to five years	-	17	11	-
Total	**17**	**217**	**18**	**4**

On 4 January 2022 the Foundation signed a new lease for office accommodation for office space within the NCVO Society Building in London. The annual lease commitment is £78,696 per annum under a five-year lease.

18. Capital Commitments

The Foundation had the following capital commitment at 31 December:

	2021	2020
	£'000	£'000
Contracted	50	-
Total	**50**	**-**

The Capital Commitments at 31 December 2021 represent the amounts contracted for the fitting out of the new office within the NCVO Society Building in London.

Latin American Womens Rights Services
/ £163,605 / Domestic Abuse

Reference and administrative details

Registered charity number:	327114
Company Limited by Guarantee Registered Number:	1971242
Country of registration:	England & Wales
Country of incorporation:	United Kingdom

Registered office and operational address
Society Building
8 All Saints Street
London N1 9RL

Bankers
Lloyds Bank PLC
10 Gresham Street
London EC2V 7AE

Solicitors
Stone King LLP
Boundary House
91 Charterhouse Street
London EC1M 6HR

Independent Auditors
Deloitte
1 City Square
Leeds LS1 3AL

Investment Managers
Sarasin & Partners LLP
100 St. Paul's Churchyard
London EC4M 8BU

Trustees and Senior Management

Trustees

Chair: Baroness Irene Fritchie DBE
Vice Chair: Dame Gillian Morgan DBE
Catharine Cheetham
Joanna Harris
Dr Neil Wooding
Sara Weller CBE (until 21 May 2021)
Professor Akwugo Emejulu (until 30 November 2021)
Rebecca Shaw
Gareth Oakley
Darren Knight
Kamran Mallick
Ruth Sutherland CBE
Sarah Legg (from 1 July 2021)

Senior Leadership Team

Chief Executive: Paul Streets OBE
Chief Operating Officer: Elizabeth Winder
Director of Grants: Harriet Stranks
Director of Policy, Communications and Research: Duncan Shrubsole
Director of Development: Jill Baker

In September, C2C acquired a fantastic allotment plot in the Kingsthorpe area of Northampton and recruited an outdoor learning support worker, Sophie, to offer horticultural activities to service users.

This tranquil area is a safe space for service users to relax and meet their support workers and other agencies.

Another service user has been offered employment locally in a catering role, after talking positively at her interview about growing food at the allotment and linking it to her interest in catering.

C2C Social Action, who received a £33,000 COVID-19 Recovery Fund grant, writes about the impact of their C2C Grows initiative

We really value how flexible and supportive the Foundation has been, not just in relation to this grant but more generally in the way you have supported the sector during a year of unprecedented change and uncertainty. I would like to thank the Foundation for its approach.

Revolving Doors, awarded a grant of £210,952 under our Criminal Justice grants programme

Lloyds Bank Foundation for England and Wales partners with small and local charities who help people overcome complex social issues. Through funding for core costs, developmental support and influencing policy and practice, the Foundation helps charities make life-changing impact.

During 2021, the Foundation awarded £16.3m to small and local charities helping people facing disadvantage. With the unprecedented circumstances of COVID-19 such charities have been never more needed.

The Foundation is an independent charity funded by the profits of Lloyds Banking Group.

lloydsbankfoundation.org.uk
enquiries@lloydsbankfoundation.org.uk

Society Building
8 All Saints Street
London N1 9RL

LLOYDS BANK FOUNDATION
England & Wales

Registered Charity No. 327114

Company Limited by Guarantee Registered in England and Wales Company No. 1971242

LLOYDS BANK FOUNDATION FOR ENGLAND & WALES

England & Wales - Charity number 327114

Accounts

Meeting the moment

Trustees' Report and Financial Statements 2020

LLOYDS BANK FOUNDATION
England & Wales

LLOYDS BANK FOUNDATION England & Wales

Lloyds Bank Foundation for England and Wales partners with small and local charities who help people overcome complex social issues. Through funding for core costs, developmental support and influencing policy and practice, the Foundation helps charities make life-changing impact.

The Foundation is an independent charitable trust funded by the profits of Lloyds Banking Group.

Our mission

To partner with small and local charities to help people overcome complex social issues and rebuild their lives

Our approach

/1 We fund

/2 We develop

/3 We influence

On 16 March 2020 the UK went into lockdown as a response to the COVID-19 global pandemic. Young people needed us more than ever, yet our gym had to close, as did many of the schools we worked in. We moved fast to adapt our work and continue supporting young people and their families during a critical time. We are immensely proud of our response, which received recognition both locally and nationally.

Empire Fighting Chance reflects on 2020

What's inside

In 2020, everything changed	**4**
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Empire Fighting Chance / £111,146 / Mental Health

In 2020, everything changed

COVID-19 and the effects of lockdown spread across our communities. Small and local charities were already facing exceptional challenges; the long-term effects of austerity and funding cuts; political turmoil in the face of Brexit; and a steady rise in demand for services to support people facing mental health problems, addiction, domestic abuse, homelessness and much more.

Yet, despite the odds stacked against them, small charities worked confidently and compassionately to care for their communities in ways others couldn't, wouldn't and didn't.

They showed up and stuck around, using their position of trust to support those hardest hit by the pandemic.

Throughout the year we stood by their side and became more flexible, responsive, and vocal. We've built our response on 35 years of innovation and partnership to fight for small and local charities at every turn, through our funding, development support, and influencing.

It's been a hard, long year, and the crisis isn't over yet. The effects of the pandemic will be felt for many years, but when we look back at 2020, we can be proud of the work we've done as a Foundation to support small charities in meeting this moment – and all possible due to the commitment and support of Lloyds Banking Group.

-20%

In the lead up to the pandemic, small charities saw a year-on-year decline in income, with government funding at its lowest levels in five years[1]

1/4

Nearly a quarter of small charities with an annual income below £100k had no reserves to lean on during the pandemic[2], while a third of small charities that did were already having to access them before the pandemic[3]

77%

In response to COVID, 77% of charities made greater use of technology – and the vast majority made changes to their operations to allow them to deliver their services remotely[4]

79%

Since the start of the pandemic, 79% of small charities have lost funding, 43% expecting to lose more than half of their annual income due to the crisis[5]

8in10

82% of people described the role of charities and community groups in supporting the country through the crisis as 'important'[6]

36%

Emergency grants have not always been fairly geographically distributed – with 36% fewer COVID-19 grants distributed to small charities in the West Midlands compared to London[7]

The staff at The Prior Centre, Leominster, who support ECHO Herefordshire's adults with disabilities / £33,000 / Learning Disabilities

Ashiana Community Project / £97,000 / Domestic Abuse

1. NCVO; 2. NCVO; 3. The FSI; 4. Pro Bono Economics; 5. Small Charities Coalition; 6. Pro Bono Economics; 7. 360 Giving

COVID-19 and our response

The challenges wrought by COVID-19 on society have been complex and evolving. With those they support being at even greater risk due to the pandemic, small and local charities have never been more needed. That is why we have adapted our approach across our three pillars of funding, development and influencing.

We listened to grant holders and offered greater flexibility to their grants and increased our **Enhance development support offer** to give them the tools and capabilities to meet the challenges of the moment.

We awarded a total of 781 new unrestricted grants, three times more than previous years. Of our existing grant holders, 389 received additional emergency funding so they could seamlessly adapt to the challenges brought on by the pandemic. We awarded 149 two-year core cost grants worth £7.5m, 38% of which went to charities led by and for Black, Asian and minority ethnic communities. We also secured additional funds for 135 charities worth £4.4m as part of the UK Government's Community Match Challenge.

We played a prominent role nationally by sharing charities' inspiring stories, **giving evidence to Parliament and putting pressure on the government and MPs**. We collaborated with others on the **#NeverMoreNeeded campaign** which was instrumental in securing the commitment of £750m from the Government.

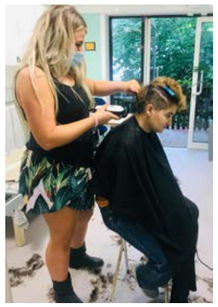
Recognising that strong infrastructure organisations are key to a healthy charity ecosystem, **we awarded grants aimed at supporting them** as they navigate turbulent financial waters. Understanding that the road to recovery will be complex, we funded charities to develop and to influence welfare policy.

As we look forwards, we know that collaboration will be central to the sector's recovery. We helped establish the **Funders' Collaborative Hub** to coordinate partnership amongst charitable foundations. As always, the support of our corporate partner Lloyds Banking Group has been invaluable. We worked closely with them to design and develop **a range of offers** for charities to help them address emerging challenges and upskill their staff and volunteers.

> **I am writing to thank you for the extra grant of £11,446. This will go a long way in helping tackle the challenges [we face] over the next few months. As a charity we have felt very well supported by Lloyds Bank Foundation, the funding coupled with the extra expertise we have been able to draw on has made a huge difference.**
>
> The Birchall Trust / £11,446 through our COVID React Fund / Sexual Abuse and Exploitation

The pandemic's impact	… and our response
Research by UBELE finds **9 out of 10 Black, Asian and minority ethnic-centred micro and small organisations are set to close** if the crisis continues beyond 3 months following the first lockdown	As part of our COVID Recovery Fund, **38% of the 149 grants were awarded to charities that are led by and for Black, Asian and minority ethnic communities** – in recognition of longstanding structural inequalities and the greater impacts of COVID on these communities
Figures show the **number of people claiming Jobseeker's Allowance increased by 856,500** in April, to 2.1 million	Our Welfare programme offered **funding to nine charities to focus on influencing change in the welfare system**, through policy, research and campaigning
Figures indicate **deprived areas have been hit twice as hard by the COVID-19 pandemic** when compared to more affluent areas	Last year we **began to look at how communities can work together to thrive and become more sustainable**, especially in the context of increasing demand for services and less resources due to austerity and the potential impact of Brexit
Analysis suggests **it will take until 2024 for the UK economy to recover** from the impact of COVID-19 and the lockdown	We launch our new national Infrastructure Fund, a **grants programme to provide core funding to local and regional infrastructure charities** who are the backbone of the local voluntary sector ecosystem
Small charities continue to step up during the worsening pandemic, despite significant funding challenges, as our updated 'Small Charities Responding to COVID-19' report shows	Small Charities Data, a **digital research hub that brings together the latest and best available data on small charities in the UK**, goes live to give small charities an accessible and easy to use tool to make their case to funders, commissioners, and government

From our Chair & Chief Executive



For all people, 2020 has been a remarkable test. A test of our skill. A test of our resilience. A test of our ability to work together and make clear what we need. Our staff and board worked tirelessly throughout the year to fund even more small and local charities, design additional capacity building support, and champion them to those with influence and power. The support offered to small charities by our partner Lloyds Banking Group proved ever more valuable as they made their expertise available in innovative new ways from virtual mentoring, charity response forums, and digital resources.

From our charity partners we've heard the trials they've faced, and the triumphs they've celebrated. Their unique and unrivalled position within local communities put them at the coalface of the pandemic, helping some of our most vulnerable citizens stay safe, be informed, escape homelessness, abuse or addiction, keep well and be fed. And they met the moment magnificently.

Over the coming pages you'll see how our strands of support had to flex and stretch to meet the evolving needs of our partners. You'll read how we played a prominent role in the call for emergency financial support for the sector.

Collaboration has been the hallmark of this crisis. Alongside our partners we took bolder, more innovative strides into the digital world, bringing together the most compelling data and insights to be used across the sector. Together, we supported the long-term transformation of how local services are designed and delivered by communities, for communities.

We celebrated our anniversary in December, **35 years working side-by-side** with small and local charities and the steadfast support of our partners, Lloyds Banking Group. Over the course of our lifetime we have invested half a billion pounds in thousands of charities, supporting them through grants and capacity building, and influencing policy and practice.

Reacting swiftly, Caring in Bristol called on its network of community partners, volunteers and supporters to develop a solution and respond to the crisis. In a matter of days, Cheers Drive was up and running, funnelling resources and stakeholders from around the city into feeding 400 individuals three nutritious meals every single day.

Caring in Bristol, which received a £33,000 grant through our COVID React Fund, are just one of a number of small and local charities that worked tirelessly to keep people fed during the crisis

Yet, we also identified where the sector, and ourselves, have fallen down. Deep rooted racial inequalities have been brought into the spotlight by the pandemic as Black, Asian and minority ethnic groups find themselves more greatly impacted. We've also listened and acted on concerns about the intersectional impact of welfare reforms on those our partners support. Advocacy in all its forms has never been more important and we've partnered with charities, infrastructure organisations and other funders to highlight the critical role that charities play in our societies.

If there was any doubt before the pandemic of the unique value and need for small charities at the heart of communities and at the centre of government policy, there can be none now.

Together we must work to ensure they emerge from this crisis stronger, more innovative, and more visible than ever, to ensure they are in a position to meet whatever comes next.

Baroness Irene Fritchie DBE
Chair of the Board of Trustees

Paul Streets OBE
Chief Executive

2020 at a glance

We funded

£24.6m
awarded in funding in total
We supported 919 charities through our grants programmes
2019: £25.7m, 935 charities

781
charities supported through new grants
We totalled £18.9m in new grant giving
2019: 293 charities, £16.9m

£1.3m
given in matched giving
Distributed to 1,111 charities
2019: £2.7m, 1,578 charities

The Shrewsbury Ark / £51,700 / Homeless and Vulnerably Housed

We developed

£2.9m
invested in development support
466 charities received support through our Enhance programme, totalling £2.1m
2019: £2.1m, 373 charities

84
Charity Response Forums held
500+ Bank colleagues involved across the programme

52
events held virtually
With nearly 3,000 participants registered to attend

MK Snap / £33,000 / Learning Disabilities

We influenced

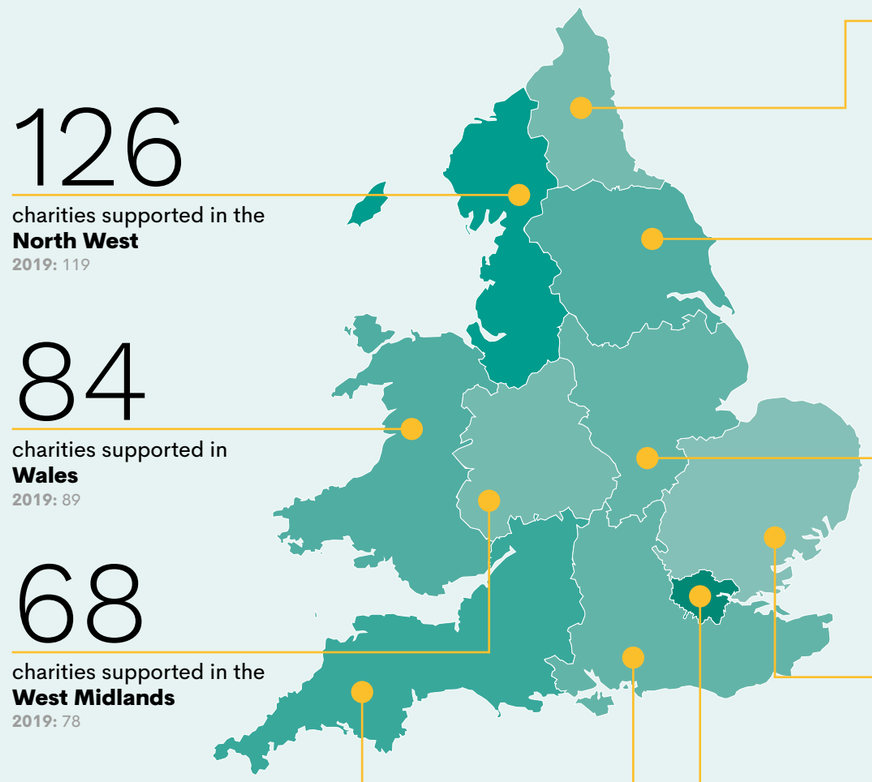
£1.4m
in National Programme spend
Benefitting 48 organisations and partnerships
2019: £4m, 43 organisations

300
research conversations held
To inform our research on Small Charities Responding to COVID-19

£788k
invested in 25 Infrastructure organisations
To support their efforts during the COVID-19 pandemic

The Door / £32,300 / Care Leavers

In total we supported 919 charities, some of which received multiple grants



126
charities supported in the **North West**
2019: 119

68
charities supported in the **North East**
2019: 58

85
charities supported in **Yorkshire and the Humber**
2019: 87

84
charities supported in **Wales**
2019: 89

76
charities supported in the **East Midlands**
2019: 71

68
charities supported in the **West Midlands**
2019: 78

61
charities supported in the **East of England**
2019: 53

105
charities supported in the **South West**
2019: 113

92
charities supported in the **South East**
2019: 90

154
charities supported in **London**
2019: 177

"We are so proud that we have continued to work face-to-face throughout the pandemic, and been able to be a part of the amazing journeys that our clients have been through. Sadly some have passed away, some continue to struggle, but we will always be here for anyone who needs us."

Wendy Faulkner, Manager, The Shrewsbury Ark / £51,750 / Addiction and Dependency

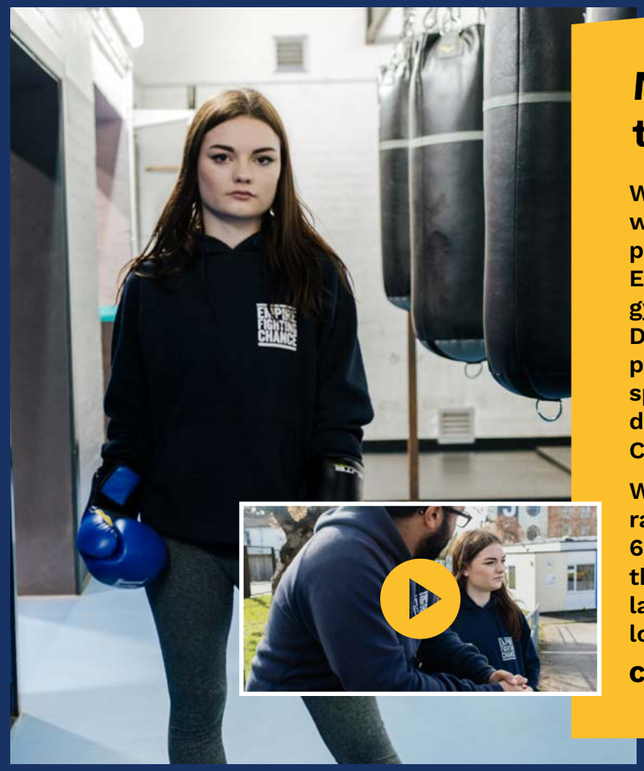
Lives transformed in 2020

During the pandemic, calls to our support line working with families increased by 88%.

In response we provided 4,000 people with hard copy resources; reached over 22,000 people online with information... [and] responded to over 1,100 enquiries via our telephone support service.

We received amazing support from a network of volunteers who helped run online chat and community groups connecting carers across the country.

Challenging Behaviours Foundation / £87,331 / Learning Disabilities



Meet Chloe, a life transformed

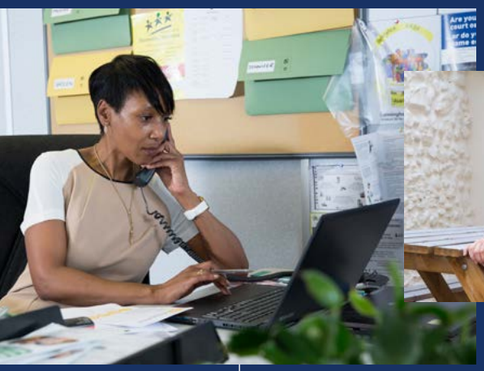
We first met Chloe back in February when we paid a visit to one of our charity partners, Bristol's Empire Fighting Chance. Empire, as it's known locally, is a boxing gym, but it's much more than that. Day in and day out, it supports young people with their mental health through sport, mentoring, and intensive personal development. It teaches young people, like Chloe, how to roll with the punches.

Whilst their gym closed in March, Empire rapidly redesigned their approach reaching 636 young people with continued boxing therapy, delivered 367 food parcels, and launched a digital content hub in the first lockdown alone.

Click the video to meet Chloe and the team.

In total, the charities we funded - whether with new or existing grants - supported people to:

11,844
Regain choice and control
2019: 6,598



229
Enter education
2019: 419

1,609
Gain qualifications
2019: 2,253

19,877
Manage a mental health condition
2019: 13,206

782
Move to independent living
2019: 909

15,488
Find stable and suitable housing
2019: 12,191

22,075
Be safe from violence and abuse
2019: 19,447

2,052
Become employed
2019: 2,617

3,371
Not reoffend
2019: 2,069

2,173
Safely manage dependencies
2019: 2,118

6,678
Maintain healthy relationships
2019: 4,133

4,798
Find stable income and financial independence
2019: 5,908

35 years, side by side

On 13 December 2020 we marked our 35th anniversary – 35 years of championing small and local charities, side by side.

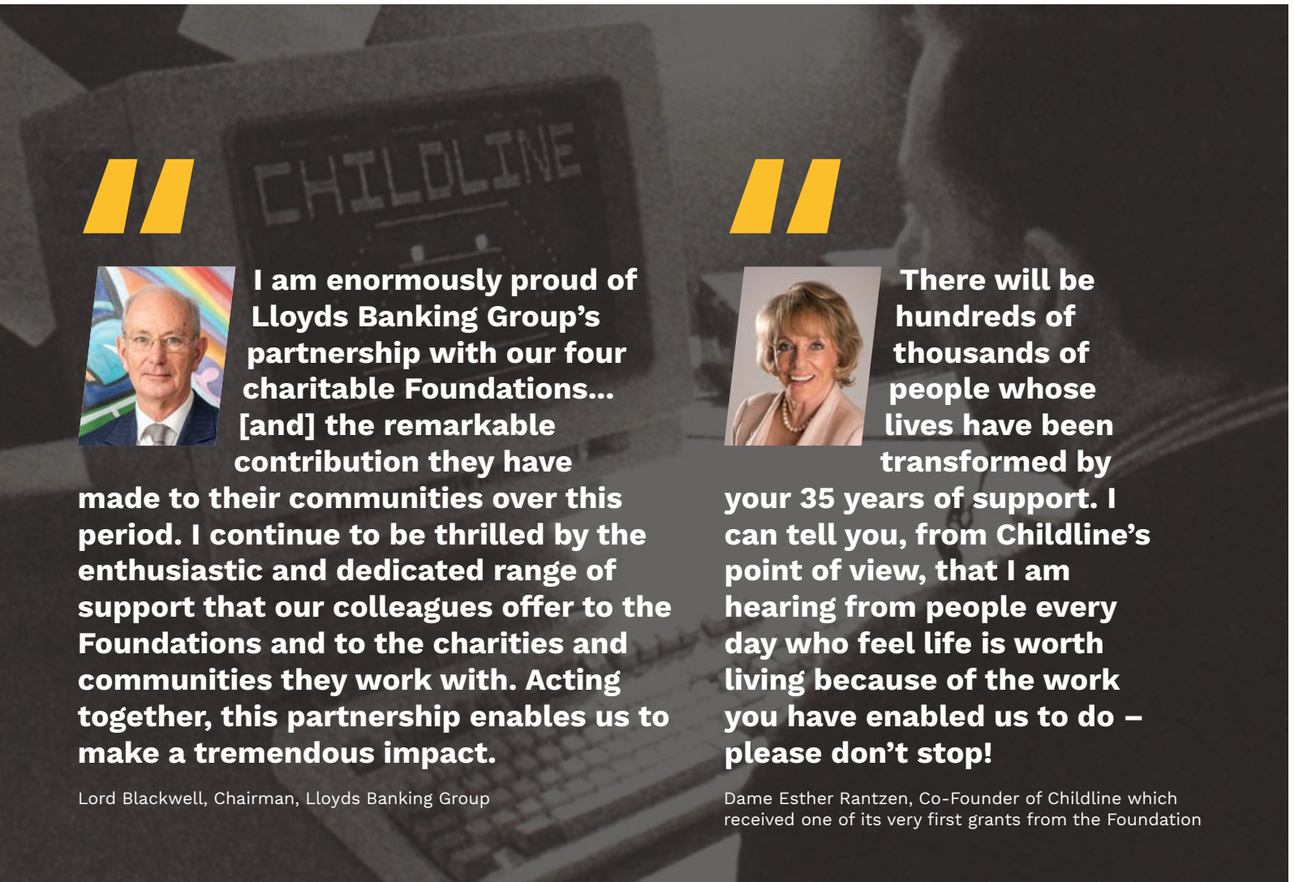
In that time, we've changed a great deal, as have the challenges facing the small and medium-sized charities we work with. In the ensuing years those needs have changed substantially, through economic crises, political upheaval, social change and much more. We've always strived to respond to these changing circumstances, listening and learning.

We have reached many milestones in the past 35 years, as you'll see below, and these have helped prepare us to face the sector's greatest challenge yet. We're proud to be more than just a funder, but a valued partner to small and local charities. We know that together we can weather this storm and emerge stronger and more resilient than ever.

£530m in funding to small charities

£39m in matched giving

55k grants to small charities



"I am enormously proud of Lloyds Banking Group's partnership with our four charitable Foundations... [and] the remarkable contribution they have made to their communities over this period. I continue to be thrilled by the enthusiastic and dedicated range of support that our colleagues offer to the Foundations and to the charities and communities they work with. Acting together, this partnership enables us to make a tremendous impact.

Lord Blackwell, Chairman, Lloyds Banking Group

"There will be hundreds of thousands of people whose lives have been transformed by your 35 years of support. I can tell you, from Childline's point of view, that I am hearing from people every day who feel life is worth living because of the work you have enabled us to do – please don't stop!

Dame Esther Rantzen, Co-Founder of Childline which received one of its very first grants from the Foundation

Our history

1985

The Foundations are incorporated as part of TSB's flotation

The four TSB foundations - one each for England and Wales, Scotland, Northern Ireland, and the Channel Islands - are incorporated within one month of each other in 1985 and allocated 5% of the share capital.

1992

Matched giving scheme established

In 1992, we set up our matched giving scheme to encourage and reward the charitable fundraising and volunteering activities of banking staff. In that first year we gave £18,850 towards fundraising efforts by 98 members of staff.

1997

We award our first £100,000 grant

Responding to the needs of the sector, we begin offering larger grants over a longer period of time and in a move unusual for grantmakers at the time, we begin offering grants towards a charity's core costs. Our first award of £100,000 is a 2 year grant for a major research project managed by Carnegie Third Age Programme looking at good practice in recruiting, retaining and managing older volunteers.

2014

We launch our Enhance Programme

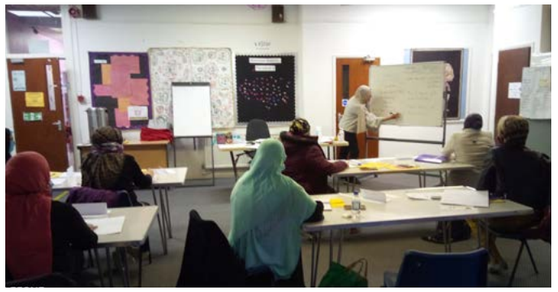
Piloted in the summer of 2014 with 30 charities, our Enhance Programme provides developmental support alongside our funding. We changed our name from Lloyds TSB Foundation to Lloyds Bank Foundation for England and Wales.

Click here
To explore the full timeline

Continuing our Equity, Diversity and Inclusion journey

The disproportionate impact of the COVID-19 pandemic on Black, Asian and minority ethnic communities has been well documented. This is also present across the 11 complex social issues we fund which disproportionately affect minoritised communities who are less well served by mainstream provision.

To help us on our journey to meeting our commitments to equity, diversity and inclusion, we partnered with Bonnie Chiu and Ngozi Lyn Cole. Together they have more than twenty years of experience supporting organisations to provide equitable opportunities for all people on an individual and systemic level.



This grant will enable us to reduce our income deficit as we had to utilise our reserves to address our income gap and scale up our services to meet increased demand. The capacity building support will enable us to improve our digital delivery services, train staff, and pilot our Black, Asian, and minority ethnic young women's support service. These young women face multiple forms of abuse, intersectional discrimination, gender inequality, and social norms and practices that makes them vulnerable to abuse and mental health issues including low self-esteem and self-harm. Funding will enable FORWARD to provide timely and culturally appropriate support to girls and young women and help to improve their wellbeing and create positive change.

FORWARD's Executive Director, Naana Otoo-Oyortey

In the summer we ringfenced 25% of all new funding for charities led by and for Black, Asian and minority ethnic communities. We exceeded our target and awarded 38% of these grants to charities led by minoritised communities.

38% awarded to Black, Asian and minority ethnic-led charities

Jean Smith, Director of Nilaari, said: "During the pandemic, many of our service users felt fear and anger arising from reports of a higher death rate among their communities and of COVID's disproportionate impact on their mental health and job opportunities. Some failed to access prescribed mental health medication through self-isolation, confusion, inability to contact their GP or belief that pharmacies were closed. This only exacerbated their conditions."

"The grant from the Foundation helped us to increase staff capacity to support a higher caseload of Black, Asian, and minority ethnic clients through digital platforms and help those who were especially vulnerable with shopping and medication collection. We were also able to work with a Foundation consultant to support our Trustees and CEO in thinking outside the box in the aftermath of the pandemic so that we could reshape our services and funding mix and increase sustainability."

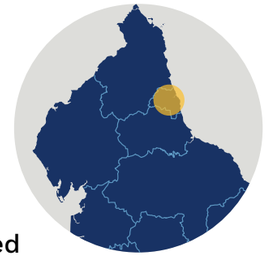
Meet our new Trustees

This year we were also joined by three new Trustees who bring with them a wealth of experience and insight on the charity sector. Chief Executive at George House Trust Darren Knight, Chief Executive at Disability Rights UK Kamran Mallick, and former Chief Executive at Samaritans Ruth Sutherland CBE took up post in February. Together they are helping shape and inform our future strategy and were instrumental in our COVID-19 response.

I am proud to be working with the Foundation and look forward to using my expertise in the disability sector to help them further support small and local charities. I believe in the power of people's lived experience to create innovative and long-term solutions. With a new government and parliament underway, it's a critical time to advocate and support charities doing vital work.

Kamran Mallick, Foundation Trustee and Chief Executive at Disability Rights UK

Meet KEY Project



COVID Recovery Grant of £33,000 / Homeless and Vulnerably Housed

20

Alongside their dedicated volunteers, KEY has 20 staff who support young people at risk of homelessness

3x

The number of young people and families supported through KEY's food bank tripled in the first six months of the pandemic

80%

The number of young people able to stay in the family home through KEY's support remains high at 80%

[We want to ensure that] the young people of South Shields get the best out of life. We aim to use different tools such as mediation to prevent young people having to move out of the family home.

Jo Benham-Brown, Business and Community Manager

The food bank at South Shields' KEY Project was once a few shelves in CEO Ross Allen's office. Now it is a vast operation taking up an entire section of the local library. Before COVID-19, the food bank was supporting roughly 4,500 young people and families a year. Within the first six months of the pandemic that number tripled.

Family breakups contribute to South Shields' higher than average levels of homelessness. KEY aims to keep families together and offers a range of support to young people and their families. This includes services such as family mediation, supported accommodation, and tenancy support.

A threefold increase in requests for support during COVID-19 resulted in all existing financial resources being diverted to frontline services such as its food bank. The challenge was compounded by a substantial drop in fundraising opportunities and the postponement of development work to its accommodation projects. Unfazed by the crisis, KEY have increased the number of staff to assist with accommodation and have provided outreach support to 50 people.

To support their response to the pandemic, we awarded KEY a grant of £33,000. Whilst the pandemic has presented huge challenges for the charity, their ability to adapt has meant they have been able to continue to provide vital services for those affected by homelessness in South Shields.

A young person shares their story

This pandemic has affected me in many different ways. To begin with I had to leave home. My relationship with my parents fell apart. It was declining for years but being with them 24/7 when quarantine started sped up the inevitable.

I moved into a property with KEY Project and things were alright for a while but obviously during lockdown I was stuck in the house all the time with nothing to do. There's only so much Netflix you can watch! Then I got a job with the food bank as a volunteer so I was able to spend time there - with people - actually help people out and that was fun for a while.

Then came results day. Due to the government's algorithm I ended up missing my first choice and my insurance choice and I had to find a place through clearance. I did, I am going to study pharmacy at East Anglia. I'm grateful despite everything that happened that a great Uni accepted us.

Then came the problem of student finances because obviously this whole coronavirus pandemic has affected working class people the most... KEY Project has helped me find grants and bursaries so I will be able to manage through the whole transition process.

I feel like I have come out of this pandemic a lot better off than most people would have. I can only thank KEY Project for that.

In 2020, we supported five charities to get creative through the Stories for Change project, an initiative suppporting charities to create and share their work through film. Kat, the talented musician above, is just one of the people supported by KEY Project who shares their story.

Click the video link to watch

We funded

We heard from charities of the various ways in which their work was being impacted, and the different directions in which their resources were being pulled.

Services in all sectors were required to focus on mental health needs as anxiety, isolation and depression rates skyrocketed. A surge in demand and limited move-on accommodation impeded Domestic Abuse services. Charities focusing on homelessness, at first heartened by the 'Everyone In' response from government, became concerned with the looming financial crisis, and historic rises in unemployment. These charities needed more support to adapt and meet demand, but also the space and opportunity to begin their journey to recovery.

Charities told us flexibility was key, so we allowed those already holding a grant with us to change the focus of their grant, use core funding in any way they needed to deliver their services, and gave greater leeway on agreed outcomes. We proceeded with applications from charities that had already invested a significant amount of time in the process before the pandemic, **awarding over £2 million worth of one-year grants to 71 charities.**

2020 Objective
Greater contol
New funding

March 2020 onward has been a complete rollercoaster of a year with many up and downs. We have changed the service numerous times to try and balance meeting the needs of the people we support without putting them at more risk and keeping the staff as safe as possible. We have conducted street outreach, work in hotels, booked office appointments, home visits and phone appointments - phones funded by Lloyds, thank you! The Pathways team have been extremely resilient and kept adapting. I am very proud.

Pathways of Chesterfield / £92,525 / Homeless and Vulnerably Housed

Emmaus Oxford / £99,000 / Homeless and Vulnerably Housed

We fund charities helping people to overcome the following complex social issues

Addiction and Dependency

Asylum Seekers and Refugees

Care Leavers

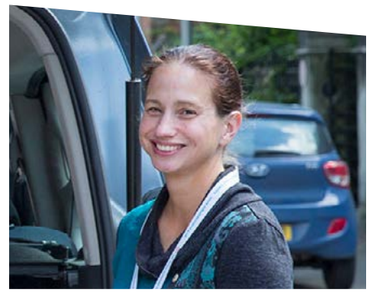
Domestic Abuse

Homeless and Vulnerably Housed

Learning Disabilities

Mental Health

Offending, Prison and Community Service



Sexual Abuse and Exploitation

Trafficking and Modern Slavery

Young Parents

Additional funding stream
Racial Equity

Charities told us covering core costs was more important than ever so our COVID React Fund offered existing grant holders a top-up grant to cover costs for adapting or developing services to respond to the crisis. We received applications from twice as many charities as we were able to fund. To ensure we could meet as much demand as possible, we partnered with the Health Foundation and the Community Foundation Wales. Together, we managed to support a total of 414 charities – 90% of those who applied.

We provide a range of programmes in [Leicester City] centre to help women make new friends, to improve their skills, and into work. Recently, with COVID-19, we've not been able to do that. At rapid speed we have managed to realign our services with the help of our staff and volunteers to be able to deliver virtually. This includes services like bereavement counselling, [and] emotional and mental health support to our carers and those suffering in lockdown. But we've also been able to provide ongoing comrade support through telephone calls for those who are feeling isolated. And in addition to that we have provided a range of interactive workshops, such as baking, cooking, arts and crafts.

Shama Womens' Centre / £73,797

COVID React Fund

414

grants made with the help of partners
25 grants were funded and paid directly by the Communityh Foundation Wales

90% of those who applied received a grant

Recognising that charities would need to fundamentally change their operations, services, and sources of income in the aftermath of the pandemic, we launched the COVID Recovery Fund that paired a two-year unrestricted grant of £50,000 with dedicated organisational development support. This additional support comes in the form of a local Development Partner, who will walk alongside the charity as it tackles this crucial, and complex, work. Through this programme, we awarded 149 grants totalling an investment of £7.5 million. We made 11 targeted grants to organisations in our six People and Communities locations, using a participatory grantmaking approach to make recommendations to our Trustees about how to award these grants.

Maggs Day Centre / £99,000

Even before social distancing came into force, many of the young men that we encounter were struggling with loneliness and isolation. The current situation has only exacerbated these problems. For non-resident Dads, daily or weekly contact with their children may have ceased entirely, whilst resident Dads face other challenges, including how to exercise and entertain their children in high-rise flats.

But while social distancing represents a physical challenge it doesn't have to be a social one. In addition to telephone calls, text messages, and even handwritten letters, right now we are using a host of different apps and technologies to connect with young Dads. We even offer walking visits which follow social distancing rules, and use outdoor spaces to support these young men and those most in need.

North East Young Dads and Lads / £33,000 COVID Recovery Fund grant / Young Parents

COVID Recovery Fund

149 grants made

£7.5m total grant spend

Thanks to match funding from the UK Government's Department for Digital Culture, Media and Sport (DCMS) Community Match Challenge, we have also been able to award £4.4m to a further 136 small charities.

As part of our own journey through Equity, Diversity, and Inclusion as a grantmaker, we understand the explicit link between the vast majority of our complex social issues and racial injustice. With the pandemic compounding already entrenched inequalities faced by these communities, we realised these intersecting inequalities are best addressed by the small charities that are rooted in the communities they serve. That is why we committed to distributing a minimum of 25% of our COVID recovery fund to charities that are led by and for Black, Asian and minority ethnic communities. Of the 149 grants we awarded, 38% were to charities that met this criteria.

Firmly embedded in our strategy is a willingness to take risks. We know charities don't have all the answers. For that reason, we are keen to focus going forward, not on charities who have the best balance sheets and professionalised services, but on those that are most needed, supplementing their skills and experience with external support to ensure that they are still there for the people who need them.

Lincolnshire Traveller Initiative / £54,032

"COVID-19 has brought about change to how we think, plan and deliver our service, but it has also shown how adaptable and flexible we are to work in new ways. It has provided TCT with that rare opportunity of evaluation. No longer were we able to have young people on cafe work placement, but we suddenly had a new opportunities to build and expand on our volunteer's programme.

Karen Fielder, CEO, Top Church Training / £120,210 / Homeless and Vulnerably Housed

A small charity CEO shares her story

At the start of the pandemic, it became very clear that we were observing a pocket of young people in our community that were at risk of starvation and extreme loneliness. They took the Government's words literally and were not leaving their homes, even to pop to the shops for food and essential items.

We came up with the idea of delivering free healthy meals from our Harry's Cafe Project. We were no longer able to take on cafe work placements due to COVID-19 retrictions, however, we were able to bring in volunteers to support the "essential" work that was now needed.

Since the pandemic we have provided over 6,000 meals to young people, to families, and to those in sheer crisis in the Dudley Borough.

Our Chefs have prepared a variety of freshly made, healthy meals that can be eaten hot or cold. We provide enough meals for the whole household to cover until more specialist services can be accessed.

The delivery service also provided an opportunity for support staff to provide doorstep support and to provide 'safe and well' checks on the young people we support. Young people found this service to be reassuring, they knew they would be seeing someone that week and if they had any problems, they could share with a familiar face.

Karen Felder, CEO, Top Church Training

A member of the Top Church Training team delivers food to one of the young people they support / £ 120,210 / Homeless and Vulnerably Housed

Meet Recovery Cymru

£132,682 / Addiction and Dependency

1in7

adults in Wales drink 14 units of alcohol every single day

140%

Rise in intake and referral rates for Recovery Cymru's 'Footsteps to Recovery' programme in the second quarter of 2020

£26,124

is the estimated positive impact on society for each individual in recovery from drug/alcohol problems

For people with substance misuse issues, and those in recovery, connection - and your life getting bigger and learning new things and getting involved in the local community - is a really important part of our package.

Sarah Veile, Chief Executive

For Recovery Cymru, one of South Wales' most respected self-help recovery communities, the closure of their two recovery centres at the onset of the pandemic threatened the very nature of their work – how could they maintain and build that sense of community, so integral to their recovery journey, in an age of social distancing?

"COVID has affected us all, and in different ways," said Sarah Veile, Chief Executive. "I don't think anybody has not been touched by it. For people with substance misuse issues, and those in recovery, connection - and your life getting bigger and learning new things and getting involved in the local community - is a really important part of our package. We've been worried that our members have been feeling more isolated and lonely, and perhaps a little bit like their life is on hold, which is a hidden element of the pandemic."

Though the challenges of the pandemic came as a shock to the organisation, they quickly saw the opportunities it presented too. "It wasn't panic but a real call to arms, to me it was very much the spirit of how Recovery Cymru started – there was a problem, there was a need – what were we going to do about it?" remarked Sarah. Conscious that connection is a pivotal part of a person's recovery, and that added anxiety and isolation can be drivers of relapse, Sarah and her team worked quickly to bridge the digital divide.

They instigated a phone-based check in service across their membership and identified who might not have the capability to get online to join their new virtual services. "It's about confidence, it's about skills, and it's about having somebody that will do a Zoom practice with you as many times as you need until you're ready, and then you can come into a group or come into a video call," said Sarah. "That's what our staff and volunteers have given our members and I hope they found real value in that".

Sarah and the team quickly saw a way of capitalising on this new technical capability and hope to embed it within the future work of the charity as a complement to its in-person centres.

Recovery Cymru received a grant from the Foundation of £74,854 in 2016 over three years, with a further two year extension of £49,953 in 2019 and £7,875 of support from our React fund in 2020. Beyond funding, the charity has benefitted from a range of development support from the Foundation including a review of their premises and lease arrangements, coaching support for staff and volunteers and access to a CEO Peer Support Group. To coincide with their 10 year anniversary in 2020, the Foundation funded an impact assessment report reflecting on the charity's work, published alongside a new five-year strategy. Sarah has also been paired with Deb Galsworthy, a mentor through our partnership with Lloyds Banking Group.

Jo shares her story

I went into Footsteps to Recovery which is a seven week structured course, four days a week. I thought, 'I'm not going to talk to these people, they're not going to understand me!' It took me a while to come around.

I hoped that they'd help me maintain abstinence, give me some tools, help me towards living a normal life. I did all the groups – relapse prevention, moving on in my recovery, walking groups. I was an isolator so getting out and about was massive – being with people who know my past but don't judge me for it.

[Recovery Cymru] is a massive part of my life now. It was well needed. I did a home detox many years ago, there was nothing like Recovery Cymru about – there was nothing after the detox.

My self-confidence is just through the roof - I run groups myself now. It's kept me on the straight and narrow. They've given me a good kick up the backside if I can say that! The community that they're building is just amazing. It should have been around a long time ago.

We developed

The COVID-19 crisis is a challenge unlike any other faced by small and local charities. Their close, trusted position rooted within their communities meant they showed up and stuck around.

Beyond our unrestricted funding, charities needed help responding and adapting to the unchartered, and quickly changing, waters of operating during a global pandemic.

We worked quickly with our Enhance Partners to devise a number of development interventions to help charities meet this moment, and developed more innovative ways of working with Lloyds Banking Group. All this and more to ensure our charity partners would not just survive but emerge from the crisis stronger than ever.

£2.1m

total spend on Enhance support in 2020

2019: £2.1m

988

packages of support provided

2019: 373

Development outcomes delivered in projects:

31

Skilled staff and volunteers

2019: 21

89

Sustainable finance and fundraising

2019: 90

148

Robust systems and processes

2019: 231

49

Effective services

2019: 13

64

Effective communications and marketing

2019: 39

Helping charities step up to the challenge

2020 Objective
Beyond Funding

As the COVID-19 pandemic progressed, we understood that each charity faced unique circumstances. **With this in mind, and to reassure charities whose funding came to an end during 2020, we made our full Enhance support available to them for the remainder of the year, reaching an additional 132 charities.**

This support was extended to charities we don't fund in the refugee sector through Respond and Adapt, a collaboration between Refugee Action, NACCOM and Migration Exchange. We invested £100,000 in targeted development support to underpin both the programme and the charities they are working with.

356

COVID-19

2019: N/A

In total we spent **£501,609** (26%) on development support in response to COVID-19, including on:

IT hardware | Staff wellbeing | COVID secure property advice | Short-term fundraising | Tailored consultancy

95

Clear strategy and planning

2019: 88

75

Stronger governance

2019: 72

35

Excellent leadership

2019: 13

46

Systematic monitoring and evaluation

2019: 58

Organisational resilience

Organisational Resilience is a vital survival skill for small charities in a year of uncertainty and challenge. Being able to anticipate change and critically respond to it is something our charity partners have identified as a key area of development over the coming months.

We have helped develop a pilot programme of practical workshops, each centred around three key pillars – people, money and mission – that helps lay out a development plan moving forward.

2020 Objective
New approaches

Bringing charities together

With rising demand and falling resources, for those that run small charities it can be difficult to find the capacity or opportunity to develop skills and relationships within the sector. At no time has that been more acute than during the COVID-19.

Overnight we moved our networks of peer forums and action learning sets online and significantly increased the range and number of events we provided online, providing charities vital chances to learn, engage, share and provide peer support. From March to December, we held 52 virtual events with nearly 3,000 participants registering to attend from across the sector. A further 4,600 have since watched these events back on our YouTube channel.

Meanwhile, our Action Learning Sets and Peer Forums continued to meet virtually on a regular basis and work together to explore and problem-solve.

Trinity Winchester / £106,420 / Homeless and Vulnerably Housed

52 virtual events

3,000 participants

4,600 on-demand views on YouTube

I feel as a leader you have to hold back sometimes (quite rightly), so having the freedom to talk is good. COVID-19 affects us all in a negative way, not least in maintaining the confidence to help and support staff. Always being the strong one is draining but this has been a safe place to get things off my chest. A personal outlet helps greatly!

Peer Forum attendee

Harnessing the expertise of Lloyds Banking Group

Since 2014, we have been partnering with Lloyds Banking Group to offer Skills-Based Volunteering and other forms of support to charities. Developed this year in the face of the pandemic are our Charity Response Forums, connecting small charities and experts from across the Group to air their most pressing issues, test their thinking, and gather new ideas and insights.

2020 Objective
New ways to help

84
In total we ran 84 forums between May and September

210
The forums provided 210 hours of support for charities

75%
75% felt the forum had helped the charity move forward

80%
80% reported that their actions were either completed or that progress had been made

[We] re-opened in November after the March lockdown. Prior to our re-opening, I had a meeting with Kayleigh [mentor]. We put together a timeframe and schedule of a small number of programmes we could run for six weeks before closing for Christmas. Kayleigh offered suggestions that helped us to effectively organise our teaching programme. Kayleigh's engagement and leadership skills have proven to be essential.

Florentine Bootha-King, Founder of Education Learning Support Hub and Lloyds Banking Group Charity Mentee

Becoming a mentor during COVID-19 has been challenging and rewarding. Supporting Florentine during difficult times has been a unique experience for me. I've learnt a lot about how charities are run and how to problem solve in completely different circumstances. Charities are facing unprecedented difficulties and I'm so pleased that we are actively supporting them.

Kayleigh Tobbell, Chief Resilience & Security Office and Lloyds Banking Group Charity Mentor

Developing People and Communities

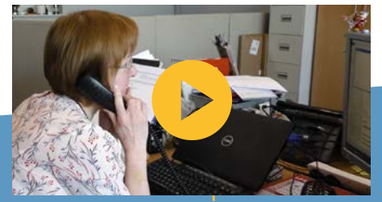
2020 Objective
Stronger systems

The services that local communities rely on are informed by and impact everyone within those communities. Last year we began to look at how communities can work together to thrive and become more sustainable, especially in the context of increasing demand for services and less resources due to austerity and the potential impact of Brexit.

We brought together partners from across the voluntary, community and social enterprise (VCSE) sectors - as well as public and private sectors - in six specific places to identify how we might best help them, understanding the distinct context of each area.

Inspired by the success of our Skills Based Volunteering programme, we have been working to connect local businesses and VCSE organisations in these six communities. We explored how organisations can benefit one another, helping to build the sustainability and resilience of VCSE organisations.

Already we've learnt a lot from our local partners about the changing dynamics at play between the various sectors and organisations as they work together to respond to the COVID-19 crisis. We've captured these important lessons in a series of films - a useful starting point for sharing and applying the learning from the COVID period to building collaborative ways of working going forward.



"What I'd really like to take away from this is the strategic partnerships that we've been able to build up both with the local authority and with other local groups. The response from the sector has been absolutely amazing – nobody could have done it without them. It just shows the power of when communities and community groups come together.

Hilary Edwards, Voluntary Action, Merthyr Tydfil

Meet Ashiana Community Project

£97,000 / Domestic Abuse

75%

of Ashiana clients struggle with English and IT

13,000+

clients are registered on Ashiana's database

552

clients were supported by Ashiana in the first 100 days of lockdown, with 130 new clients registered

Ashiana Community Project is a vibrant charity based in Sparkbrook, West Midlands. Rooted in their community, Ashiana support local people who are experiencing multiple disadvantage. The charity was first supported with a three-year grant of £72,750 in 2017, extended with a further year of funding in 2020 of £24,250 for their work in helping people from Black, Asian and Minority Ethnic communities who have been affected by domestic violence. Ashiana's work reaches unreported cases of domestic violence such as forced marriages, 'honour' based violence, female genital mutilation, trafficking and sexual exploitation.

As cases of COVID-19 increased across the UK, and in accordance with government guidelines, Ashiana Community Project moved their face to face services to virtual ones. Immediately, they contacted all their most vulnerable clients over the phone to check on their health and wellbeing. The Women's Wellbeing Programme moved to a fully online provision and in doing so they helped the women become more connected online which in turn reduced isolation.

"We had to 'think on our feet' about how to continue to provide services without the face to face contact. We're fortunate to have multilingual staff so we were able to translate these into various languages and circulate through Facebook and WhatsApp and I believe we were amongst the first as an organisation to do this." said Mohammed Shafique, Ashiana Community Project Chief Operating Officer.

"Staff who, while facing challenges in their own lives (travel, childcare etc.), worked hard and smart to provide services via telephone, WhatsApp, Facebook, Zoom, Google 8X8 and other means of distanced engagement." said Mohammed. "We experienced severe difficulties in getting support for our clients, especially as the statutory providers were either closed or struggling to help. As one of the very few organisations that was still offering advice support that remained open, we had additional referrals from other voluntary and statutory organisations adding to our workload. We also became aware of the uneven effects on Black Asian and minority ethnic communities."

COVID-19 presented many challenges to the communities that Ashiana supports, such as whole multi-generational households needing to isolate, the scarcity and increased cost of groceries and toiletries, and a household's main source of income dwindling significantly. COVID-19 also posed additional health risks for people from Black, Asian and minority ethnic communities further heightening the inequalities these communities already face.

"We had to respond swiftly and boldly – realising more than ever that poverty and language were barriers which made us view disadvantage and poverty in a completely different way. While it was bleak, we have seen the power in community; its resilience and agility of people coming forward to help others in times of crisis.

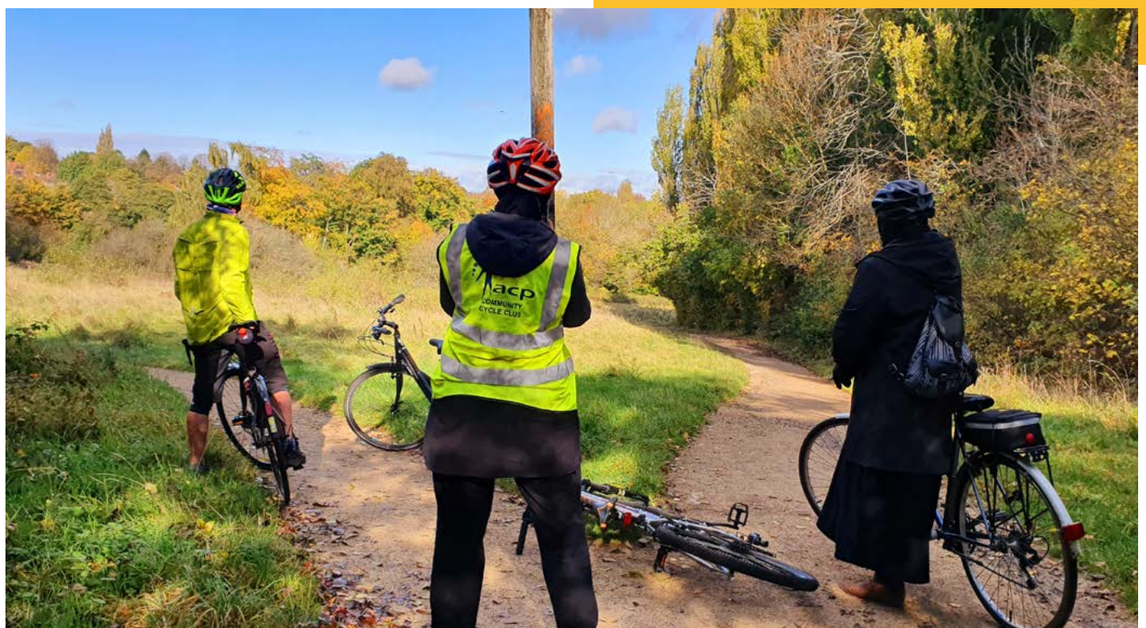
Mohammed Shafique, Chief Operating Officer

Mohammed shares his story

The effects of the COVID-19 pandemic lockdown period, although often talked about in the media, was still a shock to us as everything came to a standstill.

We had to react rapidly to developing situations, from issues such as self-employed people suffering from unemployment to the elderly and vulnerable suddenly finding they were unable to afford or get food and basic necessities. Every day seemed to bring a new challenge.

Within three weeks we noticed a sharp increase of calls for help from domestic violence victims. At four to six weeks in, we started to get calls for help from people who felt their employers were abusing the furlough system for the employers' advantage in various ways. Issues relating to death, burial and related cost implications needed addressing. This was over and above our normal advice and support work which also had an upsurge in demand.



We influenced

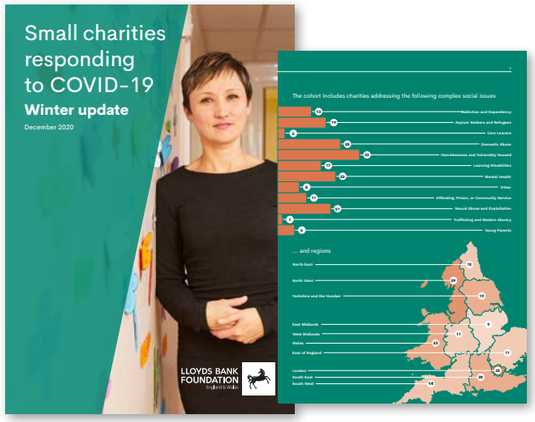
Core to our strategy has always been seeking to influence policy and practice affecting small and local charities and to address the root causes and consequences of disadvantage affecting those they serve. This has been more important than ever with most charities focused on providing vital support and services, yet facing pressures like never before.

2020 Objective
Champion charities

With crushing pressure on services, communities, resources, and beneficiaries, charities' voices need to be heard or risk being lost entirely.

Following more than 300 conversations with charity partners we compiled 'Charities responding to COVID-19' in May, detailing the challenges facing small and local charities. Our Chief Executive Paul Streets was invited to share these findings with the House of Lords Public Services Committee as part of their inquiry into how public services have responded during the pandemic.

In November the Committee published its first report - A critical juncture for public services: lessons from COVID-19 – which references our evidence and calls for many of the changes we put to the group. It emphasises the need to recognise the role of the sector in public service delivery and improve working with local organisations - not least through the allocation of resources and making more use of grants.



> **We have seen the immediate and significant effect of coronavirus. Our clients and caller numbers have surged significantly and continue to do so on a daily basis. It is clear that people are extremely anxious and their mental health is affected. Unfortunately at the same time the impact of coronavirus on fundraising activities for the charity has been substantial.**
>
> **Charity respondent, 'Charities responding to COVID-19'**

We published a follow up report in December of what we were hearing from the charities we partner with. To support influencing efforts across the sector, we also launched the Small Charities Data hub in partnership with NCVO, Small Charities Coalition, NPC, Locality, Charity Base, the FSI, Localgiving, and 360Giving. This new digital tool, the culmination of more than two and a half years of work, brings together the latest and best available data on small charities in one place. The data shows the stark challenges they face due to a decade of cuts, increased competition for grants and contracts, and the COVID-19 pandemic.

2020 Objective
Building influence

Charities often tell us that they struggle to be heard, to make the most out of relationships with decision-makers, or even just to find the time to step back and think about influencing strategically. In the spring we set about equipping and empowering charities to pursue their own influencing campaigns through our Introduction to Influencing course.

> **On a personal and professional level, this course has been a real eye-opener to understanding and harnessing my own power and potential to influence within my organisation and beyond.**
>
> **Feedback from charities on the Introduction to Influencing course**

Supporting unprecedented cooperation across the charity sector

The COVID-19 crisis required unheard of collaboration across the sector, to ensure the vital contribution of charities was met with suitable financial support from the government. Alongside a coalition of charitable organisations, we supported the #EveryDayCounts campaign to ensure the not-for-profit sector was not overlooked.

Together the coalition helped secure a £750m package of support from the government. However we know that more needs to be done to help charities overcome the challenges ahead, and we continue to work together through the #NeverMoreNeeded campaign, bringing charities voices and expertise to the fore.

Funders' Collaborative Hub

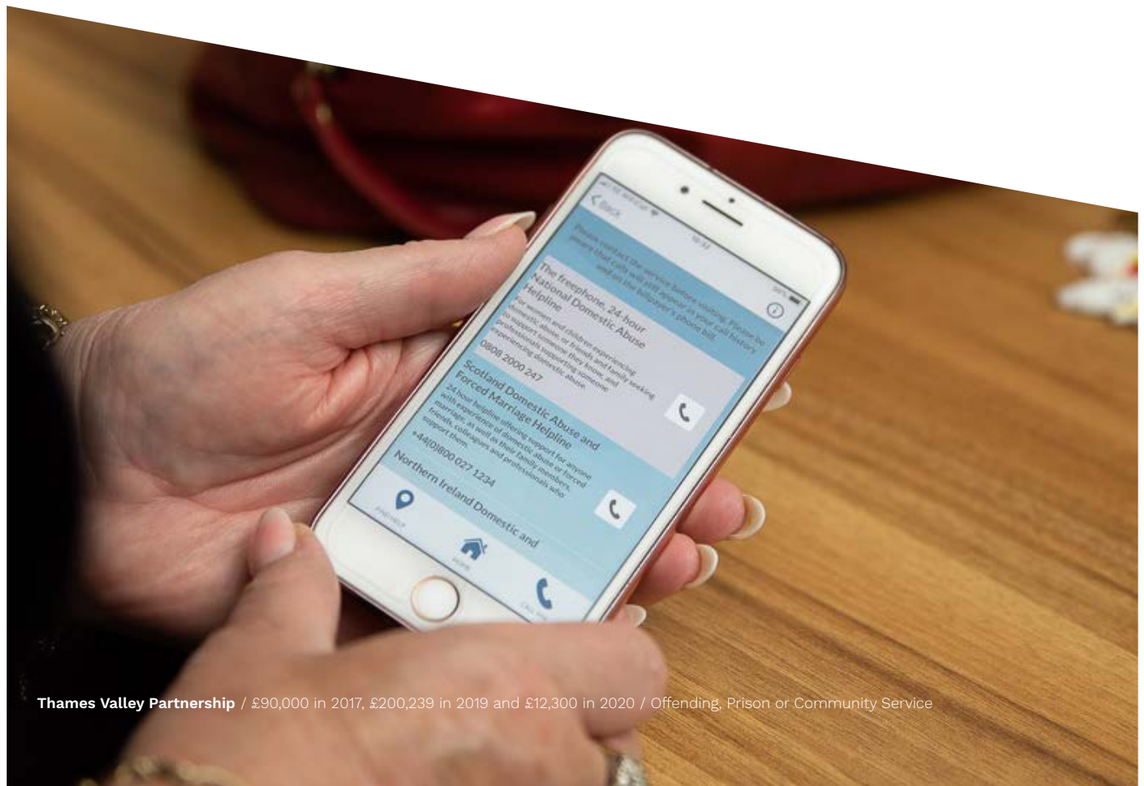
We played a leading role in establishing the Funders' Collaborative Hub, working to increase understanding, closer alignment, and opportunities for funder collaborations in response to COVID-19. Working alongside the Association of Charitable Foundations and representatives from other funding bodies, a pilot programme has been launched exploring how funders from across the sector can work together. This ranges from shared ideas, insights and learning, to pooled funding, joint back-office functions, and collective programme delivery.

Lockdown has further intensified the challenge of domestic abuse and alongside supporting frontline specialist services, we have pushed for change to improve responses and funding for services. We continued to support Women's Aid Federation of England to work across the sector to influence the Domestic Abuse Bill, and have engaged directly with MPs alongside Lloyds Banking Group and specialist services.

We have connected the specialist charities addressing domestic abuse that we fund with Lloyds Banking Group's Domestic and Financial Abuse Helpline, bringing together the expertise of frontline charities and the Group to improve support to customers who have experienced abuse.

Domestic and economic abuse is a key business issue for us; with 30 million customers and around 65,000 colleagues, that means that at any one time a number of our customers and colleagues will be living in a domestic abuse situation... Through the Domestic and Financial Abuse team, we play a key role in offering practical support and guidance to victims and survivors to help them regain control.

Fiona Cannon, Group Sustainable Business Director, Lloyds Banking Group



Thames Valley Partnership / £90,000 in 2017, £200,239 in 2019 and £12,300 in 2020 / Offending, Prison or Community Service

National Programmes Funding

Infrastructure organisations have been central to effective responses to the pandemic. They have helped coordinate, provide essential services, mobilise volunteers and others who wanted to help. Yet they too have been hard hit by the pandemic, seeing shrinking income streams and fewer avenues of funding. We launched an open grants programme to support local infrastructure charities with core cost funding. Through this Infrastructure programme we awarded £450,000 of funding to 15 local infrastructure charities to support a strong local ecosystem.

Shama Womens' Centre / £73,797

£450k awarded in funding to / 15 local infrastructure charities

During the pandemic, challenges facing the welfare system have intensified. Record numbers of people are claiming Universal Credit and food banks have seen a rise in the number of people needing emergency support. Our Welfare programme offered funding to 9 charities to focus on influencing change in the welfare system, through policy, research and campaigning.

£336k awarded in funding to / 9 charities influencing change in the welfare system

The Coordinated Community Support Programme, which we support, could not have come at a more important time. The programme brings together local councils in four pilot areas – Swansea, Oldham, Tower Hamlets and Norfolk – with local charities to better coordinate support for those facing financial crisis. This coordination, led by The Children's Society, has enabled these areas to respond quickly to the needs in their communities – whether improving support for those with no recourse to public funds or joining up food banks with advice services.

With a crisis raging in British prisons, the criminal justice system is under mounting pressure from staff shortages, dangerous overcrowding, record self-harm, and high rates of reoffending. With the privatisation of probation services having failed, small charities specialising in criminal justice are facing an uphill struggle, just when their expertise and connections are

We all know who they are; those small charities in our villages, our market towns, in pockets of our cities...the unsung heroes looking after the vulnerable and holding together our social fabric.

Rishi Sunak, Chancellor of the Exchequer

most needed. Our Reform Justice Programme, launched in 2019, has supported 17 specialist charities and partnerships to influence for change in the criminal justice system, particularly to improve outcomes for women, young people and those for black, Asian and minority ethnic communities. Whilst Covid-19 has put immense challenges on the criminal justice system, prisons and those inside, our funding has enabled specialist charities to have the capacity to advocate and work with prisons and the Government to improve conditions at this critical time.

Flexible monitoring

2020 Objective
Monitoring impact

In March 2020, we were proud to be one the founding grantmakers to have signed up to IVAR's Principles for Better Reporting – an approach co-produced in collaboration with other funders and charities to make monitoring and evaluation a shared, more meaningful experience for both grantmakers and grantees.

In response to the onset of the COVID-19 pandemic, the Foundation introduced flexible monitoring for all grantees. As one of the first signatories of the Funder sector solidarity statement co-ordinated by London Funders, we recognised the crisis meant adapting reporting deadlines to allow charities to focus on responding to the needs of their communities.

Whilst continuing to listen, respond, and share the issues raised by grantees, we invested in an independent evaluation of our major projects and strategic grants, including through a learning partner for the work of our Development Team.

The Young Women's Justice Project

A year into the Reform Justice Programme, we've already seen a number of eye-opening findings, including alarming research into how the criminal justice system is experienced by young adult women. The Young Women's Justice Project is run in partnership by Agenda and the Standing Committee for Youth Justice and funded by a two-year, £80,942 grant from the Foundation. The project identified a 'limited evidence-base around the experiences of young adult women' and aims to 'shine a light on the experiences of young women aged 17–25 in contact with the criminal justice system'. Their key findings so far include:

- Young women (16–21) in custody are **more likely to have been in statutory care** than their male counterparts – two thirds of young women, compared to just under half of young men.
- There is **greater prevalence of mental health issues** amongst young adult women, including higher rates of suicide compared to young adult men and older adult women.
- Young adult women (18–21) are also **more likely than older women to report an alcohol problem** on arrival at prison and to feel that they might have an alcohol problem on release.
- Between three quarters and 90% of young women may have **experienced abuse** from a family member or someone they trusted.
- Racist stereotyping informs how criminal justice agencies respond to Black and minoritised young adult women, meaning they face a 'double disadvantage' as **gender intersects with race**.

These findings help shine a light on large gaps in data and knowledge. This work will help identify challenges young adult women face and how to improve services they use.

"Young women in contact with the criminal justice system are too often ignored, misunderstood, or misrepresented. Overlooked in policy, little is known about their experiences and there is limited specialist provision. Responses to challenges they face often come too late or can be re-traumatising. Lloyds' funding has allowed us to shine a light on young women's experiences whilst in contact with the criminal justice system, continuing to advocate for gender- and age-informed policy and practice into 2021.

Maggie Bridge, Agenda

2021, our objectives

We'll fund

Every year we'll make grants to hundreds of small and local charities, investing in their work helping people overcome complex social issues across England and Wales

Youth Concern / £153,425 / Homeless and Vulnerably Housed

New funding

Make grants to over 150 new charities

Racial equity

Award at least 25% of our unrestricted grants in 2021 to charities that are led by and support Black, Asian and minority ethnic communities

More giving

Match the fundraising and volunteering efforts of Lloyds Banking Group staff, distributing these funds to charities across England and Wales

Greater control

Trust charities to spend the funding we give them as they judge best to achieve the greatest impact

We'll develop

We'll provide a wide range of developmental support, including training, consultancy and mentoring alongside our funding to strengthen charities

Maundy Relief Trust / £102,720 / Mental Health

New ways to grow

Provide a wide range of developmental support, including training, consultancy and mentoring alongside our funding to strengthen charities

Reimagining communities

Work deeper locally in six communities in England and Wales to strengthen the whole system and improve services for the people that use them over the long-term

Organisational resilience

Develop resources and support models to help charities improve their organisational resilience

New ways to help

Develop new ways for staff at Lloyds Banking Group to volunteer their time and expertise to provide support and advice to charities

We'll influence

We'll champion the work of small and local charities and raise awareness of the challenges they face with influencers and policy-makers

Ashiana Community Project / £97,000 / Domestic Abuse

Champion charities

Champion the role, value and needs of small and local charities with national and local government and commissioners through the pandemic response and recovery

Supporting infrastructure

Support local infrastructure charities to advocate for and raise the voice of small and local charities, particularly supporting Black, Asian and minority ethnic-led infrastructure charities

Social security

Help charities to influence change so that people facing complex social issues can access the welfare support they need

Domestic and sexual violence

Support charities to ensure legislation and policies enable specialist services to support victims and survivors

Trustees' report
Financial review

Overview

In this section, our Trustees outline our principal funding source in the year ended 31 December 2020 and how we used these resources to support our key objectives. Full details can be found in the financial statements that follow this Trustees' Report (page 50 onwards).

Where our money comes from

The Foundation is an independent charity principally funded by Lloyds Banking Group, receiving a share of the Group's profit under a Deed of Covenant (see note 18b for further details of our connection with this related party).

In 2020 we received £18.4m (2019: £18.2m) from Lloyds Banking Group under the Covenant. The Group have confirmed that funding for 2021 will be £18.4m even though their profits will be lower due to the impact of the COVID-19 pandemic.

In response to the pandemic, the Foundation received grants of £4.6m from the Department of Culture Media & Sport and £500,000 from the Health Foundation. This income was applied to the Recovery and React grant programmes in 2020. The Foundation also received £250k from partners in the LocalMotion project which is developing strategies for regeneration in deprived areas.

The Foundation does not raise funds from the public nor enter into other fundraising activities.

How we spend our money

Everything we spend aligns with our mission: to partner with small and local charities helping people overcome complex social issues and rebuild their lives.

The Foundation planned to spend £23.3m in grants in 2020. As the implications of the pandemic became clear the Foundation needed to respond to the expectation that its income from Lloyds Banking Group would be lower in future years.

All the funds budgeted for new core and national grant funds were utilised but the Foundation changed its grant making approach, emphasising more immediate funding to support charities. The practise of three-year grants with an extension for a further three years was ended with extensions limited to one year. The Foundation responded with two new grant programmes;

- React programme which provided immediate funding of up to £33,000 to charities affected by the pandemic in July 2020.
- Recovery programme which supports charities after the immediate health crisis providing grants of up to £50,000.

The change in approach to grant extensions reduced expenditure in 2020 by £1.8m.

Matched Giving, where the Foundation matches the fundraising efforts of Lloyds Banking Group staff was also significantly lower in 2020 as many regular fundraising activities could not take place; this reduced expenditure by £1.7m from the expected level.

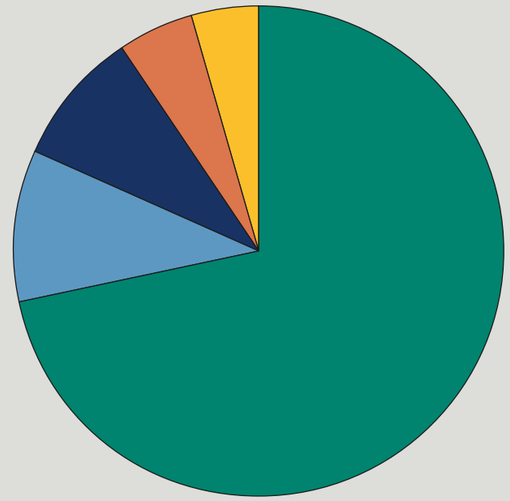
These two elements along with savings in other areas including overheads (£0.7m lower) meant that expenditure would have been almost £5.0m lower to enable the Foundation to maintain support to charities in future years in the event that Lloyds Banking Group income fell. However, the Foundation secured additional funds from the Department of Digital, Culture, Media and Sport (DCMS) of £4.6m and £500k from the Health Foundation. The DCMS funding was part of the government's Community Match Challenge programme to support charities impacted by the pandemic and the Foundation was one of the Foundations selected to ensure that funds were applied quickly and effectively to charities in need.

As a result, grant expenditure was £24.1m (2019: £25.0m), higher than the original plan for the year with the majority of charities receiving a single payment made immediately following the grant award.

The overall result was a deficit on unrestricted funds of £3.6m (2019: £9.4m) before investment gains of £1.0m (2019: £3.6m).

The Foundation is currently able to spend more than the annual income from Lloyds Banking Group as in 2017 it received a significant gift of shares which were sold realising £38.6 million. The Foundation will continue to incur a deficit from 2021 and beyond but will align its spending with annual income once the additional funding from the share proceeds has been utilised which it expects to be in 2025.

Expenditure 2020



- **Long-term funding:** £20.1m
- **Direct costs of charitable activity:** £2.8m
- **Developmental support:** £2.5m
- **Influencing, Policy and Practice:** £1.4m
- **Central support costs:** £1.2m

Investment policy

The overarching investment objective is to maintain sufficient liquidity of funds and their overall value in order to finance the planned deficits arising from the excess of expenditure over income which is expected in the short-term under the current strategy. This objective has previously been met by applying three levels of investment strategy - bank deposits, short-term funds and long-term funds. During the year, a medium-term fund was established to more closely align investments with cash flow and reserves requirements.

The Foundation aims to hold a minimum of £5m of immediately accessible cash to meet grant payments and operating costs. As at 31 December 2020, the Foundation had cash in hand of £6.9m (2019: £5.9m).

Financial investments of the Foundation comprise £10m of Treasury deposits and investments of £37.6m (2019: £42.3m) are managed by Sarasin & Partners LLP within agreed parameters. The investment funds are divided into short, medium and long-term portfolios. The investment in the long-term and medium-term funds are regarded as Level 2 investments in accordance with Section 34 of FRS 102.

	2020	2020	2019	2019
	Asset value	Return	Asset value	Return
	£'m	%	£'m	%
Long-term portfolio	13.5	10.6	23.2	19.9
Medium-term portfolio	4.1	3.1	-	-
Short-term portfolio	20.0	0.8	19.1	1.4
Total	**37.6**		**42.3**	

The Long-term portfolio is invested in the Sarasin Climate Active Endowment Fund and has a long term (5+ years) horizon with the aim of providing a good flow of income and protection. This pooled managed Fund seeks a combined income and capital return over the long term of 4.5% above inflation. The fund is predominantly invested in listed assets and the valuation is provided by the fund manager based on the fair value of each asset.

The Trustees policy is to avoid investment in companies which are materially engaged in certain sectors including tobacco, alcohol, gambling and adult entertainment. When deciding where to invest, Trustees took into consideration that this Fund is a global multi-asset portfolio with an integrated socially responsible investment policy and makes investment decisions consistent with the aims of the Paris Accord on climate change.

The Long-term portfolio is recognised at its market value of £13.5m (2019: £23.2m). During the year the investments performed strongly generating a return of 10.6%, reflecting the strong recovery of financial markets in the later part of the year and outperformance by the fund managers compared to the benchmark of 6.8%.

During the year the trustees reduced the amount held in the Long-term portfolio to closely align the Long-term portfolio to the expected level of reserves over the next five years. The Long-term portfolio was reduced in value by £11m of which £4m was used to establish a Medium-term portfolio and the balance transferred to the Short-term portfolio.

Investment by asset class at 31 December	**2020**	**2019**
Long-term portfolio	**£'m**	**£'m**
Equities	9.8	16.2
Bonds	2.0	3.0
Property	0.2	2.0
Alternative investments	1.1	1.0
Cash	0.4	1.0
Total	**13.5**	**23.2**

The Medium-term portfolio, which was established in August 2020, is recognised at its market value of £4.1m (2019 - £nil). The return for the five-month period to 31 December 2020 was 3.1% compared to the benchmark of 2.9%.

Investment by asset class at 31 December	**2020**	**2019**
Medium-term portfolio	**£'m**	**£'m**
Equities	1.0	-
Bonds	2.7	-
Alternative investments	0.3	-
Liquid assets	0.1	-
Total	**4.1**	**-**

The sum the Foundation realised from the gift of shares from Lloyds Banking Group was largely invested in the Short-term portfolio to gain returns in the period. As these funds will be used over the next few years to make additional grant payments the investment strategy for the Short-term portfolio is deliberately cautious. It is focussed on delivering a premium to cash deposit rates with limited volatility in value. The portfolio is managed by Sarasin and Partners and invested in a diversified range of short-dated government and corporate bonds, floating rate notes, certificates of deposit and cash deposits; see the table below for more details.

The Short-term portfolio is recognised at its market value of £20.0m (2019 - £19.1m). The fall in value of the fund reflects the cash flow requirements of the Foundation. The return for the year was 0.8% compared to the benchmark of 0.2%.

Investment by asset class at 31 December	**2020**	**2019**
Short-term portfolio	**£'m**	**£'m**
Non-government bonds	9.1	14.0
Floating rate notes	-	1.3
Liquid assets	10.9	3.8
Total	**20.0**	**19.1**

The investments in non-government bonds are held in individual listed securities and are regarded as Level 1 investments. The liquid assets are invested in Institutional Liquidity Funds managed by Morgan Stanley and BlackRock. These are Level 2 investments and the valuations are provided by the fund manager based on the fair value of each security and term deposit within the fund.

Financial risk management

The risks associated with the Foundation's investments are monitored by its Audit, Investment and Risk Committee and managed on a day-to-day basis by its investment managers, Sarasin and Partners. The key risks which the Trustees believe are relevant to the Foundation's investments are:

Market risk

Exposure

The portfolio is well diversified with holdings in a wide range of asset classes. The Long-term portfolio is invested in the Sarasin Climate Active Endowment Fund in which the largest holding of any share is 3.3% of the fund.

The Foundation derives the majority of its income from the covenanted payment from Lloyds Banking Group and is able to take a long-term view of its investments.

Sensitivity

The largest market risk is a fall in the value of equity markets. Based on the position at 31 December 2020, in the event that there was a general 10% fall in equity markets there would be a reduction in net income of £1m. In February and May 2020, the Foundation transferred £3.8m and £3.2m respectively from the Long-term to the Short-term portfolio and in July £4m from the Long-term portfolio to establish a Medium-term portfolio to reduce the exposure to market risk.

Currency

The long and medium-term portfolios are denominated in GBP. The currency exposure of the fund at 31 December was as follows;

	Long-term		**Medium-term**		**Short-term**	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
	%	**%**	**%**	**%**	**%**	**%**
Sterling	59.7	43.8	89.8	-	100.0	100.0
US Dollar	24.6	35.7	5.6	-	-	-
Euro	4.0	6.7	1.2	-	-	-
Japanese Yen	2.4	2.9	0.7	-	-	-
Other	9.4	10.9	2.7	-	-	-
Total	**100.0**	**100.0**	**100.0**	**-**	**100.0**	**100.0**

Credit risk

The credit risk of the Foundation's investment at 31 December was as follows;

	Long-term portfolio	Medium-term portfolio	Short-term portfolio
Value of bond investments	£2.0m	£2.7m	£9.1m
Value of non-government bonds	£1.3m	£0.7m	£9.1m
Credit rating of BBB+ or better	76.3%	74.9%	79.9%
Average duration of non-government bonds	10.3 years	9.3 years	0.7 years

Term deposits of £10 million at 31 December 2020 were invested with two banks – different institutions to the bank in which the Foundation's current and deposit accounts are held with a limit of £5 million with each bank.

Liquidity risk

The Long-term portfolio is invested in the Sarasin Climate Active Endowment Fund and the Medium-term portfolio is invested in the Sarasin Income & Reserves Fund both of which have daily dealing which would allow the Foundation to realise cash if this were required.

55% of the Short-term portfolio is invested in liquid assets and 45% in bonds with a very short duration.

Further details of the Foundation's investments are included at note 10.

Reserves

Currently the balance of total reserves held by the Foundation stands at £32.7m (2019: £35.2m) of which the free reserves are £32.0m (2019: £34.4m). Reserves were enhanced by £38.6m in 2017 with the conversion of Limited Voting Shares to Ordinary Shares in Lloyds Banking Group.

The Foundation holds reserves for both operational and strategic purposes considering the main risks to the organisation.

During 2019 the Foundation's operational reserves policy was to retain sufficient funds to cover six months non-grant expenditure. The Trustees recognised that there is a significant risk around the Foundation having one primary income source, being Lloyds Banking Group and that the current uncertain economic environment directly affects the profitability of the Group and required a reserve of £20m to be maintained for strategic purposes.

In February 2020 the reserves policy was revised to require 12 months total expenditure less the minimum payment under the Lloyds Banking Group covenant with a tolerance level of 5% below the target before action is required. At 31 December 2020 this represented a level of £16.9m. At £32.0m (2019: £34.4m), the level of reserves stands well in excess of this requirement. The higher level of reserves will enable the Foundation to make a higher level of grant awards than would be possible from its annual income from Lloyds Banking Group which is likely to fall as a result of the impact of the Covid-19 pandemic on the Banks profits.

Grants, (including multi-year grants) are recognised in the financial statements as liabilities when they are approved. As a result, the balance sheet includes creditors and provisions for future years commitments (see note 1 for the full grant accounting policy).

The Foundation also has a number of designated and restricted funds. There are designated funds to provide for awards expected to be made in 2021 from 2020 programmes and in respect of funds invested in Fixed Assets.

Restricted Funds represent funds received from partners for joint projects.

Full details of Designated and Restricted Funds are shown in note 15.

Risk

How we manage our risk

Trustees are tasked with ensuring that the framework of governance, risk management and control supports appropriate management of risk. Within this framework, the Board judge whether its agenda is focussing assurance on the issues that are the most significant in relation to achieving the Foundation's objectives and whether best use is being made of resources, targeting those areas of greatest risk.

The framework of governance, risk management and internal control is designed to minimise rather than eliminate the risk of failure to achieve the Foundation's objectives and cannot provide absolute assurance against the material risks that we face.

The Audit, Investment and Risk Committee plays a crucial role in supporting the Board of Trustees to meet these assurance obligations.

Principal risk around a single source of income

The Trustees recognise that there is a significant risk associated with the Foundation being principally funded from one source, namely Lloyds Banking Group. The current economic uncertainty may impact on the profitability of the Group. The Trustees are satisfied that this risk is suitably mitigated as follows:

- The Covenant with Lloyds Banking Group (see note 18b for further details) addresses short term risk through the inclusion of a minimum level of income for the Foundation. Exposure to a one-off drop in profitability of the Group is limited by the averaging of profits over three years.
- The medium and long-term risk to the Foundation's strategy is addressed by the reserves policy.

An Appropriate and Proportionate Risk Assurance Framework

Under the Foundation's Risk Assurance Framework, the Trustees have defined five headline strategic risks.

Risk	How we manage it
Impact – is the Foundation making the desired impact, and can it be evidenced?	• Regular feedback from grantees • Monitoring of Key Performance Indicators • Monitoring by Regional Managers
Financial sustainability – is the Foundation managing finances to ensure it can continue to make an impact in the medium to long term?	• Regular monitoring of financial performance • Detailed forecasting • Reserves strategy
Compliance – is the Foundation meeting regulatory, accounting and legal compliance requirements?	• Robust internal controls • Specialist advisors for legal requirements, IT and Health & Safety • Regular reporting to Trustees
Reputation – is the Foundation able to respond effectively to any incident that could affect its reputation?	• Fraud response plan • Monitoring of grantee activities • Communications plan
Other - are partnerships with Lloyds Banking Group and others having the desired impact?	• Nine- year covenant with Lloyds Banking Group • Four Lloyds Banking Group trustees • Regular meetings with staff from Lloyds Banking Group • Monitoring by Senior Leadership Team and Trustees of partnership initiatives

The key strategic risks together with the current controls and methods of management and actions to improve management or mitigate risks are documented in a strategic risk summary. In order to actively manage strategic risk, the summary is used as a tool by the Senior Leadership Team and at each of the quarterly Audit, Investment and Risk Committee meetings to

- frame conversation around strategic risk
- facilitate active management of that risk against an assumed risk appetite
- inform decisions on future activity

The Committee consider one or two areas in detail at each meeting and report back to the Board of Trustees.

Fundraising Activities

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as 'soliciting or otherwise procuring money or other property for charitable purposes'. In relation to this statement, the Foundation does not undertake widespread fundraising from the general public and does not employ professional fundraisers. The charity is therefore not bound by any regulatory scheme and does not consider it necessary to comply with any voluntary code of practice. The Foundation does not have policies in relation to fundraising activities nor do we consider it necessary to design specific policies and procedures to monitor activities.

COVID-19

The Trustees have considered the impact of the latest developments surrounding Covid 19 on the Foundation, including its staff, grantees and investments. The trustees note that;

- The Foundation's staff have been able to work from home throughout the pandemic.
- Every effort is being made to support beneficiaries including making earlier payments and relaxing outcomes required in the conditions of the funding.
- Enhance support has been tailored to respond to the crisis by providing virtual consultancy and IT equipment and training for remote working.
- The Foundation has co-ordinated volunteering support to charities through Lloyds Banking Group, and a suite of webinars to help them respond to the crisis.
- The Foundation has signed up to the London Funders statement of support to the charity sector.

The potential for falls in investment markets is a continuing risk and to mitigate this the level of funds invested in the Long-term portfolio was reduced by around 25% with the funds transferred to the less risky Medium and Short-term portfolios.

Although there are currently no restrictions on redemptions from any of the funds in which the Foundation is invested the fall in value may affect any decision to draw on investment funds to enhance our grant giving capability.

As stated earlier we are able to take a long-term view of our investments and the covenant with the Lloyds Banking Group provides a significant degree of protection. Despite the impact of Covid on the Bank's profits, funding for 2021 has been held at the same level as 2020 and has been received in full. For future years the agreement, which requires nine years notice to be given, provides for a minimum payment of £10.8m is paid each year and the actual sum paid is based on the profits of the three prior years. The Trustees are confident that they are able to continue their operations and grant funding activities as planned for the remainder of the year and throughout 2022.

Youth Concern / £153,425 / Homeless and Vulnerably Housed

Governance

Constitution

The Lloyds Bank Foundation for England & Wales is incorporated as a company limited by guarantee. It is regulated by its Memorandum and Articles of Association dated 13 December 1985.

The Articles set out that the Foundation was established with widely drawn objects to do anything which is a charitable purpose. The Foundation has prioritised its objects further as it has evolved, choosing to focus strategically on partnering with small and local charities helping people overcome complex social issues and rebuild their lives.

The Trustees confirm that they have complied with their duty to have due regard to the Charity Commission's public benefit guidance when reviewing the Foundation's aims and objectives and in planning and setting the strategy. Further details on our strategy for the future can be found **here**.

The Foundation applies and follows the Charity Governance Code (for large charities) which was issued in July 2017 and updated in 2020.

Organisational structure

The Foundation is organised and governed under an agreed strategic framework as summarised below

Delivery of

Long-term Funding | **Influencing Policy & Practice** | **Developmental Support**

Managed by	Supported by	Led by	Overseen by
Management Team	**Senior Leadership Team**	**CEO**	**Chair and Trustees**

The Board of Trustees has collective responsibility for everything that the Foundation does – including the legal responsibility to ensure that the Foundation is controlled and properly managed.

The Board delegates responsibility for operational management to the Chief Executive, who leads the Senior Leadership Team which in turn support the Management Team. Together these teams develop the organisation's plans, policies and processes, following the Board's advice and approval.

Board of Trustees

As noted on page 51, the principal governing body of the Foundation is the Board of Trustees, whose names are listed on page 76. The Board is responsible for the strategic direction of the Foundation and normally meets quarterly together with the Executive to review progress and to ensure that the Foundation is on track to meet its objectives. In 2020 the issues created by the pandemic meant that the Board of Trustees met a total of seven times.

The Board has delegated specific decisions to four permanent Committees. The members of the Committees are drawn from the Board of Trustees.

Audit, Investment and RiskCommittee

Monitors the Foundation's integrity in financial reporting and reviews the effectiveness of the risk management framework

The main responsibilities of the Audit, Investment and Risk Committee are to provide assurance and recommendation to the Foundation on the effectiveness of its governance, internal control, risk management framework and investment and reserves strategies.

In addition, the Committee reviews the annual report and financial statements and approves the accounting policies followed to satisfy themselves that the financial statements give a true and fair view of the Foundation's affairs.

The Committee meets quarterly.

Remuneration Committee

Monitors remuneration and benefits for Foundation staff

The role of the Remuneration Committee is to oversee the remuneration policies for the Foundation, with particular focus on the remuneration of the Senior Leadership Team.

The Committee determines the overall reward and remuneration strategy of the Foundation and the policy for and scope of pension arrangements.

The Committee meets annually.

Nomination Committee

Ensures that the Board and committee composition has the optimum balance of skills knowledge and experience

The purpose of the Nominations Committee is to support the recruitment and appointment of Trustees, giving due consideration to the balance of skills, interests and experience on the Board of Trustees.

The Committee makes recommendations to Lloyds Banking Group, who formally make the appointments at their own Nominations Committee (as required under the governing document of the Foundation - its Articles of Association).

The Committee meets as required.

Grants Panel

Approves grant applications for the grant making programme

The main responsibility of Grant Panels is to review and approve grant applications against the relevant programme's aims and objectives. The Panels consider recommendations taking into account factors including outcomes, risk factors, geographical spread and budgetary considerations.

The various Panels meet regularly throughout the year as necessary.

Our people

Our staff

Our passionate and dedicated Foundation staff make it possible to have life-changing effects on the lives of people facing complex social issues, through small and local charities. To ensure that we employ and develop talented staff and keep them accountable in their work, all staff take part in performance feedback and appraisal throughout the year.

Salaries are reviewed annually in line with performance, subject to an internal calibration process. Proposed pay increases are presented to our Remuneration Committee for approval (as noted above). Proposals take into consideration the market as assessed by Croner, an external salary benchmark provider specialising in the charity sector.

The Foundation does not offer performance related bonuses.

Our Trustees

The Foundation is passionate about recruiting a diverse Board of Trustees with a wide range of skills and interests. When recruiting for new Trustees the Nomination Committee helps identify areas that could be better represented, and we recruit publicly, usually through national adverts, to strengthen the Board's skillset.

Newly appointed Trustees follow an induction programme including:

- induction pack which includes the main governing documents, operational framework, financial position and future plans and objectives, signposts to various Charity Commission guidance
- a series of short training sessions with the Senior Leadership Team to familiarise themselves with the Foundation
- mentoring by existing Trustees

In addition, a formal training session on the legal duties and responsibilities of trustees is held biennially as a refresher for all Trustees.

Trustees typically serve a three-year term, although this may be extended for a maximum of a further three years. The term of the Chair, Baroness Irene Fritchie has been extended for one further year to avoid undertaking the recruitment process during the pandemic. Trustees are fully engaged with the work of the Foundation and get to know our grantees as well as strategic priorities through regularly visiting our charities and learning about the organisation from the Chair and Senior Leadership Team.

More details about our Trustees can be found **here**.

Statement of Trustees' Responsibilities

The Trustees (who are also directors of Lloyds Bank Foundation for England and Wales for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice).

The law applicable to charities requires the Trustees to prepare financial statements for each financial 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 Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

In so far as the Trustees are aware:

a. there is no relevant audit information of which the auditors are unaware; and

b. the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent auditors

A resolution to appoint Deloitte LLP as auditors to the Foundation will be proposed at the annual general meeting.

This report was approved by the Board of Trustees on 12 May 2021 and signed on their behalf by:

Baroness Irene Fritchie DBE
Chair of the Board of Trustees

Independent auditors' report to the members of Lloyds Bank Foundation for England & Wales

Report on the audit of the financial statements

Opinion

In our opinion, Lloyds Bank Foundation for England and Wales' financial statements (the "financial statements"):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure, and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Trustees' Report and Financial Statements 2020 (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2020; the Statement of Financial Activities (incorporating an income and expenditure statement), and Cash Flow statement for the year then ended; and the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the charitable company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Trustees' Report and Financial Review

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees report and Financial review for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Trustees report and Financial review has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Trustees report and Financial review. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the charitable company, we identified that the principal risks of non-compliance with laws and regulations related to Charities Act 2011 and relevant regulations made or having an effect thereunder, including The Charities (Accounts and Reports) Regulations 2008, and Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals to manipulate financial results or conceal the misappropriation of assets and potential management bias in accounting estimates. Audit procedures performed included:

- identifying and testing journal entries, in particular journal entries posted with unusual account combinations to income or expenditure accounts;
- obtaining independent confirmations of cash balances and material investment valuations at the year-end;
- testing the recognition of grant expenditure in line with terms of the grant, the valuation of gifts in kind, and the valuation of accruals and provisions;
- enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- reading minutes of meetings of those charged with governance; and
- testing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the charitable company or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- the charitable company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Guy Flynn (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 26 May 2021

My Life My Choice / £33,000 / Learning Disabilities

Financial statements

Statement of Financial Activities

(incorporating an Income and Expenditure account)

Year ended 31 December 2020

	Note	Unrestricted	Restricted	Total Funds 2020	Unrestricted	Restricted	Total Funds 2019
		£'000	£'000	£'000	£'000	£'000	£'000
Income from:							
Donations	3	18,491	5,372	23,863	18,292	706	18,998
Investment income	10	735	-	735	889	-	889
Other income	4	10	-	10	14	-	14
Total		**19,236**	**5,372**	**24,608**	**19,195**	**706**	**19,901**
Expenditure on:							
Charitable activities	5a	(22,713)	(5,355)	(28,068)	(28,451)	(423)	(28,874)
Investment fees		(136)	-	(136)	(147)	-	(147)
Total		**(22,849)**	**(5,355)**	**(28,204)**	**(28,598)**	**(423)**	**(29,021)**
Net (expenditure)/income before gain/ (loss) on investments		(3,613)	17	(3,596)	(9,403)	283	(9,120)
Net gain on investments	10	1,049	-	1,049	3,595	-	3,595
Net (expenditure)/income		**(2,564)**	**17**	**(2,547)**	**(5,808)**	**283**	**(5,525)**
Transfers between funds		(50)	50	-	(50)	50	-
Net movement in funds		**(2,614)**	**66**	**(2,547)**	**(5,858)**	**333**	**(5,525)**
Reconciliation of funds:							
Total funds brought forward		34,909	333	35,242	40,767	-	40,767
Total funds carried forward	**15**	**32,295**	**400**	**32,695**	**34,909**	**333**	**35,242**

All recognised gains and losses have been included in the Statement of Financial Activities and the amounts included are derived from the continuing activities of the Foundation.

The Notes on pages 61 to 76 form part of these financial statements.

Balance sheet

As at 31 December 2020

	Note	2020	2019
Fixed assets:		£'000	£'000
Tangible assets	9	128	159
Investments	10	37,610	42,272
Total fixed assets		**37,738**	**42,431**
Current assets:			
Debtors	11	3,435	170
Investments	10	10,000	10,000
Cash at bank and in hand		6,908	5,892
Total current assets		**20,343**	**16,062**
Creditors: Amounts falling due within one year	12	(19,603)	(14,644)
Net current assets		**740**	**1,418**
Total assets less current liabilities		**38,478**	**43,849**
Creditors: Amounts falling due after more than one year	13	(4,301)	(7,122)
Provision for liabilities and charges	14	(1,482)	(1,485)
Total net assets		**32,695**	**35,242**
The funds of the charity			
Unrestricted funds:	15		
General fund		31,924	34,395
Designated funds		371	514
Total unrestricted funds		**32,295**	**34,909**
Restricted funds	15	400	333
Total charity funds		**32,695**	**35,242**

The financial statements including the notes on pages 61 to 76 were approved by the Trustees on 12 May 2021 and signed on their behalf by:

Irene T. Fritchie

Baroness Irene Fritchie DBE
Chair of the Board of Trustees

Statement of cash flows

Year ended 31 December 2020

	Note	2020	2019
Cash flows from operating activities		**£'000**	**£'000**
Net cash used in operating activities	(A)	(5,294)	(4,820)
Cash flows from investing activities:			
Dividends and interest from investments		60	148
Purchase of property, plant and equipment		-	(94)
Proceeds from sale of investments		6,250	6,250
Purchase of current asset investments		-	(6,979)
Net cash provided by/(used in) investing activities		**6,310**	**(675)**
Change in cash and cash equivalents in the reporting year		1,016	(5,495)
Cash and cash equivalents at the beginning of the reporting year		**5,892**	**11,387**
Cash and cash equivalents at the end of the reporting year	**(B)**	**6,908**	**5,892**

(A) Reconciliation of net expenditure to net cash flows from operating activities

	2020	2019
	£'000	**£'000**
Net (expendit.) for the reporting year	**(2,547)**	**(5,525)**
Adjustments for:		
Depreciation charges	31	16
Loss on disposal of fixed assets	-	2
Income from investments	(735)	(889)
(Increase)/decrease in debtors	(3,265)	7
Increase in creditors	2,138	5,205
(Decrease) in provisions	(3)	(188)
(Gain) on investments	(1,049)	(3,595)
Investment management fees	136	147
Net cash used in operating activities	**(5,294)**	**(4,820)**

(B) Analysis of cash and cash equivalents

	2020	2019
	£'000	**£'000**
Cash in hand	6,908	5,892
Total cash and cash equivalents	**6,908**	**5,892**

The Notes on pages 61 to 76 form part of these financial statements.

Notes to the Financial Statements

1. Accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by a revaluation of investments, and in accordance with applicable Accounting Standards in the United Kingdom, including the Charities SORP FRS 102 (second edition – October 2019) and in accordance with the Companies Act 2006 and Charities Act 2011, using consistently applied accounting policies.

Lloyds Bank Foundation for England & Wales meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value with investments at fair market value unless otherwise stated in the relevant accounting policy notes.

Fund accounting

Restricted and designated funds are separately disclosed as set out in note 15. The different funds held are defined below:

Unrestricted funds

The Foundation's unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.

Designated funds

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Restricted funds

These funds are subject to specific restrictions imposed by the donor.

Investments

Listed investments are included in the Balance Sheet at fair value which is their closing market price on the current or previous trading day.

Realised gains and losses on disposals in the year and unrealised gains and losses on investments at the Balance Sheet date are included in the Statement of Financial Activities for the relevant underlying fund. All investment income is treated as unrestricted.

Current asset investments have a maturity date or expected disposal date of less than one year and are not held for long term investment purposes.

Income

Income is recognised in the Statement of Financial Activities when the Foundation is entitled to the income, performance conditions attached to the income have been met, receipt is probable, and the amount can be measured reliably.

Interest income is recognised on a receivable basis which reflects the effective interest method.

Covenanted income is recognised in the year to which the Foundation is entitled to the income.

Dividend income represents the Foundation's share of dividends received from investments in common investment funds. The income recognised represents the amount credited to the common investment fund.

Donated services and facilities are valued and included as income and expenditure at the price the Foundation estimates it would pay in the open market for an equivalent service or facility.

Resources expended

All expenditure is included on an accruals basis in the period in which it is incurred.

Grant cost

Grant expenditure is recognised where there is a legal or constructive obligation to pay. All grants, both single and multi-year, are recognised in the financial statements as liabilities after they have been approved, the recipients have been notified and there are no further terms and conditions to be fulfilled which are within the control of the Foundation. In these circumstances there is a valid expectation by the recipients that they will receive the grant.

Provisions

Provisions are recognised when there is a legal or constructive financial obligation, that can be reliably estimated and for which there is an expectation that payment will be made.

Enhance provisions

The Foundation's Enhance programme provides the recipient charity with access to specialist support, the cost of which is met by the Foundation directly. The estimated costs of the specialist are recognised as a provision on approval as the Foundation has a constructive obligation to pay but the amount and timing is subject to uncertainty. The grantee is informed of the approved intervention but not the value.

Releases of grant commitments

There are occasions when it becomes necessary to withdraw a grant which has been approved in a prior year. Where this happens, the funds revert to the original unrestricted or restricted reserve.

Allocation of expenditure

Resources expended are allocated where possible to the particular activity to which the costs relates.

Where expenditure contributes to more than one area of activity, the costs are allocated on the basis of the activity's grant expenditure.

Governance costs are the costs associated with the constitutional and statutory requirements and the strategic management of the Foundation's activities.

Tangible assets

Tangible assets are included at historic cost less accumulated depreciation.

Capitalisation and Depreciation

The minimum value for the capitalisation of tangible fixed assets is £1,000.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight-line basis over the expected useful lives of the assets concerned. The principal rates used, which are consistent with last year, are:

Computer equipment:	33% per annum
Furniture and other office equipment:	10% per annum

Pension costs

The Foundation participated in two separate independently managed, defined benefit, occupational pension schemes: the Lloyds Bank Group Pension Schemes No.1 and No.2. There are no longer any active members in either scheme. Each is valued by professionally qualified and independent actuaries on an annual basis. It is not possible to identify the Foundation's share of the underlying assets and liabilities of these schemes and hence contributions to the schemes are accounted for as if they were defined contribution schemes; the cost recognised within the Statement of Financial Activities for the year being equal to the contributions payable to the schemes for the year.

The Foundation also participates in defined contribution schemes. Contributions in respect of the year are charged to the Statement of Financial Activities in the year to which they relate.

Redundancy payments

Redundancy payments may occur where the Foundation has agreed to terminate the employment of an employee. The amounts are included in the financial statements when the payment has been formally agreed.

Operating leases

Costs in respect of operating leases are charged to the Statement of Financial Activities on a straight-line basis.

The charity has financial assets that are basic financial instruments. Cash deposits are valued at the consideration expected to be received. Investment assets are valued at fair market value.

Irrecoverable VAT

Any irrecoverable VAT is charged to the Statement of Financial Activities or capitalised as part of the cost of the related asset, where appropriate.

Tax

The Foundation is a registered charity and as such is entitled to certain tax exemptions on income and profits from investments, surpluses on any trading activities carried on in furtherance of the Foundation's primary purpose, to the extent these profits and surpluses are applied for charitable purposes.

2. Critical accounting judgements and sources of estimation uncertainty

(a) Multi-year grants

The Foundation recognises the majority of grants on award. In practice some organisations will not continue with the funded project resulting in the cancellation of the grant. Given the uncertainty of estimating the value of grants that will not be completed and the relatively small sums that are typically involved the financial statements are based on the assumption that all grants awarded will be fully utilised by the recipients.

Maggs Day Centre / £99,000 / Homeless and Vulnerably Housed

3. Donations

	Unrestricted	Restricted	Total 2020	Unrestricted	Restricted	Total 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Donations from Lloyds Banking Group						
Covenant income	18,426	-	18,426	18,218	-	18,218
Mental Health funding	-	-	-	-	360	360
Donated services – Chief Financial Officer	-	-	-	22	-	22
External audit services	33	-	33	32	-	32
Other donations						
Department of Digital, Culture, Media and Sport	-	4,622	4,622	-	-	-
The Health Foundation	-	500	500	-	-	-
LocalMotion	-	250	250	-	250	250
Big Lottery Fund	-	-	-	-	96	96
Donated services	32	-	32	20	-	20
Total	**18,491**	**5,372**	**23,863**	**18,292**	**706**	**18,998**

Covenant income is the sum that the Foundation receives from Lloyds Banking Group.

The Department for Digital, Culture, Media and Sport gave £4.6m and the Health Foundation to provide additional grant funds for the Foundation's Recovery grant programmes.

LocalMotion - The Foundation receives funding from five other Foundations (Esme Fairbairn, Paul Hamlyn, City Bridge Trust, Tudor Trust and Lankelly Chase Foundation) for a development project working in deprived areas – the Foundation is also supporting this with £50k from its own funds in 2019 and 2020.

PwC LLP were remunerated with an allocation from the Lloyds Banking Group audit fee. As a result, the external audit fee has been treated as a benefit in kind from the Lloyds Banking Group. The amount recognised is the fair value that the Foundation believes they would pay for external audit services if the Lloyds Banking Group did not pay for the amounts on their behalf.

The Foundation received pro-bono legal services from Eversheds Sutherland and Pinsent Mason who provide legal services to Lloyds Banking Group.

4. Other income

	2020	2019
	£'000	£'000
Administration support to Lloyds Bank Foundation for the Channel Islands	8	8
HBOS Community Foundation	-	3
Other income	2	3
Total	**10**	**14**

5. Analysis of grant expenditure

5a. Charitable activities

Year ended 31 December 2020

	Grant Awards	Direct staff Costs	Other direct Costs	Support Costs	Total
	£'000	£'000	£'000	£'000	£'000
Long term funding	20,127	1,127	179	940	22,373
Developmental support	2,545	437	243	141	3,366
Influencing Policy and Practice	1,390	569	272	98	2,329
Total	**24,062**	**2,133**	**694**	**1,179**	**28,068**

Year ended 31 December 2019

	Grant Awards	Direct staff Costs	Other direct Costs	Support Costs	Total
	£'000	£'000	£'000	£'000	£'000
Long term funding	17,753	1,109	243	834	19,939
Developmental support	3,288	266	100	159	3,813
Influencing Policy and Practice	4,001	537	370	214	5,122
Total	**25,042**	**1,912**	**713**	**1,207**	**28,874**

Support costs have been allocated using the value of each programme's grant, direct and indirect expenditure. See note 5d for further information about support costs.

Manna House / £110,510 / Homeless and Vulnerably Housed

5b. Grant awards

	2020		2019	
	No.	**£'000**	**No.**	**£'000**
Long-term funding				
Core grant programme	781	18,903	178	15,224
Matched Giving	–	1,305	–	2,655
Total	**781**	**20,208**	**178**	**17,879**
Developmental support				
Enable grant programme	-	-	113	1,662
Enhance and Development Partner Support	-	2,899	-	2,058
Development funding	11	106	2	64
Total	**11**	**3,005**	**115**	**3,784**
Influencing Policy and Practice				
National grant programme	48	1,390	43	4,038
Total grants awarded in the year	**840**	**24,603**	**336**	**25,701**
Less grants cancelled in the year		**(541)**		**(659)**
Grants payable (note 5c)		**24,062**		**25,042**

A full list of the grants approved in 2020 can be found on our website **here**.

MK Snap / £33,000 / Learning Disabilities

5c. Grants payable

The table below shows the reconciliation between amounts approved during the year and amounts paid during the year.

Reconciliation of grants payable

	2020	2019
	£'000	**£'000**
Amount outstanding at 1 January	22,980	17,898
Grants approved/cancelled in year		
Grants approved	24,603	25,701
Grants cancelled or recovered	(541)	(659)
Grants payable for the year	**24,062**	**25,042**
Grants paid during the year	**(22,358)**	**(19,960)**
Amounts outstanding at 31 December	**24,684**	**22,980**
Amounts outstanding at 31 December split between:		
Due within one year (Note 12)	18,901	14,373
Due after more than one year (Note 13)	4,301	7,122
Provision for liabilities and charges (Note 14)	1,482	1,485
Amounts outstanding at 31 December	**24,684**	**22,980**

5d. Support costs

	2020	2019
	£'000	**£'000**
Finance	230	232
Human Resources	107	187
Facilities	433	370
IT	130	97
Executive	273	274
Trustees	6	47
Total	**1,179**	**1,207**

6. Analysis of non-grant expenditure

	2020	2019
	£'000	£'000
Staff costs	2,712	2,455
Governance costs	66	109
Other costs	1,364	1,414
Total	**4,142**	**3,978**

7. Staff costs

	2020	2019
	£'000	£'000
Wages and salaries	2,185	1,932
Social security costs	240	210
Pension costs	236	207
Donated services – Chief Financial Officer	-	23
Other staff costs	29	7
Agency staff costs	22	76
Total	**2,712**	**2,455**

The average number of persons employed by the Foundation was 47 (2019: 43) of which full-time employees is 44 (2019: 40) and part time is 3 (2019: 3).

Included in wages and salaries in 2019 was £13k related to contractual redundancy pay. No amount was outstanding at 31 December 2020 (2019: £nil).

The number of employees receiving emoluments (salary, allowances and benefits in kind, excluding pension contribution) greater than £60,000 are as follows:

	2020	2019
	No.	No.
£60,001 - £70,000	1	-
£80,001 - £90,000	3	3
£150,001 - £160,000*	1	1
Total	**5**	**4**

Total remuneration received by the Executive Team was £534k (2019: £520k**).

*Excludes an amount of 13% of salary paid in lieu of pension for one employee.
**Excludes the cost of the Chief Financial and Operating Officer in 2019 only (£22,500).

Pension costs

	2020	2019
	£'000	£'000
Defined benefit scheme	-	3
Defined contribution scheme	236	204
Total	**236**	**207**

Lloyds Banking Group defined benefit schemes

All contributions to defined benefit schemes ended on 31 March 2019. The were no contributions due to the scheme in 2020 (2019: £3k).

The schemes that the Foundation contributed to, No. 1 (final contributions made in 2019) and No. 2 Scheme (final contribution made in 2018), are administered by Lloyds Banking Group. For both schemes, a valuation exercise is carried out at least every three years. If a deficit is identified a recovery plan is agreed and sent to the Pensions Regulator for review. The outcome of this valuation process, including agreement of any recovery plan, is agreed between the Lloyds Banking Group and the scheme Trustee. The Foundation is not responsible for any additional contributions agreed under the deficit recovery plan which are met on the Foundation's behalf by Lloyds Bank. More information on the funding of the Group's pensions schemes can be found in the latest Report and Financial Statements of Lloyds Banking Group.

Lloyds Banking Group Defined Contribution schemes

Prior to April the Foundation operated two defined contribution schemes:

1. Employees of the Foundation from January 1996 to June 2010 were entitled to join the defined contribution scheme. The contributions made to the scheme was £Nil (2019: £5k).
2. New employees joining the Foundation from July 2010 were automatically enrolled in the 'Your Tomorrow' defined contribution scheme. The contributions made to the scheme were £Nil (2019: £38k).

Since 1 April 2019, the Foundation's defined contribution pension scheme arrangements are provided under a Group Personal Pension arrangement with Scottish Widows. The contributions made to the scheme were £236k (2019: £161).

8. Governance costs

	2020	2019
	£'000	£'000
Company Secretarial services	5	3
External audit fee (Donated service)	33	32
Reimbursed trustee costs	3	13
Trustee recruitment costs	2	32
Other trustee costs	-	2
Legal fees	23	27
Total	**66**	**109**

The external auditors are remunerated by Lloyds Banking Group and the value is included in Incoming Resources as a donated service and included in Governance costs.

The Trustees, who are also the Directors of the Foundation, received no remuneration during the year.

Four Trustees received reimbursed expenses principally relating to travel and subsistence totalling £3k (2019: £13k, four Trustees).

9. Tangible assets

	Furniture and office equipment	Computer equipment	2020 Total	2019 Total
	£'000	£'000	£'000	£'000
Cost				
At beginning of the year	103	251	354	263
Additions	-	-	-	94
Disposals	-	-	-	(3)
At end of the year	**103**	**251**	**354**	**354**
Accumulated Depreciation				
At beginning of the year	46	149	195	181
Charge for the year	7	24	31	16
Disposals	-	-	-	(2)
At end of the year	**53**	**173**	**226**	**195**
Net book value at beginning of the year	57	102	159	82
Net book value at end of the year	**50**	**78**	**128**	**159**

Additions in 2019 includes £93,219 of development costs of grants database which was brought into use in 2020.

Trinity Winchester / £106,420 / Homeless and Vulnerably Housed

10. Investments

Fixed and current asset investments

	2020	2019
	£'000	£'000
Fixed asset investments	37,610	42,272
Current asset investments	10,000	10,000
Total	**47,610**	**52,272**

Movement in a year		
As at 1 January	52,272	47,354
Dividend income reinvested	675	741
Disposal of fixed asset investments	(6,250)	(6,250)
Net gain on investments	1,049	3,595
Management fees less rebates	(136)	(147)
Movement in cash deposits	-	6,979
As at 31 December	**47,610**	**52,272**

Breakdown of Sarasin investments (excluding short-term deposits)

	2020		2019	
	£'000	% of portfolio	£'000	% of portfolio
Cash and other liquid assets				
Cash	2,700	7	116	0
Corporate bonds	9,060	24	15,290	36
Institutional Liquidity Funds	8,258	22	3,703	9
Sub-total	**20,018**	**53**	**19,109**	**45**
Multi asset fund	17,592	47	23,163	55
Total	**37,610**	**100**	**42,272**	**100**

Details of the nature of the investment assets, valuation methods and risk management are included in the trustees report.

	2020	2019
	£'000	£'000
Investment income		
Dividend income	675	741
Bank interest	60	148
Total	**735**	**889**

11. Debtors

	2020	2019
	£'000	£'000
Other debtors	3,329	13
Prepayments and accrued income	105	157
Total	**3,434**	**170**

12. Creditors: Amounts falling due within one year

	2020	2019
	£'000	£'000
Grants payable (Note 5c)	18,901	14,373
Trade creditors	23	18
Other creditors	197	83
Accruals and deferred income	482	170
Total	**19,603**	**14,644**

13. Creditors: Amounts falling due after more than one year

	2020	2019
	£'000	£'000
Grants payable (Note 5c)	4,301	7,122
Total	**4,301**	**7,122**

14. Provision for liabilities and charges

	2020	2019
	£'000	£'000
Balance brought forward	1,485	1,672
Additions	2,061	1,923
Cancellations in the year	(413)	(618)
Utilised during the year	(1,651)	(1,492)
Balance carried forward	**1,482**	**1,485**

The provision relates to the Foundation's Enhance and Development Partner programmes which provides charities with access to specialist support, the cost of which is met by the Foundation. It is expected to be utilised within the next 12 months.

15. Movement in funds

	Balance at 1 Jan	Total incoming resources	Total resources expended	Change in market value of investments	Transfers	Balance at 31 Dec
2020	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Unrestricted funds:						
General fund	34,395	19,236	(22,849)	1,049	93	31,924
Designated funds:						
Fixed asset funds	160	-	-	-	(31)	129
Criminal Justice Funds	150	-	-	-	(150)	-
Development funding	-	-	-	-	108	108
Enhance projects	-	-	-	-	11	11
Grant funds carried forward	204	-	-	-	(81)	123
Total designated	**514**	**-**	**-**	**-**	**(143)**	**371**
Restricted funds:						
DCMS	-	4,622	(4,622)	-	-	-
Health Foundation	-	500	(500)	-	-	-
Big Lottery Fund -Diagnostics Project	77	-	(76)	-	-	1
LocalMotion	256	250	(157)	-	50	399
Total restricted	**333**	**5,372**	**(5,355)**	**-**	**50**	**400**
Total funds	**35,242**	**24,608**	**(28,204)**	**1,049**	**-**	**32,695**

2019						
Unrestricted funds	**40,767**	**19,195**	**(28,598)**	**3,595**	**(564)**	**34,395**
Restricted funds:						
Mental Health fund	-	361	(361)	-		-
Big Lottery Fund - Diagnostics Project	-	95	(18)	-	-	77
LocalMotion	-	250	(44)	-	50	256
Total restricted	**-**	**706**	**(423)**	**-**	**50**	**333**
Total funds	**40,767**	**19,901**	**(29,021)**	**3,595**	**-**	**35,242**

Designated Funds

Fixed asset Funds

The fixed asset fund represents the value invested in operating fixed assets.

Criminal Justice Funds

Comprises funds held over from the Criminal Justice grant panel which took place November 2019 which were awarded in further grants in 2020.

Development funding

Comprises funds set aside from development grant programmes.

Enhance projects

Comprises funds to support core grant holders through training and guidance materials.

Grant funds carried forward

Comprises funds set aside from influencing programmes to be awarded in further grants in 2020.

Restricted Funds

Mental Health fund

For donations received from Lloyds Banking Group to provide support to charities whose primary objective is to help people affected by mental illness. The funding was fully utilised in 2019.

Big Lottery Fund – Diagnostics Project

A joint project with the Big Lottery Fund to develop a tool to assess the impact of funding on grantee organisations.

LocalMotion

The fund was established in 2018 by the Foundation with five partner organisations Esme Fairbairn, Paul Hamlyn, City Bridge Trust, Tudor Trust and Lankelly Chase Foundation with the aim developing strategies for regeneration in deprived areas. Each Foundation contributed £50,000 in 2019 towards the project which is administered by the Lloyds Bank Foundation who have employed a Project Director. The six partners including the Lloyds Bank Foundation contributed a further £50,000 in 2020.

16. Guarantee Company

The Foundation is a company limited by guarantee not having share capital. The liability of the members is limited by the Memorandum of Association to £1 each. The number of Trustees (including the Chair) who are also members at 31 December 2020 was 12 (2019: 11).

17. Partnership funding

The Foundation entered an agreement with the Big Lottery Fund to pilot a collaborative funding arrangement in 2017.

At 31 December 2020 the joint funds had been dispersed (2019 balance of £334).

18. Related party transactions

18 a Connected Foundations

The following Foundations are connected, having common and related objects:

Bank of Scotland Foundation

The Mound
Edinburgh
EH1 1YZ

There were no transactions with the Bank of Scotland Foundation in 2020 or 2019.

Halifax Foundation for Northern Ireland

Clifton House Heritage Centre
2 North Queen Street
Belfast BT15 1ES

In 2019 The Foundation received a contribution of £1,715 from the Halifax Foundation for Northern Ireland towards the cost of developing IT systems for use in grant administration by both charities. There were no transactions with HFNI in 2020.

Lloyds Bank Foundation for the Channel Islands

Pentagon House
52-54 Southwark Street
London SE1 1UN

The Foundation received £8,442 (2019: £8,200) from the Lloyds Bank Foundation for the Channel Islands in respect of time spent by the Chief Executive and his staff on Lloyds Bank Foundation for the Channel Islands business. In addition in 2020 the Foundation received £1,715 towards the cost of developing IT systems for use in grant administration by both charities (2019: £4,500).

18 b Related company

The Foundation is related to Lloyds Banking Group plc as it derives its revenue primarily from Lloyds Banking Group plc. In December 2013 the Foundation entered into an agreement with Lloyds Banking Group plc whereby the Foundation is to receive 0.3606% of the Lloyds Banking Group's adjusted pre-tax profits, averaged over three years, subject to a minimum amount of £10.8m and a maximum amount of £36m which increases by RPI each year.

The following transactions took place with Lloyds Banking Group plc during the year, and with which there were the following balances at the year-end:

The Foundation received income of £18,426k (2019: £18,218k) as income, and £76k (2019: £76k) bank interest was received due to the Foundation using Lloyds Banking Group plc as one of its bankers.

The Foundation received a one-off donation of £361k in 2019 as income to provide support to charities whose primary objective is to help people affected by mental illness from Lloyds Banking Group plc. There were no one-off donations in 2020.

At 31 December 2020 a balance of £6,853k is in two accounts with Lloyds Banking Group plc (2019: £5,858k).

18 c Transactions

During the year a number of grants and payments were made where a Trustee or senior member of staff of the Foundation is affiliated to a connected organisation.

Trustee Joanna Harris works as a Coach and Advisor for **Women Acting in Today's Society (WAITS)**. During the year ended 31 December 2019 the Foundation awarded a grant of £99,000 to WAITS over three years, of which £33,000 was paid in 2020 (2019 £33,000) and £33,000 is outstanding (2019 £66,000). During the year ended 31 December 2020 a React grant of £11,604 was awarded and paid. WAITS also received £70 from Matched Giving programme (2019: Nil).

Trustees Gillian Morgan and former trustee Hilary Armstrong are Trustees of Against Violence and Abuse. During the year ended 31 December 2019 the Foundation made a grant of £39,600 to Against Violence and Abuse over two years of which £18,500 was paid in 2020 and £21,100 in 2019. At 31 December 2020 £nil is outstanding (2019 £18,500 outstanding).

Trustee Ruth Sutherland was Chief Executive of Samaritans. During the year ended 31 December 2020 Samaritans received £4,833 under the Matched Giving Scheme (2019: £5,498).

Chair Irene Fritchie is a Patron of Winston's Wish and also undertook some pro-bono work for **The Door Youth Project**. During the year ended 31 December 2020 the Foundation gave a grant of £32,300 to the Door Youth Project - no donation was paid in 2019. During the year ended 31 December 2019 the Foundation made a donation in relation to the Matched Giving Scheme of £184 – no donations were paid in 2020.

Director of Policy, Communications and Research, Duncan Shrubsole is Chair of The Switchback Initiative. During 2019 the Foundation made a grant of £75,000 to Switchback of which £25,000 was paid in both 2020 and 2019 with £25,000 outstanding at 31 December 2020 (2019 £50,000).

Head of Grants South, Oliver Williams, is a trustee of Luton Town FC Community Trust. During the year ended 31 December 2020 LTFCCT was paid £500 under the Matched Giving Scheme (2019: £Nil).

Head of Research, Alex Van Vliet, is a member of the charity 360 Giving's Open Data Standard Stewardship Committee. During the year ended 31 December 2019 the Foundation awarded a grant of £60,000 of which £30,000 was paid in 2019 and £30,000 in 2020. There was no amount outstanding at 31 December 2020 (2019: £30,000).

Manager for North East, Neil Shashoua is and a Trustee of North East law Centre (NELC). In the year ended 31 December 2019 a grant of £100,000 was awarded to NELC of which £33,333 was paid in both 2019 and 2020 with a balance of £33,334 outstanding at 31 December 2020 (2019; £66,667). In the year ended 31 December 2020 a React grant of £8,710 was awarded and paid.

19. Lease commitments

The Foundation had a total commitment under non-cancellable operating leases at 31 December:

	Buildings		Other	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Within one year	200	200	4	7
Within two to five years	17	217	-	4
Total	**217**	**417**	**4**	**11**

Reference and administrative details

Registered charity number: 327114

Company Limited by Guarantee Registered Number: 1971242

Country of registration: England & Wales

Country of incorporation: United Kingdom

Registered office and operational address

Pentagon House
52-54 Southwark Street
London SE1 1UN

Bankers

Lloyds Bank PLC
10 Gresham Street
London EC2V 7AE

Solicitors

Stone King LLP
Boundary House
91 Charterhouse Street
London EC1M 6HR

Independent Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Investment Managers

Sarasin & Partners LLP
100 St. Paul's Churchyard
London EC4M 8BU

Trustees and Senior Management

Trustees

Chair: Baroness Irene Fritchie DBE

Vice Chair: Dame Gillian Morgan DBE

Baroness Hilary Armstrong (until 31 January 2020)
Paul Farmer CBE (until 31 January 2020)
Catharine Cheetham
Joanna Harris
Dr Neil Wooding
Sara Weller, CBE
Akwugo Emejulu
Rebecca Shaw
Gareth Oakley
Darren Knight (from 2 February 2020)
Kamran Mallick (from 2 February 2020)
Ruth Sutherland CBE (from 2 February 2020)

Senior Management Team

Chief Executive: Paul Streets OBE

Chief Operating Officer: Elizabeth Winder

Director of Grants: Harriet Stranks

Director of Policy, Communications and Research: Duncan Shrubsole

Director of Development: Jill Baker

In September, C2C acquired a fantastic allotment plot in the Kingsthorpe area of Northampton and recruited an outdoor learning support worker, Sophie, to offer horticultural activities to service users.

This tranquil area is a safe space for service users to relax and meet their support workers and other agencies.

Another service user has been offered employment locally in a catering role, after talking positively at her interview about growing food at the allotment and linking it to her interest in catering.

C2C Social Action, who received a £33,000 COVID-19 Recovery Fund grant, writes about the impact of their C2C Grows initiative

We really value how flexible and supportive the Foundation has been, not just in relation to this grant but more generally in the way you have supported the sector during a year of unprecedented change and uncertainty. I would like to thank the Foundation for its approach.

Revolving Doors, awarded a grant of £210,952 under our Criminal Justice grants programme

LLOYDS BANK FOUNDATION
England & Wales

Lloyds Bank Foundation for England and Wales partners with small and local charities who help people overcome complex social issues. Through funding for core costs, developmental support and influencing policy and practice, the Foundation helps charities make life-changing impact.

During 2020, the Foundation awarded £24.6m to small and local charities helping people facing disadvantage. With the unprecedented circumstances of COVID-19 such charities have been never more needed. The Foundation is an independent charitable trust funded by the profits of Lloyds Banking Group.

lloydsbankfoundation.org.uk

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/lloydsbankfoundation

Contact Us:

Pentagon House
52-54 Southwark Street
London SE1 1UN

enquiries@lloydsbankfoundation.org.uk

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