

Supporting lasting change

for people and communities

SATURDAY



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COMPANIES HOUSE

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Cover Photo: Oak Tree Centre, Sandwell, West Midlands

Messages from the Chair and Chief Executive

Professor Ian Diamond, Chair

In 2011 the Foundation reached a significant milestone, celebrating 25 years of supporting communities and individuals most in need

This has been made possible through our longstanding and ongoing agreement with Lloyds Banking Group, which has provided the Foundation with a sustainable source of income for the next decade and beyond.

Over the past 25 years, the Foundation has invested over £300m in over 42,000 charities which support those most disadvantaged in our communities, enabling thousands of people across England and Wales to benefit from a variety of much needed local services.

To celebrate 25 years of grant making, we marked the occasion with an event for over 120 charities from across Central and Northern England at Leeds Civic Hall in November. It was inspiring to hear how our investment has helped to change the lives of so many people and communities.

It is with great sadness that we saw the passing of Rosemary Stevenson, a Trustee since 2008. Her dedication, enthusiasm and passion for the work of the Foundation will be greatly missed by all who had the pleasure of working with her.

Finally, I would like to thank the Trustees, Linda Kelly and her dedicated team for their ongoing commitment and hard work throughout 2011 and look forward to 2012 and the opportunities it may bring.

Linda Kelly, Chief Executive

2011 was a year of considerable uncertainty and change for many organisations and we were delighted to be able to provide a high

level of consistent support to those most marginalised by society through our work.

In our 25th anniversary year, we have not only focused on continuing to support those most in need but have also considered and reviewed the difference this type of investment makes to the people and communities we support. The results have been very positive and demonstrate the value and importance of supporting core costs. Given our experience, we hope other funders will be inspired to consider this type of investment for the future.

The initial results from the first stage of our Criminal Justice programme are also available. These show the benefits that arise from not only supporting offenders appropriately back into their local communities but also the effect on their families and children. We hope to be able to continue to support this challenging and difficult work.

Lastly, I would like to thank the team for their continued hard work and commitment during what was a very busy and sometimes disorientating 2011. It has been valued and appreciated and we look forward to 2012 and the start of our new strategic plan.

Who we are

The Lloyds TSB Foundation for England and Wales is a leading independent grant maker that supports local, regional and national charities working at the heart of communities to tackle disadvantage across England and Wales.

Our focus is on lasting change, and we are committed to helping charitable organisations that support people living on the margins of society. We do this by listening to what will make the difference and responding directly to the changing needs and emerging trends.

Our aim is to support disadvantaged people to play a fuller rôle in the community through

- Improved life choices and changes
- Improved social and community engagement
- Helping people to be heard

We have in-depth local knowledge and presence throughout England and Wales, strong links with the voluntary sector and a deep understanding of the issues both in local communities and nationally.

Our grant team visit eligible charities to gain an understanding of the work of the charity and can give a high level of guidance and support irrespective of the outcome of their request

An independent funder

We are a registered charity and an independently run Foundation. Our primary source of income is from Lloyds Banking Group, specified by a deed of covenant

A responsive funder

With the significant changes in the economic and financial environment, the Foundation entered into a new agreement with Lloyds Banking Group in 2010. This agreement allows the Foundation to maintain and expand its funding and support to help disadvantaged people not only in the short term but also in the next decade and beyond

An accessible funder

The quality of the service we provide is very important to us from initial enquiry to learning from our grant making. We operate a simple grant process to ensure charities receive prompt and appropriate feedback

We aim to be:

- accessible to all
- approachable and supportive
- responsive and customer focussed
- straightforward
- timely and transparent

Our aims in 2011

Our aims in 2011 were:

- To develop, deliver, monitor and evaluate a fully integrated set of grant making programmes that deliver incremental value to beneficiaries/users utilising our national strength and reach and strong local presence
- To facilitate the 'voice' of smaller charities working in disadvantage and positively support the funding environment for them by providing an informed, 'ambassadorial', accessible, customer focused team
- To ensure we develop a consistent and relevant data set for each charity and programme we work with, so that we can actively communicate and promote our programmes and the benefits of our work to relevant stakeholders
- To ensure our organisation adapts, learns and shares best practice both internally and externally and effectively communicates this to our key stakeholders
- To further develop our organisational skills in quality grant making and 'Total Grant Care'
- To review and develop our income streams given the changes to the economic and financial sectors
- To continue to build a positive and appropriate relationship with Lloyds Banking Group

How we achieved our aims:

- Tackling disadvantage by investing where it counts across England and Wales
- By making a difference to those most marginalised in society
- Focusing investment in the most deprived areas
- Helping in hard times and supporting the need for core funding
- Through investment in the Criminal Justice system
- Empowering people and supporting self sufficiency
- Improving life choices and chances
- Supporting community and social involvement
- Helping people to be heard
- Demonstrating a commitment to communication and learning
- Demonstrating a commitment to fundraising and volunteering
- Working in partnership to support the most vulnerable in society

Reducing isolation

in areas of high deprivation

The Beormund Community Centre in Southwark runs a number of services, including vocational training for the community. For the past ten years the centre has been running a 36 week African Fashion Project for local residents.

It is a chance for women who often feel isolated, due to unemployment or cultural barriers, to socialise and make new friends.

In 2010, the charity received a £25,000 grant over two years to help pay for the tutor's salary and running costs.

Between September 2010 and July 2011, 28 people signed up to the course, two of whom have gone on to further education and three students have established their own small dress making business.

"Many of the people that come to the classes are women from large families with limited income. Being able to make clothes is a great way for them to save money, but the course helps them with so much more than that."

Tutor Grace Tetteh explains "They are learning something practical which they can use to move into further education or find employment, which makes it invaluable

The London Borough of Southwark is one of the most deprived areas in England with an unemployment rate of 6.2 per cent, almost double the national average. Nearly half of the Borough's population are from a minority ethnic group, and it is home to the largest black African community in the country

Tackling disadvantage

by investing where it counts

Our team of locally based grant managers ensure that all geographies across England and Wales are equally represented and investment is distributed according to the level of geographic deprivation and issue based need within each region.

Grants made during 2011 by area:

Community programme 754 grants – £21m*

North East

53 grants – £1 5m

North West

123 grants – £3.4m

Yorkshire and the Humber

71 grants – £2.2m

East Midlands

62 grants – £1 5m

West Midlands

62 grants – £2m

East of England

56 grants – £1 6m

Wales

60 grants – £1 3m

London

104 grants – £3m

South West

77 grants – £1.7m

South East

41 grants – £1 2m

*includes 45 grants to national/cross regional charities totalling £1 6m

Increasing support for the homeless and vulnerable

The Rally project, run by Nottingham based charity 58i, supports homeless and vulnerably housed people, and is a gateway to accessing support such as drug mentoring, help into employment and signposting to housing and other support services. It provides an evening drop-in-centre and other necessities such as clothing, shoes and sleeping bags.

The project was initially entirely volunteer-led, but needed a full-time member of staff to co-ordinate the services on offer and to develop the project further. 58i applied for support to enable it to recruit and employ a Rally Project Manager and received a three year grant of £72,300.

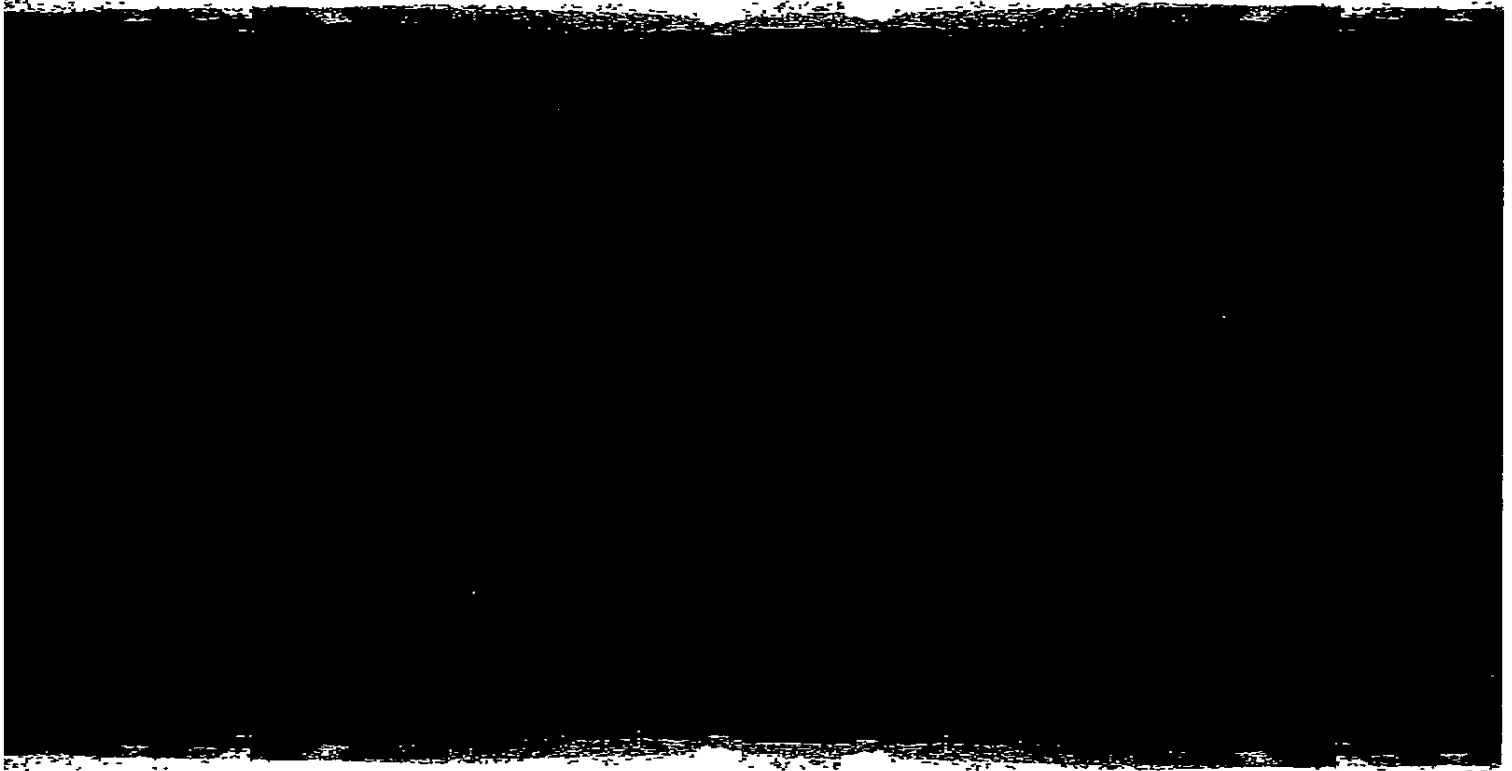
As a result, it has been able to expand its service and meet the increasing needs of its beneficiaries. The drop-in-centre is now open five nights a week and the charity has been able to move to larger premises.

"At our old venue we only had space for 50 people, but we regularly had up to 80 turning up, which often meant people were coming in and taking their hot meal away. We weren't able to engage with them and offer more support because there simply wasn't the space for

"The charity's aim is to provide for immediate needs such as food and clothing, whilst also encouraging people to deal with problems in their lives and help them make positive lifestyle changes."

people to hang out and get to know each other. Our new premises accommodates 150 people, which means people stay for longer, allowing us the time to speak to them, find out what help they may need and assist them in accessing that support." says Nicole Watts, Rally Project Manager.

"The space also means that our mentors can now provide more one to one intensive support to our beneficiaries and we have also been able to start up a small support group, which is helping our clients engage with each other and back into the community."



To get beneficiaries back into work, a supported volunteer programme has also been set up to help people find volunteering opportunities which adds to their CVs and also prepares them for returning to work

"Rally has given me the opportunity to come to terms with looking after myself. It has given me the will to talk with others and to understand life better. It is a rewarding feeling to belong here."

Improving community engagement

In August 2011, the Foundation awarded a two year grant of £18,700 to Independent Arts, which works with older people with dementia on the Isle of Wight. The grant enabled the charity to set up a free weekly SingAbout club, in Newport, the island's biggest town, contributing towards the costs of an instructor, volunteer training and publicity costs,

As a direct result of this support, the charity has been able to secure additional funding, which has enabled it to increase the number of SingAbout sessions to three per week.

Around 120 people attend the clubs each week, but the chance for carers, who are often family members or partners, to have some respite from their caring responsibilities means the knock on effect reaches many more people

Kate Ball, Manager at Independent Arts "There are no therapeutic facilities for people with dementia on the island so we knew that this was a much needed service, but we just lacked the funds to get it off the ground "

"May is 89 years old and has early onset dementia, she has attended the SingAbout club since it first opened in April 2011. "I love coming to the club, it's what I look forward to most in the week and gives me something to do."

Angela is May's daughter and accompanies her to the SingAbout club "Mum is a completely different person when she's here; it really gives her a boost. She comes every week without fail. It's a great chance for her to get out and feel less isolated "

"As it's quite a rural area, the island can be isolating for people and it is difficult to access services."

Providing support where it is needed most

The Community Programme is the Foundation's flagship funding programme, providing investment for small to medium sized community based charities that help disadvantaged people to play a fuller role in society.

The programme aims to ensure investment in terms of breadth and depth across all Local Authorities/Unitary Authorities throughout England and Wales for both geographical disadvantage, and across a range of issues within disadvantage to ensure that the Foundation's investment reaches those most vulnerable and in need

In 2011, our top funded issues across all geographies in the Community Programme were.

Children and Young People

£3.5m (£3.1m in 2010)

Disability

£3.1m (£2.8m in 2010)

Health, including mental health

£2.3m (£2.6m in 2010)

Advice, advocacy and outreach

£2.3m (£2.1m in 2010)

Geographically based support

£1.9m (£1.6m in 2010)

Older people

£0.95m (£1.1m in 2010)

Family and relationships

£1.0m (£1.1m in 2010)

Training and education

£0.96m (£1.0m in 2010)

In 2011 the Foundation reviewed the difference the £56.8m investment in the Community programme and specifically funding of 'core costs' had made to both the individuals and communities we serve over the last three years

We found that investing in core cost does make a difference supporting:

- The development of skills such as numeracy and literacy especially around times of transition
- The basic 'building blocks' of communities such as social and community engagement and reduces isolation
- Local jobs and volunteering often the first step towards employment
- Local 'social championship' of issues that are important to the local community

We also found that our work helped to support improved confidence and self esteem and improved access to support networks

Individuals, who come into contact with the charities supported by us, and the services they offer, were often able to see an improvement in their overall life choices and chances. This not only supported the individuals themselves and their families, but also the wider community.

Empowering people to speak out

Middlesbrough based STAMP Revisited supports around 6,000 people a year, and runs a free and independent advocacy service for people with mental health issues in the Tees, Esk and Wear Valleys NHS Trust catchment area, who are either in-patients in mental health facilities or living in the community.

The charity, which was awarded a £41,500 grant over two years to fund the Group Advocate position, provides one-to-one support for housing, legal, financial and medical issues, and assists beneficiaries in liaising with other voluntary or statutory bodies to resolve problems.

The Group Advocate is the key facilitator between patients and the people who run its facilities and services, ensuring that the charity is delivering its aim to help people with mental health issues speak up about the services they use.

“We are really supporting our beneficiaries to speak for themselves and we encourage leadership skills, communication skills and self confidence – we have seen people go from being complete introverts to chairing meetings.”

“29 facilities are visited by the Group Advocate on a weekly or fortnightly basis, as well as attending meetings at community mental health services, ensuring that the patients and beneficiaries are getting what they need out of the services being provided,” says Michael McGuinness, an Advocate at STAMP Revisited

Rebecca is one of STAMP’s beneficiaries who turned to the charity after her husband and sole carer passed away, she says: “I have complex mental health problems, and after my husband passed away I was lost in a mental health and legal system that I didn’t understand with no-one to help me. I was sectioned, lost my benefits and was in debt, my husband had protected me from things like this, but without him I couldn’t cope. If it wasn’t for STAMP Revisited I wouldn’t be able to deal with it all.”

Making a difference

to those most in need

Through our Community Programme review, charities were able to demonstrate the changes and benefits their work has had on the lives of beneficiaries and communities, and the significant positive impact on the lives of those most vulnerable in our society.

Over 85% of the charities reviewed reported that their work had helped to improve the life choices and chances of those most vulnerable in society, particularly by.

- offering skills development around times of transition
- providing access to advice services
- undertaking activities which lead to improved well being and confidence

Improved social and community engagement was achieved through the work of 84% of charities supported, with reducing isolation a key achievement for many by providing community hubs, access to support networks and breaking down language barriers to enable beneficiaries to engage with each other.

A third of charities were able to demonstrate that their core work had helped vulnerable beneficiaries, particularly those with learning disabilities and mental illness, to gain 'a voice' enabling them to gain the confidence to speak out for themselves and make informed decisions.

During a time when many advice services have had funding reduced, demand for this type of support has increased dramatically. Over a third of the charities supported have provided access to advice services for their beneficiaries and over half have provided access to support networks.

Nearly half of the charities reviewed had improved the basic skills, particularly numeracy and literacy, of their beneficiaries with a further 47% able to demonstrate improved confidence and self esteem for those supported.

Over half could demonstrate that their work had led to reduced isolation and increased access to social interaction in both urban and rural settings. Importantly and increasingly charities were able to articulate the difference they had made to their beneficiaries/users and use this ability to support their fundraising.

Making it possible

to meet increasing demand

Our £30,000 grant over two years supports the charity's advice and information service, including volunteer training and expenses, a crèche and a book keepers salary. The charity's aim is to assist beneficiaries with settling into life in the UK and helping them create safe homes for themselves and their families. It offers advice on a wide range of issues such as education, housing and domestic violence to those who may find it difficult to access the help they need due to language barriers.

The grant has enabled the charity to continue providing advice and information services including English language classes, educational seminars and help with debt management. This has resulted in 88% of the women who use the services benefiting from improved self esteem and many have gone on to set up businesses, secure employment or gain additional skills through volunteering.

As a direct result of the work of the charity, 90% of the women seeking support for domestic abuse have been able to stop it re-occurring in their households.

"The grant has enabled the charity to respond to the increasing demand we have experienced for our services over the past year. By making our beneficiaries aware of their rights and responsibilities and by providing crucial support, we have been able to improve the lives of many women and their families," says Frances Carlisle, Director of the Latin American Women's Rights Service.

Since the start of the recession, the Latin American Women's Rights Service in London has seen a 65% increase in new cases, mostly from families dealing with debt and unemployment.

Supporting the reintegration of ex-offenders back into society

In 2008 the Foundation extended its commitment to those most disadvantaged in society through the delivery of specialised funding focused on charities working in the Criminal Justice system.

The first phase of funding began at the end of 2008 and was targeted at new projects within the Criminal Justice system that had previously been piloted and were looking for funding to expand and develop. Twenty nine charities received three year grants totalling £4.5m with an average grant size of £155,000.

Three years on, the Foundation has been able to assess the impact of the first phase of this programme. By focusing on innovative projects at the early stages of development, this first phase of funding, by its very nature, involved a level of risk. However, as the results indicate, it is exactly this type of work that can have a considerable impact on the individuals involved as well as their families and their communities.

The twenty nine selected organisations ranged from national charities working throughout England and Wales to localised projects, and beneficiaries covered all ages and genders. A key requirement for funding was a detailed and expert knowledge of supporting ex-offenders through the gate and back into their local communities.

The charities were chosen across a range of geographies and issues including supporting those with mental health needs; helping

offenders secure employment, re-housing individuals and families; dealing with addictions, helping parents see their children and addressing harmful behaviour.

In total, this phase supported 3,400 individuals. 2,100 were ex-offenders living back in the community and 1,300 who were due to be released from prison.

Through intensive one-to-one support and intervention, ten out of the twenty nine charities funded have been able to reduce reoffending rates to 9.5 per cent – compared to the national average which varies between 44 and 77 per cent, depending whether the offenders are male, female or young people.

As well as transforming the lives of individuals, the charities funded have had an impact on the criminal justice landscape, including influencing how local and national bodies, councils and government operate, with seven organisations having had an effect on national policy and fifteen on regional and local policy.

"Forty six pounds and a wave goodbye, that's all someone leaving prison is given on their release, it's little wonder that reoffending rates are so high."

"It's important to provide ex-offenders with a strong support system and a helping hand to gain employment as life can be pretty tough and lonely for someone when they leave prison," says Gareth Sorsby, Community Project Manager

That is why Exeter YMCA, which supports local disadvantaged people, wanted to develop an employment support service for ex-offenders and in March 2009 the charity was awarded a three year grant of £92,100.

Before securing the grant, the charity ran job club sessions for young people in supported housing, supporting participants with job searches, writing CVs, interview skills, benefits advice and personal coaching. The funding has enabled the job club to be extended to support ex-offenders and offenders due for release, and has increased from three sessions a week to nine

The Devon and Cornwall Probation Service has been so impressed with the results of Exeter YMCA's job club that they approached them to develop a new programme for young offenders currently serving community service orders. The scheme gives ex-offenders the opportunity to

learn and train alongside professional partners such as the Fire and Rescue Service, Royal Marines and Exeter City Football Club.

In addition to enabling the charity to develop its job club, Exeter YMCA's grant also contributed to the delivery of a prison training project called Perspectives – Doing Life Differently, which the charity runs to encourage offenders to develop their personal and social skills and think about their behaviour, choices and attitudes with a view to reducing reoffending.

In January 2010, the programme gained accreditation from the National Open College Network (NOCN) and has since been rolled out to HMP Channing's Wood and HMP Dartmoor.

90% of our students say that the course has helped them to improve their self confidence as well as increase their self awareness.

Since the project started the ex-offender and offender targeted job sessions have worked with 82 individuals, 22 of whom have now gained employment, three are in full time education, nine are carrying out voluntary work and 23 are in training.

"Becoming NOCN accredited has been really significant for us for a number of reasons," says Gareth. "Firstly, for many of the men we work with to receive an externally accredited qualification and certificate is a matter of great pride and self-worth. Many of these men have extremely low academic attainment, 70 per cent have poor literacy skills, and this may even be the first time that they have received a formal qualification."

"Secondly, now it is an externally recognised course, we have noticed a greater determination on the part of the men to work hard at the course, and indeed in the vast majority of cases, complete it."

Since the charity received its funding three years ago over 400 people have been involved with the Perspectives programme, which was recently

trials with women prisoners at HMP Holloway and young offenders in HMP Feltham

The charity's Chief Executive, Peter Stephenson says. "The Lloyds TSB Foundation's grant gave us the firm financial platform that was vitally important in giving us the ability to launch such a bold programme

We have found the Foundation's willingness to fund innovative work extremely refreshing and it is no exaggeration to say that without this support neither the job club, nor the Perspectives programme would have expanded so rapidly, or increase in effectiveness in the way that they have."

Helping single parents back into work

Pursuing an education or gaining qualifications as a single parent can be very difficult, and even more so if you live within an area of high deprivation. In order for parents to concentrate on their studies, the Claremont West Family Centre in Blackpool provides a Nursery Nurse to look after the children whilst the parents study. The Foundation provided a grant of £19,700 over two years to contribute towards the salary of this vital role.

The charity started by running a drop-in-centre which evolved into a hub for the community. Now beneficiaries can take courses in subjects such as early education, family nurturing, employability, community volunteering, maths and English.

Angela Taylor, the centre's Manager, said, "Most of the people we support are single parents who left school early with few qualifications. By providing accredited learning and training we are helping them back onto the ladder of learning and opportunity."

Securing this funding means that the parents have continued with their learning and development, secure in the knowledge that their children are being cared for by someone they can depend on."

"The boost in confidence resulting from attaining qualifications gives people a springboard to new opportunities, be it paid work, volunteering, pursuing further education or improved family relationships" explained Angela.

Over the last three years, since the charity has been running its courses, 33% of beneficiaries have gone on to paid employment.

Helping in hard times

supporting the need for core funding

The Foundation remains one of the very few grant makers which provides support towards much needed core costs - 70% of our funding goes towards this - at a time when charities are struggling to maintain basic services.

Over the last three years the Community Programme has primarily supported core costs. We have found that by supporting these types of costs, particularly those related to volunteers and staff, helps to provide financial sustainability for small and medium charities and improve medium term planning

Charities, and in particular smaller, often volunteer led, organisations to which the Community Programme provides the majority of its support have found it very difficult to maintain their funding and service levels at those seen prior to the start of the recession back in 2009

Recent research amongst small to medium sized charities found that

- 91% believe funding will be made harder to secure in 2012
- less than a quarter believe they are in a strong funding position
- 85% have seen demand for services increase with almost half unable to meet this need

What was strongly evidenced from the results was that charities are in desperate need of core funding to support core and organisational costs 87% of those surveyed stated that they need this type of support more than any other type of financial assistance at this difficult time

Going forward the Foundation is committed to supporting core costs so that charities can remain proactive, resilient and resourceful, whilst still being able to focus on serving those most in need and the communities in which they live.

Supporting self sufficiency

Overlooking the town of Merthyr Tydfil is the Gellideg Estate, where ten years ago a strong sense of community spirit saw six local mothers set up the Gellideg Foundation Group to tackle anti-social behaviour and unemployment in the area.

With the aim of becoming self sufficient and less reliant on outside help, the charity approached the Foundation for funding and received a £20,000 grant over two years to help pay for a part-time Social Enterprise Business Manager. The charity is a community hub running a wide array of services including mother and toddler groups, youth clubs, healthy eating projects, regeneration programmes, a community café and an environmental task force where a team of volunteers support over 100 elderly and disabled residents with gardening and minor home improvements.

As an organisation run by the community (36 of the 45 full time staff are local residents) the Gellideg Foundation Group is focused on providing practical help and enabling people to gain adaptable and transferable skills.

In the 12 months since the charity received its grant, it has extended its catering facilities and now runs a catering service that provides meals and buffets to businesses and at local events. The charity is also due to open a well being centre offering hair and beauty treatments, which will employ two members of staff and four volunteers. The charity is also in talks with the managers of the Gellideg estate, about developing its environmental task force to

Offering inexpensive, professional services to local residents, as well as genuine opportunities for employment and volunteering, the 'well being' centre encapsulates the charity's aim and value in the community.

provide a gardening service to the entire area. "The grant has enabled us to move forward as an organisation and provide more opportunities to local residents. This will only continue as we further grow our business opportunities," says Colette Watkins, Project Manager.

Working to support sustainability

The Foundation aims to provide sustainable funding for charities over the medium to long term and is committed to awarding multi-year grants to help achieve this.

In 2011, the number of multi-year grants awarded by the Foundation rose by 11% compared to the previous year, with 96% of all grants being awarded over a two or three year period. Investment through two year grants rose by £2.5m to reach £17,248,200, representing over 80% of our total investment for the year, reinforcing our commitment to providing sustainable investment for the charities we support.

We have found that by supporting multi year core cost funding, and particularly that related to volunteers and staff, also helped to provide financial sustainability for small and medium charities and to improve short to medium term planning.

By supporting these types of costs, our funding has enabled nearly three quarters of charities to maintain their core services, and over a third have been able to provide new services, improve the quality of their services and increase their organisational capacity.

Although we look to invest in charities over a two to three year period, we put measures in place to ensure grantees do not become overly dependent on our funding. We require charities to wait for a fixed period before reapplying to us for further funding. We also make sure that the organisations we fund are sustainable, well run with good governance and have various sources of income to ensure they will not be dependent on our funding alone.

The charities we support report that increased access to funding occurs as a result of receiving support from us, with nearly two thirds stating that other funding was maintained or increased as a direct result of receiving a grant from the Foundation.

We have also discovered that the charities we support overwhelmingly spend their grant on time and on purpose, with only 4% having to cancel or return their grant due to an inability to deliver the work.

Reducing anti-social behaviour

The Oak Tree Centre in Oldbury, West Midlands, received a £24,500 grant over three years to help fund the salary of its part time Centre Development Officer, responsible for developing services and engaging local people.

The charity provides a range of services to the local community including mother and toddler groups, exercise classes, luncheon clubs and IT sessions. Since it received its grant in November 2010 it has significantly increased the number of young people attending its Friday night youth clubs from about 15 people to 60 plus

"Feedback from the local community and parents has been very positive. People feel there is a lot less anti-social behaviour taking place because young people now have something to do in the evening and the police have reported a decrease in criminal activities," explains James Cowley, Centre Development Officer.

"By introducing a range of new, exciting activities to the youth club we've been able to engage many more young people and have had some fantastic results "

James has also been able to develop the IT sessions the centre provides to help people learn new skills, find employment and communicate with relatives and friends.

"The grant has secured my post for three years which means I can concentrate on what I'm hired to do" continues James. "I can now really make a difference to the lives of the people I work with."

"One lad in particular has made a complete u-turn. He was close to being expelled from school and regularly involved in anti-social behaviour, but now he attends school, sits on our youth council and wants to become a youth worker."

Supporting communities over the long term

Over the past 25 years, the Foundation has invested over £300 million in 42,000 charities which support those most disadvantaged in our communities, enabling thousands of people across England and Wales to benefit from a variety of much needed local and national services.

In 2011, the Foundation supported 754 charities, investing a total of £21m in communities that need it most, making a significant difference to the lives of individuals and the communities in which they live.

50% of our funding is targeted towards the top 20 most deprived areas in England and Wales, resulting in funding being awarded across 97% of local authorities over the past three years, weighted to areas that have the highest levels of deprivation.

Over the past three years, the Foundation has invested nearly £25m in charities within the ten most deprived areas in England:

- Liverpool £5.12m
- Hackney £2.02m
- Tower Hamlets £2.58m
- Manchester £3.83m
- Knowsley £0.64m
- Newham £2.09m
- Easington £0.6m
- Islington £2.41m
- Middlesbrough £0.84m
- Birmingham £4.83m

A further £1.3m was invested in 60 charities across Wales in 2011, bringing the total invested in the top four most deprived areas over the past three years to £641,300:

- Merthyr Tydfil £76,300
- Blaenau Gwent £112,700
- Rhondda Cynon Taff £243,400
- Neath & Port Talbot £208,900

Supporting young people in times of isolation

London based charity, Wise Thoughts, provides peer support and drop-in services for the lesbian, gay, bisexual and transgender (LGBT) community.

The Foundation awarded the charity a two year grant of £20,000 to set up youthWise, a youth support project, as well as a number of arts projects including an annual arts festival - GFEST which is a platform for artists to exhibit an array of work including visual art, films, live performances and workshops

"We approached the Foundation for funding having identified that support for younger people aged between 13 and 19 was lacking in the area and we wanted to establish a support project and workshops," explains Subodh Rathod, Administration & Policy Director at Wise Thoughts.

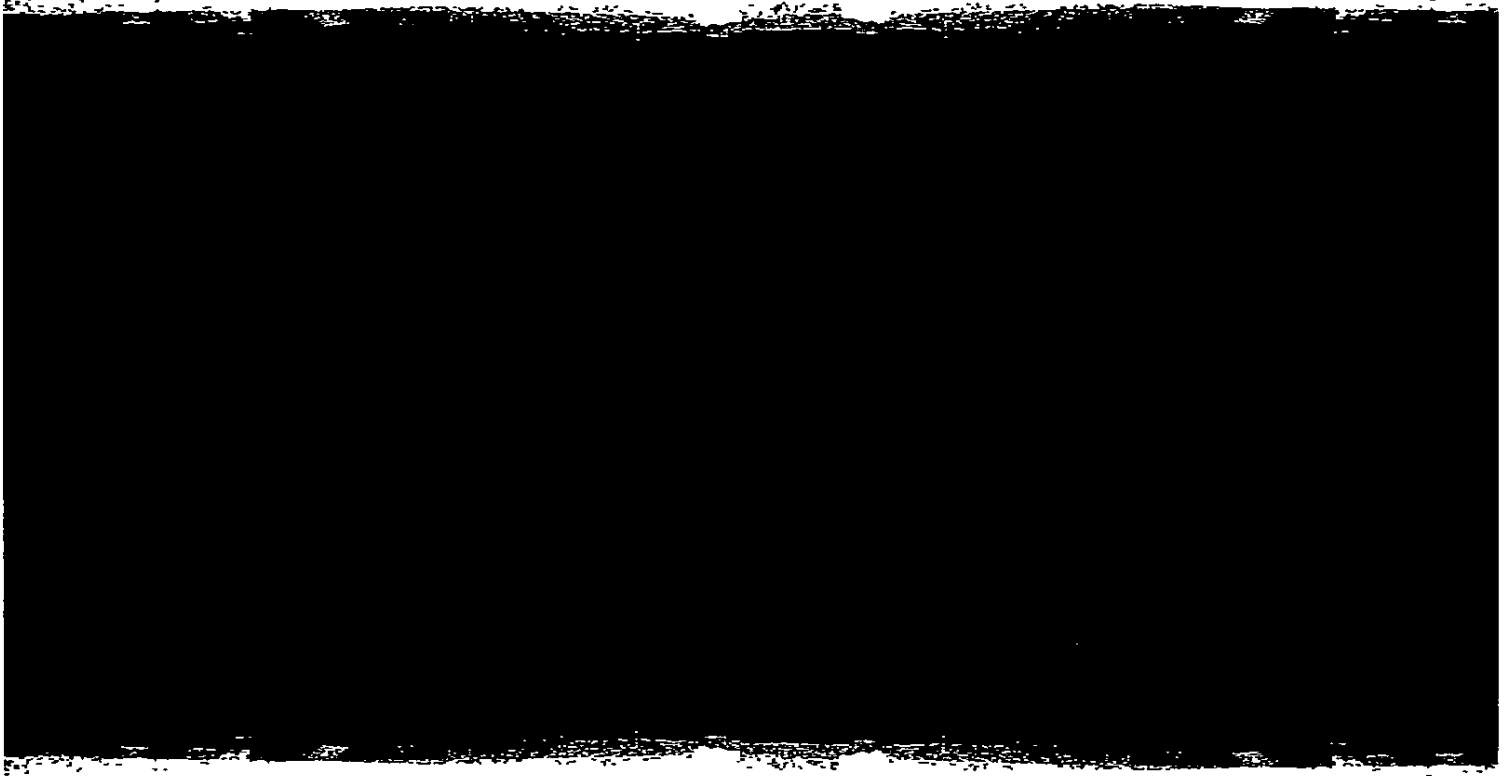
Wise Thoughts is the only LGBT targeted service in the London borough of Haringey. "If we weren't here and you are a teenager questioning your sexuality, the likelihood is that you'd be very nervous and apprehensive about speaking to someone about it. It's unrealistic to think that such young people would be happy to travel a long way from home to access a service – it's an unnecessary barrier that could prevent a

"For these young people being openly gay is not an option if they want to remain part of their community. I can't stress enough how important it is for them to be able to access our support – they often come to us feeling completely isolated and alone"

young person in seeking the support they are desperate for "

The charity currently works with about 48 young people in the area by providing advice and information, as well as signposting to other agencies and support networks and introducing them to peers in similar situations.

A number of people the charity has supported through its drop in service have been from black, Asian and minority ethnic groups, and a chance to speak to someone honestly and in confidence without fear of judgement or persecution has been vital.



"Thanks to this funding from the Lloyds TSB Foundation we have been able to reach out to these young people and let them know they are not alone, that there are others out there in the same position. We have been able to give them a sense of hope, self awareness and empowerment "

"Art has played such a major role in my life and allowed me to express myself and be comfortable and proud of my identity. For me it's not about showing people how I'm different to them but how I am the same – someone they would relate to." Simon Croft, GFEST Artist

Engaging hard to reach young people

Learning to DJ, free-running and art workshops may sound like a list of fun activities but, for the young people who come along to the Youth Connect Project run by Liverpool Lighthouse in Anfield, these activities help to keep them off the streets and express their emotions, deal with issues in their lives and learn valuable life skills to help them now and in the future

The young people are dealing with a multitude of problems and many are from dysfunctional homes, struggle at school, suffer from health problems due to malnutrition and often become involved in crime.

These activities are designed to encourage them away from criminal behaviour such as car theft, knife crime and drug and alcohol abuse, and are a first step towards helping them improve their life choices and chances.

The £25,000 one year grant has enabled the charity to continue its work by covering core costs such as workshop materials, staff and facilitator costs, venue hire and other overheads

“The statistics talk for themselves and reveal the crucial role the project is playing in stopping young people in Liverpool from becoming involved in criminal activity. At the height of the project car crime went down by 50%, and the crime rate in general reduced.”

“These young people can be hard to reach, but by providing activities they want to take part in, and providing support, we have been able to get them involved in training that gives them accreditations and workshops that teach them about the consequences of becoming involved in crime,” says Matthew Moreton, the Harmonize Youth Connect Manager at Liverpool Lighthouse who runs the Youth Connect Project.

“Equipped with the knowledge and skills to make positive choices for themselves, they’re attending school more often and participate in things that will result in long term benefit instead of using alcohol and drugs or becoming involved in crime”

Our commitment to communication and learning

We actively promote the work of the Foundation and share the knowledge we gain from our grant making and the charities we fund. We are committed to providing not only funding, but advice, leadership and support to small to medium charities and the sector at large.

- We promoted the Foundation and the charities we support across national, regional and local media by sending out **75 media releases** and liaising with media resulting in **175 articles** which reached over **3.5million** people
- We have **attended 120 and given 70 presentations** at funding fairs and sector events across England and Wales to help charities secure funding
- We have presented at large sector events run by organisations such as **NCVO** and **ACEVO**
- We distributed our funding environment survey to **over 1,200 charities**, and had an excellent response rate of over 50%
- **9,140 phone and 4,790 email enquiries** have been handled by our Grant Administration team this year
- Over **4,359 requests** were submitted to the Foundation for funding
- Over **1,540 personal visits** were made to charities to give advice and assistance on how to apply for funding
- This year we **funded 754 charities**
- We received **1,530 monitoring reports** from charities part way through or who have finished their grant
- We distributed our new Media Guide to **all of the charities we funded in 2011** to help them publicise their work
- We held our **25th anniversary event**, jointly with Lloyds Banking Group, at Leeds Civic Hall, where **120 charities we have funded** came along to celebrate this milestone with us
- We surveyed **MPs** and held a joint leadership dinner with Lloyds Banking Group to discuss the important **local issues** for disadvantaged people and **possible solutions**

Improving social and community engagement for people with mental illness

Based in Wolverhampton the African Caribbean Community Initiative (ACCI) was set up 24 years ago to address the needs of people from the Afro Caribbean community suffering with mental health problems such as anxiety, depression, schizophrenia and personality disorders

In January 2010, the charity received a two year grant of £49,900 to employ a Holistic Practitioner who is responsible for delivering therapeutic and recreational activities.

The charity runs recreational activities such as cookery lessons, gardening, drumming workshops, a drop-in service, day trips and bike rides as well as providing support and advocacy to people in prisons, secure units and mental health hospitals.

Alicia Spence, Director of Services at ACCI explains. "The Foundation's grant has enabled us to deliver bespoke counselling and holistic therapies, which have been proven to improve the mental health of participants."

"Thanks to this grant we've been able to really develop our therapeutic services, which can have a profound effect on those who use the service. What's more, the grant has enabled us to get involved in some really exciting campaigning work, which will improve people's experiences within the mental health service."

Working in partnership with **Lloyds Banking Group**

The Foundation and Lloyds Banking Group are committed to the longstanding and ongoing agreement to provide support to those most disadvantaged in society.

Where many funding bodies have had to face cutbacks, our partnership with Lloyds Banking Group has ensured that we were able to maintain our level of investment during 2011. This level of funding has also been secured for 2012 and 2013, with further funding agreed until 2020 and beyond.

Throughout 2011, the Foundation met regularly with Lloyds Banking Group staff and worked closely on joint events, including the Foundation's 25th anniversary event which saw over 120 charities from across the North of England join Foundation and Lloyds Banking Group staff to celebrate the Foundation's 25th anniversary at Leeds Civic Hall.

With over £300 million in grants having been awarded to 42,000 charities over the past 25 years, the event focused on celebrating the people, partnerships and communities that are at the heart of the work of the Foundation.

In 2011, we promoted our Matched Giving programme within Lloyds Banking Group to encourage a philanthropic spirit amongst bank employees and increased the amount individuals could claim from £500 to £1,000. As a result, claims by staff saw an increase compared to 2010.

In 2011 there were over 4,745 claims made, with the average claim being for £365, and thanks to the staff at Lloyds Banking Group, working together with us, over £17m was given to charities across England and Wales, including Lloyds Banking Group's Charity of the Year – Save the Children.

Volunteering

- 584 claims were made by staff members who volunteered their time
- 42,872 hours were matched
- £249,000 was given to charities by the Foundation

Fundraising

- 4,134 claims were made by staff members fundraising for charities
- £1,485,000 was given to charities by the Foundation

Top Five Charities Supported

- Save the Children
- Cancer Research UK
- Macmillan Cancer Support
- British Heart Foundation
- NSPCC

Helping charities to adapt

When the local council changed the way charities had to bill them for the services they provide to the community, Northdale Horticulture in North Yorkshire had to change the way it operated to ensure the charity's future in supporting adults with learning disabilities

Without funding from the Foundation it would have struggled to be able to update its systems and processes and the service it provides to beneficiaries would have suffered.

Simon Cross, the Manager at Northdale Horticulture, explains: "We were awarded a two year grant of £23,000 for the salary of an Operational Manager. This staff member is responsible for the day-to-day running of the centre and has headed up all of the changes we needed to make to ensure we continue to receive funds from the council."

Each week, Northdale Horticulture provides approximately 50 beneficiaries with learning difficulties the opportunity to participate in a range of horticultural, wood working and art-based activities, which enables them to build friendships and become more involved in their community

The products they create are sold in the charity's shop and garden centre, where beneficiaries also have the opportunity to work. This working environment enables them to learn new life skills and increase their self confidence

The Operational Manager has also run events, recruited beneficiaries, liaised with funders, the local authority and other agencies and put in place strategic plans to ensure the charity's future

The charity has also been able to introduce a pathways to work programme, which supports beneficiaries to train for vocational skills to get them into work, volunteering and to achieve personal goals.

"We had to move away from one off contract agreements with the council to individual hourly billing and for how many hours for services used"

Responding to the changing environment

This year has been a challenging year for the voluntary sector. In many areas, proposed budget cuts have become a reality as local councils throughout England and Wales tightened their belts and reassessed the services they provide. This has put added strain on many small and medium sized charities already feeling the effects of the economic climate, which has resulted in a surge in demand for services, but with a reduction in available funds.

Time has become an increasingly precious commodity for many charities and without the right access and tools, valuable hours and days can easily be spent researching and writing funding applications which may have little or no chance of success

The Foundation understands this and has aimed to simplify the process as much as possible. We have developed a simple grant making process based around the approach of 'Total Grant Care', designed to work with charities from initial enquiry through the lifetime of a grant

It is a consistent and transparent approach which begins with a short online eligibility questionnaire clearly setting out our guidelines and giving charities an immediate answer as to whether they are eligible for funding or not, to avoid any unnecessary waste of resources for applicants

We have a team of highly trained Grant Managers across England and Wales who visit eligible charities applying for funding of over £5,000 to gain greater understanding

of their work, and provide a high level of guidance and support irrespective of the outcome of their application

Through our process of 'Total Grant Care' we gain a thorough understanding of the needs of the charities and how the wider environment impacts upon them. Our system of approving grants through peer review meetings allows us to adapt, learn and share best practice and to respond appropriately and quickly to the needs of the charities on a month by month basis. We also work closely with other grant making organisations to share our knowledge and experiences of the sector

In 2011, many charities have been less able to provide strong indications of future financial sustainability but, through our peer review process, we have been able to adopt a more flexible approach to ensure charities that have good planning and management in place are not penalised because of the challenging economic environment

Our aims for 2012

The Foundation has five strategic objectives for 2012/2014 and our aim is to be a leading community funder, focusing in disadvantage and driven by the needs of the people and communities we serve.

Objective One - grant making

- To develop, deliver, monitor and evaluate a fully integrated set of grant making programmes that continue to deliver incremental value to beneficiaries/users utilising our national strength and reach and strong local presence

Objective Two - supporting the funding environment

- To facilitate the 'voice' of smaller charitable organisations working in disadvantage and actively support the funding environment for them by an informed, 'ambassadorial', accessible, customer focussed team

Objective Three - two way communication

- To communicate proactively and promote our programmes and the benefits of our work to support beneficiaries and users

Objective Four - learning and development

- To ensure our organisation adapts, learns and shares best practice both internally and externally and effectively communicates this to our key stakeholders
- To continue to develop our organisational skills in quality grant making and communication to ensure 'total grant care'

Objective Five - adapting to the changing environment

- To ensure we adapt our grant making approach and processes to the changing environment to support our work
- To ensure our income streams are sustainable given the changes to the economic and financial sectors
- To continue to build a positive and appropriate relationship with Lloyds Banking Group

Structure, Governance and Management

Governing document and constitution

The Lloyds TSB Foundation for England and Wales was incorporated under and is regulated by its Memorandum and Articles of Association dated 13 December 1985, updated 16th March 1999 and 13th April 2011 as a company limited by guarantee.

Objects

The objects of the Foundation, as set out in the Memorandum of Association, are as follows:

The Foundation is established to do anything which is a charitable purpose, including in particular (but without prejudice to the generality of the foregoing)

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

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

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

Recruitment and appointment of Trustees

The Trustees, who are also directors of the company, are as listed on page 53. Their appointments are made by the Board of Lloyds Banking Group plc on the recommendation of the Foundation's Nomination Committee. The support of the Foundation's Board of Trustees is normally sought prior to recommendations being put forward.

The Nomination Committee operates under terms of reference and has been delegated certain functions by the Trustee Board. Trustees' skills and interests are regularly reviewed and, prior to seeking a new Trustee, the Nomination Committee specifically reviews the composition of the Board to identify any specific skills required. Applications for trusteeship are sought by public advertisement, normally in national newspapers, and through personal contacts or discussions with Lloyds Banking Group. Interviews are held with all members of the Nomination Committee and the Chief Executive.

Trustees serve for a three-year period and may be re-appointed for a further period

Structure, Governance and Management

Induction and training of Trustees

Newly appointed Trustees are provided with a comprehensive pack of induction materials, including the Foundation's Memorandum and Articles of Association. They have an induction session with the Chief Executive and senior team and also meet the grant making staff. New Trustees are encouraged to visit beneficiary charities together with a member of staff. A mentor is appointed from among the serving Trustees, to support newly appointed Trustees at the beginning of their term of office.

Trustees are invited to highlight any particular areas of interest in which they would value specific training. Details of Trustee training events run by external organisations such as NCVO (National Council for Voluntary Organisations) are made available to Trustees.

Organisational structure and decision-making

The Lloyds TSB Foundation for England and Wales is one of the UK's largest grant making trusts. Our mission is to be a leading grant maker supporting disadvantaged people to play a fuller role in communities throughout England and Wales.

There are four independent Lloyds TSB Foundations (England and Wales, Scotland, Northern Ireland and the Channel Islands), which were established at the time of TSB Group's flotation in 1985.

In January 2009, following a period of turmoil in the capital markets, Lloyds TSB Group plc acquired HBOS plc resulting in the enlarged Lloyds Banking Group.

Faced with an unprecedented period of economic difficulty and financial uncertainty, the Foundation reached an agreement with Lloyds Banking Group in February 2010 to provide a more stable and sustainable funding arrangement so as to ensure continued support to the disadvantaged communities we serve. Fixed funding of £25.2m for each of the years 2010-13 was agreed. From 2014 to 2020, the Foundation is to receive 0.3616% of the expanded Group's adjusted pre-tax profits/loss, averaged over three years. This agreement also includes an intention by Lloyds Banking Group to further extend this arrangement beyond 2020.

The Foundation has an extensive local, regional and national presence in terms of both Trustees and members of staff. This enables the Foundation to respond effectively to local social needs.

The Board

The Board of Trustees meets quarterly to agree the Foundation's strategic direction and policies and to monitor implementation and overall progress against objectives. Appropriate levels of delegated authority are in place. The authority of the full Board is required for grants above £250,000. Grant Panels, which are delegated sub-committees of the Board, have delegated authority for grants of between £50,001 and £250,000. The Board has delegated authority to senior management for grants within the Community Programme of £50,000 and below.

Structure, Governance and Management

Board Committees

There are four permanent Committees of the Board, with Terms of Reference approved by the Board, to which they report on their meetings and other activities

The role of the Audit and Investment Committee is to satisfy themselves that the financial statements published by the Foundation follow approved accounting principles and give a true and fair account of the Foundation's affairs. This includes examination and review of the Foundation's annual accounts with the auditors prior to consideration by the full Board and examination and review of any reports prepared by the Lloyds Banking Group internal audit function. The Committee's remit also covers the Foundation's approach to Risk Management and accounting policies, the appointment of external advisors (including investment managers) and deciding on appropriate investment strategy for the Foundation's reserves

The role of the Nomination Committee is to make recommendations to Lloyds Banking Group on the appointment of new Trustees, giving due consideration to the balance of skills, interests and experience on the Board of Trustees. The support of the Board of Trustees is normally sought prior to recommendations being put forward to the Lloyds Banking Group

The role of the Remuneration Committee is to be aware of and advise on any proposals regarding reward strategy and pay policy within the Foundation and the policy for and scope of pension arrangements. It is also kept fully informed on their implications for the future running of the organisation. The committee ensures that contractual terms on termination of employment and any payments made comply with the approved policies of the Foundation. It also considers the performance of the Chief Executive and determines and agrees, with the Board of Trustees, the broad framework and policy for the remuneration package of the Chief Executive.

The role of the grant panels are to review grant applications against each programme's aims and objectives. Panels have delegated authority, which is reviewed annually, to approve grants and consider recommendations, taking into account grant outcomes, associated risk factors, geographical spread and budgetary considerations. At regular intervals during the year, the panel reviews rejected applications to ensure that the team is applying a consistent and equitable approach to applicants. Each panel is also responsible for reviewing progress against programme evaluation objectives in order to maximise the impact of the Foundation's grant making.

Related Parties

The Foundation is related to Lloyds Banking Group plc and connected to the Lloyds TSB Foundations for Scotland, for Northern Ireland and for the Channel Islands. The Bank of Scotland Foundation was established in 2010 and delivers the matched Giving scheme for Lloyds Banking Group employees in Scotland, as well as making grants to community based programmes. See Note 13 (page 52) for details of transactions with these connected charities and related parties.

Each Foundation is directed by its own independent Board of Trustees.

Structure, Governance and Management

Risk Management

In respect of operational practices, the risks facing the Foundation are reviewed by the Board annually. The review covers strategic, operational, financial, HR, IT and reputation risks. Risks identified are prioritised in terms of potential impact and likelihood of occurrence and the Trustees confirm that systems or procedures are in place to mitigate the significant risks identified. The review incorporates examination of the adequacy of the Foundation's internal controls. It is recognised that risk management is an ongoing activity involving all Trustees and staff and it is established as an annual agenda item for the Board and Audit and Investment Committee.

The Trustees recognise that there is a significant risk associated with the income arising substantially from a single source, namely the Lloyds Banking Group. The current economic environment directly impacts on the profitability of the Group. Although the Deed of covenant reduces the short-term risk as income is fixed until 2013 and thereafter based upon average profitability over three years, it cannot completely mitigate against this risk in times of exceptional market place changes.

The Foundation also has a policy of grant recognition which recognises the total grant in the year it was made. In the medium term, if profitability was significantly reduced over a number of years or there was a significant one-off loss of profitability, then consideration has been given to the possible approaches available and changes in reserves policy required.

The Trustees consider that the Foundation is not exposed to any significant financial risks specifically relating to the use of financial instruments as its financial assets are held as cash in bank (Lloyds Banking Group) or pooled managed investments and it has no debt. The Foundation is not exposed to credit risk as debtors are insignificant or to foreign exchange risk as all the transactions are denominated in sterling.

Financial Activities

The Statement of Financial Activities on page 42 shows the income received under the Deed of Covenant with Lloyds Banking Group plc, together with the expenditure on the grant-making Programmes to pursue the Foundation's charitable objects. At 31st December 2011 the Foundation held reserves totalling £34,605,000 (2010 £33,741,000).

Structure, Governance and Management

Reserves

The Trustees have maintained the policy of retaining sufficient reserves at the year end to cover six months' non-grant expenditure for contingency purposes.

Currently the balance of reserves stand at £34,605,000. The reserves were enhanced during 2009 with a net gain on share investment. These gains together with the balance of reserve brought forward from the previous year will provide medium to long term funding for the Foundation. These were invested in early 2011 in accordance with the agreed investment strategy. With the prevailing economic uncertainties, these funds will be used to ensure stability and sustainability of the Foundation's grant making and so provide a more sustainable funding strategy for the benefit of the disadvantaged communities served.

Trustees Responsibilities

Company and charity 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 its financial position at the end of the year. In preparing those financial statements, the Trustees have

- selected suitable accounting policies and then applied them consistently
- observed the methods and principles in the Charities SORP
- made judgments and estimates that are reasonable and prudent
- stated whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepared the financial statements on the going concern basis where it is appropriate to do so

Trustees have also referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aim and objectives and in planning our future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

The Trustees have overall responsibility for ensuring that the charity has an appropriate system of controls, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Foundation 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 Foundation and hence for taking reasonable steps to ensure the prevention and detection of fraud and other irregularities.

Structure, Governance and Management

The Trustees are responsible for the maintenance and integrity of the website and for electronically distributing the annual report and other financial information. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.

Trustees remuneration

All trustees give their time voluntarily and received no benefits from the charity. Expenses reclaimed from the charity are set out in note 12 to the accounts.

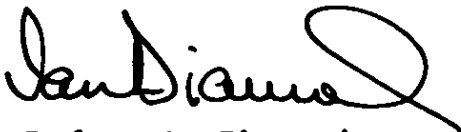
Disclosure of information to auditors

The Trustees who held office at the date of approval of this Trustees' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Foundation's auditors are unaware, and each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the Foundation's auditors are aware of that information.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Foundation will be proposed at the annual general meeting.

This report was approved by the Board of Trustees 19 April 2012 and signed on their behalf by



Professor Ian Diamond
Chair of Trustees

Financial Report and Accounts

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LLOYDS TSB FOUNDATION FOR ENGLAND AND WALES

We have audited the financial statements of Lloyds TSB Foundation for England and Wales for the year ended 31 December 2011 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on pages 38-39 the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company'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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Financial Report and Accounts**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the charitable Company's affairs as at 31 December 2011 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, and
- have been prepared in accordance with the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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 explanations we require for our audit



Kevin Williams (Senior statutory auditor)

For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Statement of Financial Activities

Year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Incoming resources			
Income resources from generated funds			
Covenanted income	13b	25,242	25,242
Investment Income	6, 13b	635	394
Transfers in	2b	-	394
Other incoming resources			
Non-covenanted income	2a	29	33
Total incoming resource		25,906	26,063
Resources expended			
Charitable Activities	4a	23,892	26,824
Governance costs	4c	126	189
Total resources expended		24,018	27,013
Net income/(expenditure) for the year		1,888	(950)
Net loss on share investment	6	(1,024)	0
Net movement in funds		864	(950)
Reconciliation of funds			
Funds brought forward at 1 January		33,741	34,691
Funds carried forward at 31 December		34,605	33,741

The statement incorporates the Income and Expenditure account

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 45 to 52 form part of these accounts

Balance Sheet

As at 31 December 2011

	Note	2011 £'000	2010 £'000
Fixed Assets			
Tangible assets	5	48	56
Investments	6	34,400	-
		34,448	56
Current assets			
Debtors	7	104	135
Short-term deposit		9,000	35,000
Cash at bank and in hand		7,653	17,011
		16,757	52,146
Creditors, amounts falling due within one year	8	(14,907)	(16,735)
Net current assets		1,850	35,411
Total assets less current liabilities		36,298	35,467
Creditors amount falling due after one year	9	(1,693)	(1,726)
Net assets		34,605	33,741
Total funds			
Unrestricted funds	10	34,605	33,741

The financial statements on pages 42 to 52 were approved by the Trustees on April 19 2012 and signed on their behalf by



Professor Ian Diamond

Chair of Trustees Registered Number 1971242

The notes on pages 45 to 52 form part of these accounts

Cash Flow Statement

Year ended 31 December 2011

	2011 £'000	2010 £'000
Net cash inflow from operating activities	(554)	(1,296)
Returns on investments and servicing of finance		
Bank interest receivable	211	394
Capital expenditure:		
Payments to acquire tangible fixed assets	(15)	(34)
Purchase of Investments	(35,000)	-
Management of liquid resources.		
Receipts from / Payments into short-term deposits	26,000	(35,000)
Decrease in cash at bank and in hand	(9,358)	(35,936)

Reconciliation of net income to net cash
Inflow from operating activities

	Total 2011 £'000	Total 2010 £'000
Net income/(expenditure) for the year	1,888	(950)
Investment income	(635)	(394)
Decrease in debtors	31	50
Depreciation charge	23	13
(Decrease) in creditors	(1,861)	(15)
Net cash inflow from operating activities	(554)	(1296)

Analysis of changes in cash and cash
equivalents during the year

	2010 £'000	Change in year £'000	2011 £'000
Cash at bank and in hand	17,011	(9,358)	7,653
Short-term deposits	35,000	(26,000)	9,000
Total movement in cash and cash equivalents	52,011	(35,358)	16,653

The notes on pages 45 to 52 form part of these accounts

Notes to the accounts

1. Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards, including the Statement of Recommended Practice – Accounting and Reporting by Charities 2005 (SORP 2005) and in accordance with the Companies Act 2006

Fund accounting

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

Income policy

All income is recognised in the SOFA when the Foundation is legally entitled to the income, receipt is certain and the amount can be quantified with reasonable accuracy

Grants payable

Grants, both single and multi-year, are recognised in the accounts 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.

Valuation of assets

Tangible assets are included at historic cost less depreciation. Investment assets are valued at market value, as determined by the Trustees after appropriate advice (see Note 6). For these purposes, pooled investment vehicles are valued at mid price as provided by the investment manager.

Capitalisation and Depreciation

The minimum value for the capitalisation of tangible fixed assets is £750. 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 office equipment	10% per annum

Allocation of costs

Charitable activities include the direct costs of the grant awards and the indirect support costs of delivering the grant programmes. Support costs are allocated between charitable programmes and governance on the basis of estimated time spent by staff. Governance costs comprise all costs involving the public accountability of the Charity and its compliance with regulation and good practice.

Pension costs

The Foundation participates in two separate independently managed, defined benefit, occupational pension schemes; the Lloyds TSB Group Pension schemes No 1 and No 2. 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 as permitted by Financial Reporting Standard 17, Retirement Benefits.

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

1. Accounting policies (cont'd)

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.

2. Income

2a. Other incoming resources	2011 £'000	2010 £'000
Non-covenanted income from Company Secretarial fees from Lloyds TSB Foundation for Channel Islands	6	10
Donated Services – Audit	23	23
	29	33
2b. Transfers In	2011 £'000	2010 £'000
Grant Award	–	392
Donated Services – Audit	–	2
	–	394

Following the acquisition of HBOS plc by Lloyds TSB Group plc in January 2009 the enlarged Lloyds Banking Group decided that the HBOS Foundation should be wound up. During this winding up process it was agreed that the Foundation would support some of the charitable activities of the HBOS Foundation and as a result the Foundation received a transfer of £394,000 in 2010 from the HBOS Foundation. Of this amount £nil remains outstanding at 31 December 2011.

3. Grants payable

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

	2011 £'000	2010 £'000
Reconciliation of grants payable		
Amounts outstanding at 1 January 2011	17,959	18,143
Grants approved *	20,999	23,819
Grants cancelled or recovered	(828)	(824)
Grants payable for the year	20,171	22,995
Grants paid during the year	(21,942)	(23,179)
Amounts outstanding at 31 December 2011 (Note 8,9)	16,188	17,959

* Does not include Matched Giving

4. Analysis of expenditure

4a. Charitable activities

	Grants £'000	Grant making Support costs £'000	2011 £'000	2010 £'000
Unrestricted				
Community programme	20,171	1,830	22,001	20,446
Matched Giving	1,734	105	1,839	1,380
Criminal Justice	-	52	52	4,394
	21,905	1,987	23,892	26,220
Restricted				
Grants	-	-	-	392
Matched Giving	-	-	-	212
	-	-	-	604
	21,905	1,987	23,892	26,824

Support costs have been allocated on the basis of time spent by staff on each of the programmes.

4b. Grant making support costs

	2011 £'000	2010 £'000
Staff costs	1,625	2,005
Other costs	362	356
	1,987	2,361

4c. Governance costs

	2011 £'000	2010 £'000
Legal fees	26	28
Professional Costs	41	38
Auditors' remuneration	23	23
Staff costs	27	28
Trustee recruitment costs	1	61
Trustee costs (see note 12)	8	11
	126	189

The Auditors are appointed on a honorary basis. This value of the audit has been included as a donated receipt within other incoming resources and as a donated service within Governance costs.

4d. Staff costs

The average number of persons employed by the Foundation during the year was 24 (2010: 27)

	2011 £'000	2010 £'000
Wages and Salaries *	1,032	1,235
National Insurance contributions	101	100
Pension contributions	216	285
Other staff costs	304	413
	1,653	2,033

* including redundancy payments in 2010

The numbers of employees receiving emoluments (salary and benefits in kind, excluding pension contributions) greater than £60,000 are as follows

	2011	2010
£70,001 - 80,000	1	-
£130,001 - £140,000	1	1

Pension costs	2011 £'000	2010 £'000
Defined benefit scheme	141	224
Defined contribution scheme	75	61
	216	285

Lloyds TSB defined benefit schemes

The contribution due to the schemes was £141,000 (2010: £224,000), of which £39,000 was accrued (2010: £140,000) (see Note 1) The contribution rates in 2011 were as follows

	Scheme 1	Scheme 2
Contribution Rate	29.4%	28.2%

For both the No. 1 and No. 2 Schemes, the independent actuary carried out full triennial valuations as at 30 June 2008. These disclosed a combined deficit of £3.7bn. and as a result the pension fund Trustees agreed with Lloyds Banking Group a recovery plan to address the deficit. Interim valuation updates as at June 2009 have been carried-out and the results communicated to members. The interim valuations revealed that the combined deficit had increased to £6.4bn. More information on the funding of the Group's pensions schemes can be found in the latest Report and Accounts of Lloyds Banking Group plc.

4d. Staff costs (cont'd)

Lloyds TSB defined contribution schemes

The Foundation has two defined contribution schemes:

1. Employees of the Foundation from January 1996 to June 2010 were entitled to join the defined contribution scheme. The contribution made to the scheme was £51,000 (2010: £57,000). The employer rate is determined by the member's contributions and the maximum rate of contribution payable by the Foundation is 13%.
2. New employees joining the Foundation from July 2010 are automatically enrolled in the 'Your Tomorrow' defined contribution scheme. The contributions made to the scheme were £24,000 (2010: £4,000). The employer rate is determined by the member's contributions and the maximum rate of contribution payable by the Foundation is 13%.

5. Tangible assets

	Furniture and Office Equipment £'000	Computer Equipment £'000	Total £'000
Cost			
At 1 January 2011	41	68	109
Additions	2	13	15
Disposals	-	(3)	(3)
At 31 December 2011	43	78	121
Depreciation			
At 1 January 2011	21	32	53
Charge for the year	5	18	23
Disposals	-	(3)	(3)
At 31 December 2011	26	47	73
Net book value			
At 1 January 2011	20	36	56
At 31 December 2011	17	31	48

6. Investments

	Long Term Fund	Short Term Fund	Total
	£'000	£'000	£'000
Additions	27,000	8,000	35,000
Reinvested income	342	82	424
Net (loss)/gain in investment	(1,107)	83	(1,024)
As at 31 December 2011	26,235	8,165	34,400

Investment fund manager fees and rebates of £7,000 and £10,000 respectively are included within the net (loss)/gain on revaluation and are (paid)/receipted out of the fund

		£'000
Long Term Fund	Sarasin Alpha CIF Fund	18,075
	Cash	8,160

During the year 24,719,601 units of Sarasin Alpha CIF For Endowments Fund were acquired. This is an endowment fund for which the Charity owns units and not the underlying assets

		£'000
Short Term Fund	Investments*	8,148
	Cash	17

* Short Term Investments are held in Government Treasuries, Floating Rate Notes and Money Market Funds.

No investments are held outside the UK

At 31 December 2011 and throughout the year ended on that date, the Foundation held 58,360,263 limited voting ordinary shares of 25p each of Lloyds TSB Group plc, representing 72.12% of such shares in issue. The Foundation's limited voting ordinary shares represent 0.1% of the issued ordinary share capital of Lloyds TSB Group plc at 31 December 2011. The Foundation cannot sell these shares in the open market. The shares have no rights to dividend, have voting rights only in limited circumstances, and shall be converted into ordinary shares of Lloyds TSB Group plc in either of the following circumstances.

- a) Where a Deed of Covenant is in force in favour of a holder of limited voting shares, on the day following the termination of that Deed of Covenant in consequence of the expiry of notice of termination given by Lloyds TSB Group plc ('the Group') or the commencement of the winding-up of the Group.

For this purpose, 'Deed of Covenant' includes each of the three Deeds of Covenant* and, in relation to each, extends to include any agreement or agreements substituted for that Deed of Covenant, in favour of the holder of limited voting shares benefited thereby or any transferee of that holder's limited voting shares, in terms considered by the directors of the Group to be no less favourable (taking such agreements together if more than one) to the payee or payees under the new agreement or agreements. Lloyds TSB Foundation for Scotland also has a Deed of Covenant.

* Lloyds TSB Foundation for England & Wales
Lloyds TSB Foundation for the Channel Islands
Lloyds TSB Foundation for Northern Ireland

6. Investments (cont'd)

- b) If an offer is made to ordinary shareholders of the Group to acquire the whole or any part of the issued share capital of the Group and the right to cast more than 50% of the votes which may ordinarily be cast on a poll at a general meeting becomes or is certain to become vested in the offeror and/or persons controlled by and/or acting in concert with the offeror.

The shares so converted will carry the right to receive dividends and other distributions declared, made or paid on the ordinary share capital of the Group by reference to a record date on or after the conversion date, and will rank pari passu in all other respects with the then existing fully paid ordinary shares.

7. Debtors	2011 £'000	2010 £'000
Prepayments	68	69
Debtors	14	18
Accrued interest	22	48
	104	135

8. Creditors: amounts falling due within one year	2011 £'000	2010 £'000
Grants payable (Note 3)	14,495	16,233
Other creditors	412	502
	14,907	16,735

9. Creditors: amounts falling due after on year	2011 £'000	2010 £'000
Grants payable (Note 3)	1,693	1,726

10. Movement in funds

	Balance at 1 Jan 2011 £'000	Movement in funds			Balance at 31 Dec 2011 £'000
		Incoming £'000	Outgoing £'000	Change in MV* £'000	
Unrestricted Funds	33,741	25,906	(24,018)	(1,024)	34,605

* Change in market value and investments

In accordance with the Trustee reserve policy as described on page 38. The Trustees have maintained the policy of retaining sufficient reserves at the year end to cover six months' non-grant expenditure for contingency purposes

11. Guarantee Company

The Foundation is a company limited by guarantee not having a share capital. The liability of the members is limited by the Memorandum of Association to £1 each. The number of Trustees (including the Chairman) who are also members at 31 December 2011 was 11 (2010:11).

12. Trustees' remuneration and reimbursed expenses

The Trustees, who are also the directors of the Foundation, received no remuneration during the year. The Trustees received reimbursed expenses relating to travel and subsistence totalling £3,000 (2010: £5,000)

13. Related party transactions

13a Connected Foundations

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

Lloyds TSB Foundation for Scotland

Riverside House, 502 Gorgie Road, Edinburgh EH11 3AF

Lloyds TSB Foundation for Northern Ireland

2nd Floor, 14 Cromac Place, The Gasworks, Belfast BT7 2JB

Lloyds TSB Foundation for the Channel Islands

Pentagon House, 52 – 54 Southwark Street, London SE1 1UN

Bank of Scotland Foundation

The Mound, Edinburgh EH1 1YZ

The Foundation received £6,000 (2010: £10,000) from the Lloyds TSB Foundation for the Channel Islands in respect of time spent by the Chief Executive and her staff on Channel Islands Foundation business.

13b Related company

The Foundation is related to Lloyds TSB Group plc as it derives its revenue primarily from Lloyds TSB Group plc. In February 2010 the Foundation reached an agreement with Lloyds Banking Group to provide a more stable and sustainable funding arrangement so as to ensure continued support to the disadvantaged communities we serve. Fixed funding of £25.2m for the years 2010-13 was agreed. From 2014 to 2020, the agreement is to receive 0.3616% of the expanded Group's adjusted pre-tax profits/loss, averaged over three years.

The following transactions took place with Lloyds TSB Group plc during the year:

The Foundation received £25,242,000 (2010: £25,242,000) under deed of covenant, and £211,000 (2010: £394,000) bank interest was received due to the Foundation using Lloyds TSB Bank plc as its bankers.

At 31 December 2011 a balance of £16,653,000 was held at Lloyds TSB Bank plc (2010: £52,011,000) of which £9,000,000 (2010: £35,000,000) was held on short-term deposit.

14. Office Lease commitment

Lloyds TSB Foundation had an annual commitment under non-cancellable operating lease (building only) at 31 December 2011 which expires as follows:

	2011	2010
	£'000	£'000
Over five years	106	106

Trustees

Professor Ian Diamond	Foundation Chair and Trustee since July 2009, Professor Ian Diamond is also Vice-Chancellor at the University of Aberdeen. Professor Diamond brings a wealth of experience in the educational, funding and voluntary sectors.
Rosemary Stevenson	Foundation Deputy Chair and Trustee until November 2011, Rosemary was an independent consultant with extensive international development experience
Janet Bibby	Trustee since January 2008, Janet is currently Regional Director of the National Trust
Sir Clive Booth	Trustee since January 2011, Sir Clive Booth was Vice-Chancellor of Oxford Brookes University until 1997. Since then he has pursued a portfolio career spanning a number of interests in education and the public sector. His most recent role has been as Chair of the Big Lottery Fund.
Professor Patricia Broadfoot CBE	Trustee since May 2011, Patricia was formerly Vice-Chancellor of the University of Gloucestershire having previously been Senior Pro Vice-Chancellor of Bristol University.
Pavita Cooper	Trustee since April 2009, Pavita is Founder of Talent Conversations, an international consultancy advising large corporate and senior executives on leadership, talent and diversity.
Rob Devey	Trustee since July 2009, Rob is the Chief Executive of Prudential UK, Europe.
Philip Grant	Trustee since July 2010, Philip is Managing Director of UK Wealth at Lloyds Banking Group.
Alan Leaman OBE	Trustee since January 2008, Alan is currently Chief Executive of the Management Consultancies Association.
Lord Sandy Leitch	Trustee since January 2011, Lord Sandy Leitch was previously Deputy Chairman of Lloyds Banking Group.
Mohammad Naeem	Trustee since July 2010, Naeem is a diversity and race relations specialist with extensive experience at executive and consultative level of policy development and implementation across public, private and voluntary sector organisations
Dame Denise Platt	Trustee since January 2011, Dame Denise Platt was formerly the Chair of the Commission for Social Care Inspection (CSCI) having previously been Chief Inspector of the Social Services Inspectorate and Head of Social Care Policy at the Department of Health

Subcommittees of the Board

Nomination Committee	Professor Ian Diamond (Chair), Rosemary Stevenson (until 15th November 2011) and Alan Leaman.
Audit & Investment Committee	Rob Devey (Chair), Philip Grant, Rosemary Stevenson (until 15th November 2011) and Sir Clive Booth
Remuneration Committee	Pavita Cooper (Chair); Dame Denise Platt, and Professor Ian Diamond
Grant Panels	Professor Ian Diamond, Rosemary Stevenson (until 15th November 2011), Janet Bibby, Sir Clive Booth, Professor Patricia Broadfoot, Pavita Cooper, Rob Devey, Philip Grant, Alan Leaman, Lord Sandy Leitch, Mohammad Naeem, Dame Denise Platt

Foundation Staff

At 19th April 2012

Linda Kelly	Chief Executive
Chris Anderson	Head of Grant Making (South)
Emma Beeston	Grant Manager
Gary Beharrell	Grant Manager
Tina Claeys	Grant Administration Manager
Diana Colinese	HR Manager
Sara Cooney	Grant Manager
Peter Cunnison	Grant Manager
Nicola Elliot	Grant Administration Assistant
Peter Ellis	Grant Manager
Pat Greenwood	Grant Manager
Paula Harris	Head of Operations
David Harrison	IT Manager
Fouzia Iqbal	Grant Administration Assistant
Rhodri James	Financial Controller
Angela Johnson	Grant Administration Assistant
Michele Lester	Grant Manager
Mike Lewis	Grant Manager
Charlotte Mackie	Executive Assistant
Lisa Shackleton	Head of Information and Communication
Trevor Smale	Grant Manager
Jude Stevens	Grant Manager
Harriet Stranks	Head of Grant Making (North)
Lynda Tahri	Communication Officer
Yvonne Taylor	Grant Manager
Emma Tregear	Grant Manager

Administrative Details

Registered charity

Number 327114

Company Limited by Guarantee

Registered Number 1971242

Registered office

Pentagon House, 52-54 Southwark Street, London SE1 1UN

Correspondence address

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Website www.lloydstsbfoundations.org.uk

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Solicitors

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Moorcrofts LLP, James House, Mere Park, Dedmere Road, Marlow, Bucks SL7 1FJ

Auditors

PricewaterhouseCoopers LLP, 9th Floor, 7 More Riverside, London SE1 2RT

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