

Stronger, together

Trustees' Report and Financial Statements 2019



**LLOYDS BANK
FOUNDATION**
England & Wales





We're an independent charitable trust funded by Lloyds Banking Group.

We partner with small and local charities helping people overcome complex social issues such as mental health, homelessness and domestic abuse. Their size and understanding of the people and local communities they work with means they're able to make life-changing impact where others can't. But these charities are under-funded, under pressure and too often ignored.

That's why we're more than just a funder – we work in partnership with the charities we fund and others who share our vision.

We listen, understand and respond to charities, funding them for longer and providing developmental support to help them grow stronger and be more sustainable. We influence policy and practice to help charities thrive in the future and to address the root causes and consequences of complex social issues.

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Refugee Women Connect / £75,000 / Asylum Seekers



From our Chair & Chief Executive

As we prepare this report in April 2020, we are facing the challenges brought about by the Covid-19 pandemic. This outbreak has significantly affected the charities we partner with. They rapidly adapted their vital services to support people facing complex social issues that are at even greater risk from this health crisis and the social and economic effects of the lockdown. All this as they had to move their services online and their income from trading, fundraising events and other streams dried up.

We responded to this crisis by being flexible with our grant making and tailoring our support. Where needed, we made payments available ahead of fully completed reporting, allowed a shift in funding and project focus as well as making half of charities' total grant funding available sooner. We developed tailored Enhance capacity building support to help charities respond to this crisis. This included IT equipment and training for remote working, virtual consultancy with our providers and volunteering through Lloyds Banking Group, and a series of webinars to help charities adapt. Following this, we also began to review our funding to design a new approach that

could help charities respond, recover and rebuild in the weeks and months to come.

Our Trustees continued to meet virtually to make strategic decisions and have oversight. All our staff adapted to working remotely and came up with new ways of supporting our grant holders. We worked with the charity sector's infrastructure and membership bodies to lobby Government to secure much needed funding and support for the sector and built relationships with organisations in six localities to understand how the crisis has affected them and the communities they work with.

2019 was the first full year of our five-year strategy, Reaching Further, based around three core pillars – funding, support to develop and influencing. During this year we transformed our funding programme, systems and approach. We also launched a new film explaining our approach and championing the unsung heroes in small charities working to overcome complex social issues in their communities.

Having committed to funding at least 700 charities at any one time, during 2019 we supported 935 charities in total (2018: 922). They made a life changing impact to 150,000 (2018: 142,000) people facing complex social issues.

We relaunched our grants programme with a simpler more flexible and transparent approach funding small but vital charities for longer with larger grants that can be entirely used for core costs. Alongside this we simplified our approach to reporting where charities share existing reports they already produce for their board of trustees. All of this is supported by a new robust Relationship Management system, that enables us to work with the charities we partner with more effectively. We developed a new website that has simplified the application process while also letting applicants know instantly whether they are eligible for funding.

“We won the prestigious 2019 Civil Society charity award in the grantmaking and funding category recognising our pivotal work in providing capacity building support to underfunded, under-resourced small and local charities so they can become more sustainable.**”**

We continued to provide a wide range of developmental support for the charities we partner with through our Enhance capacity building programme.



Watch our Brand Film

Five years after launching the Enhance programme it was independently evaluated to identify what works and where we can improve it further. We published the report to share our own learning with others and held events in London and Manchester with charities, partners, consultants and other funders. We were delighted to win the prestigious 2019 Civil Society charity award in the grantmaking and funding category recognising our pivotal work in providing capacity building support to underfunded, under-resourced small and local charities so they can become more sustainable.

Last year we also started working deeper in local areas by laying the groundwork in six different localities across England and Wales to work alongside people and communities so they can redesign the way local services are delivered and to help them become more resilient.

2019 was a year of much political turmoil and change. Throughout it all we continued to champion the work of small and local charities and raised awareness of the challenges they face and the root causes and consequences of complex social issues, pushing for changes to policy and practice nationally and locally.

Tackling domestic abuse has long been a priority for the Foundation and grounded in the experience of the specialist charities we support, we helped shape the development of the Government's Domestic Abuse Bill through written and oral evidence to the Joint Committee examining the Bill. The Drive project tackling perpetrators continued to develop and expand to new areas, building on our investment, with the Independent evaluation we funded demonstrating that it makes a real difference in reducing abuse.

In criminal justice we shared the experiences and expertise of charities we support with the Ministry of Justice to shape their proposed new probation system so it works better for small and local charities. We launched a new programme investing £2.5m in 17 projects funding innovation in practice and policy to improve services and effectiveness across the criminal justice system.



Universal Credit has been a challenge for many of the charities we partner with and those they serve so we supported new research highlighting what is not working and suggesting improvements, sharing the findings directly with the Secretary of State and the Prime Minister's Office. And we invested in a new programme looking to improve support at a local level for those facing financial crisis.

None of this would have been possible without our committed staff, our hard-working Trustees and the ongoing support of Lloyds Banking Group whose generous backing has enabled us to continue to support small but vital charities across England and Wales. Small and local charities make our communities stronger and together with them we are Helping Britain Prosper.



Paul Street OBE
Chief Executive



Baroness Irene Fitchie OBE
Chair of the Board of Trustees

Our first annual report on our work to improve the lives of people facing complex social issues was published in 2019. It was a landmark moment for the Foundation and the charity sector.

Keeping our promise

Fund

Every year we'll make grants to hundreds of small and local charities, investing in their work helping people overcome complex social issues across England and Wales

£25.7m

awarded in funding and 935 charities supported through our grants programmes which made a life-changing impact to 159,000 people facing complex social issues
2019: £24m, 923 charities and 142,000 people

293

charities supported with new grants through £16.9m in core and delivery cost funding
2019: 302 charities, £19.4m core

£2.7m

distributed to 1,578 charities through matching the fundraising and volunteering efforts of Lloyds Banking Groups 65,000 staff
2019: £2.0m to 1,728 charities

Develop

We'll provide a wide range of developmental support, including training, consultancy and mentoring alongside our funding to strengthen charities

£2.1m

invested in 373 charities to help them develop and become more sustainable through our Enhance programme
2019: £2.4m to 522 charities

1,100

people reached through two regional events and an independent evaluation report learning from five years of our capacity building programme on our 'Funder Plus' offer

13

learning networks run across the year where charity leaders have been able to share learning and knowledge while establishing a support network
2019: 9 groups

Influence

We'll champion the work of small and local charities and raise awareness of the challenges they face with influencers and policy-makers

£2.5m

invested to help 17 specialist charities and partnerships to improve criminal justice services through policy and practice

Seven

areas now operating Drive, the new approach to working with domestic abuse perpetrators, following our investment
2016-2019: 3 areas

£1.5m

invested in other national influencing projects including £499,400 in a new Coordinated Community Support programme to improve access to crisis support, including statutory local welfare assistance
2019: £0.3m

Lives transformed in 2019

Last year we simplified our approach to reporting and reduced the time charities spend on it so they can dedicate their limited time on delivering their services and supporting people facing complex social needs. We did this by asking charities to simply share the same reports they produce for their board of trustees so they can maintain accountability to their boards and not us.

Through these reports we've identified the different ways that small and local charities have made a life-changing impact on people's lives through our support:

In previous years our trustees used to ask 'report on each of these' but now, from last year, after simplifying our approach to reporting, we began to map out the impact that was produced with the fewer outcomes that cut on charities' time spent on monitoring reports and allowed us to have more control over these measures.

19,447

to stay safe from
violence and abuse



Muritiba / £100,000 / Learning Disabilities

5,908

to maintain stable income
and financial independence



Free 400 of Pinder Plus event, London 2019

419

to enter education

2,118

to safely manage addictions
and dependencies

2,617

to become employed



Teaching Hub / £17,500 / Care Homes

12,191

to find stable and
suitable housing



RAMPEL / £8,800 / Asylum Seekers

2,069

to not reoffend



Scottswood Community Gardens / £100,000 / Mental Health



2019 Westminster Summit, London 2019

6,598

to find choice and control

4,133

to maintain healthy
relationships

909

to move into independent living



NDAAS / £10,000 / Asylum Seekers

13,206

to manage a mental
health condition

2,253

to gain qualifications



Free 400 of Pinder Plus event, London 2019

We're improving every day



Our commitment to Equality, Diversity and Inclusion

We know the grantmaking sector across the UK has been too slow to address issues around equality, diversity and inclusion. That's not good enough, so we're committing to listening harder and challenging ourselves to play a greater part to change things.

We're on a journey to become more equal, diverse and inclusive in all aspects of our work, particularly:

1. In the work we deliver
2. In our workforce
3. In what we say and how

Our website: a new look and feel

As part of our Reaching Further strategy we have made a promise to small and local charities to put their needs at the centre of our work and be a real partner to them. We overhauled our grants programme to bring us closer to meeting this promise, but we needed to ensure that the whole process of applying for funding demonstrated this ethos. That's why we invested in developing and launching a new website that would make the process of applying for funding seamless and transparent.

We've made it easier for charities to check their eligibility in just five minutes and get an instant indication on whether they can apply for funding at all, and if they can, then the amount

of unrestricted funding they are able to apply for. With our new website, charities will no longer need to fill out long forms without even knowing if they stand a chance of securing funding.

Powering our system through a new database

Underpinning and powering our grants programme is our new Salesforce database. We migrated to a new database that will help us form stronger connections with the charities we partner with by managing every single touchpoint we have with them.

We were recognised as the leading grantmaker

We were over the moon to have been recognised as the leading grantmaker at the prestigious Civil Society Charity Awards. We impressed judges with our Enhance programme and brought home the award for the grantmaker and funder category. We shared the story of the five-year journey to support underfunded, under-resourced small and local charities to become more resilient and sustainable. Starting with a tiny pilot in 2014, offering 24 charities we were funding access to either a consultant or a mentor from Lloyds Banking Group, now over 800 charities have accessed the programme and have become stronger, more effective and robust.

[Lloyds Bank Foundation] are huge champions of small charities and core funding, and are really challenging; they shake the sector up in a really positive way.

Charity Awards judge Richard Hawkins

ibones
orward



CIVILSOCIETY
media



Lloyds Bank Foundation accepts the Grantmaking and Funding Award at the Charity Awards 2019. From left: Toni Campbell, TV Presenter; Anne Abrahams, former head of Communications, RBS; Nicola KEO Harris, Shanks, Director of Grants; Mark Jones, head of Charity Learning and Programmes, CAP; and Neil Jones.

Meet RAMFEL

supported by a
grant of £99,980

We partnered with Refugees and Migrants Forum East London (RAMFEL) to fund the salary of a part-time Advisor to support their clients. Alongside their £99,980 grant, which is being delivered over three years, RAMFEL has benefitted from developmental support around finance and communications funded by Lloyds Bank Foundation.

James Tullett, CEO of RAMFEL, says:

"At RAMFEL we provide holistic support to refugees, asylum seekers and other vulnerable migrants. People normally come to us in crisis or they are destitute, and we try to work with them in that initial period but then as much as possible, to try and work towards them actually being able to move on with their lives as well – finding somewhere to live, finding a job, getting set up for the rest of their lives. We don't walk away the day you get your papers. One example of that is the project Lloyds Bank Foundation funds us for, which is an advice service

for both new arrivals and those who have just gained refugee or humanitarian protection status."

"Long-term funding is so rare. We really value the long-term nature of the grant and its flexibility, and the development support that goes with it. Some funders are very strict on what you can be funded for, so it can be difficult to recover your core costs. Also, smaller charities are generally going for

smaller pots of money, so we find ourselves piecing together little bits of funding – it's like a jigsaw."

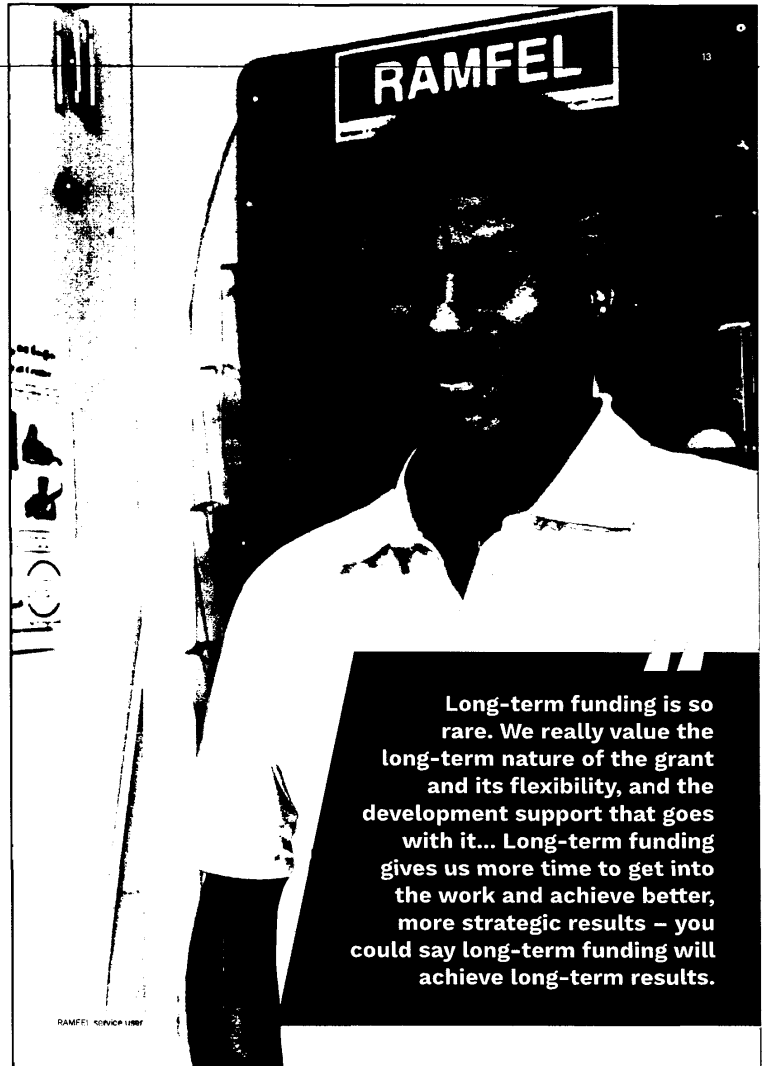
"Also, when you have a three-year project you can get into it and not worry that six or nine months in, you might have to wind it down. You have a lot more time to concentrate on it, which allows you to do things you wouldn't otherwise do. For example, on our Rough Sleepers project, we have two years' funding and potentially several years more, so we're able to build a legal strategy rather than just trying to get applications in and the project being over before they even get decided. So long-term funding gives us more time to get into the work and achieve better, more strategic results – you could say long-term funding will achieve long-term results."

RAMFEL's finances and communications have been strengthened by the developmental support they've received from Lloyds Bank Foundation. Nathan Sperry, Operations Manager, says:

"Making sure we've got diverse streams of funding to sustain the organisation and its growth is hugely important for us. We've grown about 65% this year, in terms of income and new staff – that roughly equates to double the work if not double the clients. There's so much need out there, with 144,000 undocumented children in the UK, a lot of refused asylum seekers and asylum seekers living in poverty – there's always so much demand and we need to be able to respond. A financial advisor helping us develop a proper financial strategy, introduce a system and implement it into new software that we're using is really helping us make sure we can meet our clients' needs."

"We also recently had support for our communications. A consultant helped us revive our very dormant social media and website, which needed a lot of work. It's made procedures a lot easier and freed up our time to focus on the things we really need to do to support our clients."

James' hope for the future is that "refugees, asylum seekers and vulnerable migrants are treated humanely. We need to end the 'hostile environment' and have a more practical way of looking at what is best for those vulnerable individuals and for society as a whole." He believes RAMFEL can help make this happen "by continuing to have very high-quality advice and support to clients, which we can showcase to help make changes in the law at a local level and potentially even at a national level."



Long-term funding is so rare. We really value the long-term nature of the grant and its flexibility, and the development support that goes with it... Long-term funding gives us more time to get into the work and achieve better, more strategic results – you could say long-term funding will achieve long-term results.

RAMFEL / SERVICE UNIT

We funded

Our promise

Make grants to 250 new charities under our new strategic framework of up to £100,000 over three years (with the option to extend for a further three years) with greater flexibility and freedom for grantees on how they spend and report.

Our progress

We achieved this by awarding 173 (2018: 194) charities up to £100,000 each in core cost funding over three years and 115 (2018: 103) charities up to £15,000 to help develop their capabilities and capacities.

We didn't shy away from complex work and took risks where we saw a need. We sought out charities that deliver effective support for people facing complex social issues but might not have all their systems, structures or even skills in place.

We also took a long, hard look at our approach to funding, reflected on feedback from the charities we've funded over the years and launched a new grant process that supports charities with larger grants, for longer, with greater flexibility and transparency.

Alongside our new grant process, we streamlined our assessment and reporting to make it easier for overstretched charities to tell us how they're using our funding.

A lot of services in this area have ended and children's services have seen budget cuts so we're thankful to Lloyds Bank Foundation for their support. We've been there for young parents when others haven't and the feedback we've had has been absolutely amazing.

We want young parents to look back on their parenting experience positively. It doesn't matter how old you are when you have your first child.

With the right support, everyone can be a fantastic parent.

Flora Jennings, Young Parents Group Co-ordinator, Keighley Healthy Living
£97,943 grant / Young Parents



What we fund

We partner with small and local charities helping people overcome complex social issues.

The future for us is always unknown to a point. It's partly about being sustainable but it's also about just surviving. Having secure funding from Lloyds Bank Foundation means having some of those basic core costs covered, so we can focus on sustainability – and on doing our jobs for the asylum seekers who need us.

Latina Roberts, Centre for Women's Asylum Link, Liverpool
£50,000 grant / Asylum Seekers and Refugees

Addiction or dependency on alcohol, drugs, substances and/or gambling



Asylum Link Merseyside / £75,000 / Asylum Seekers

Asylum seekers and refugees



CHILL Studios / £61,966 / Mental Health

Care leavers



Latin American Womens Rights Service / £70,146 / Domestic Abuse

Domestic and sexual abuse



Reaching Higher / £37,200 / Care Leavers

Homelessness and vulnerably housed

Learning disabilities



Bath City Farm / £86,689 / Mental Health

Mental health

Offending, prison or community service



Kairos Women Working Together / £75,000 / Offending

Sexual exploitation



STAMP Revisited / £91,822 / Mental Health

Trafficking and modern slavery



Pan Intercultural Arts / £75,000 / Trafficking

Young parents

Where we fund

The map shows by area the 935 charities that we support through grant funding in 2019

North East

58 charities supported
2018: 60

North West

119 charities supported
2018: 112

Yorkshire and the Humber

87 charities supported
2018: 81

Wales

89 charities supported
2018: 100

East Midlands

71 charities supported
2018: 75

West Midlands

78 charities supported
2018: 84

East of England

53 charities supported
2018: 56

South East

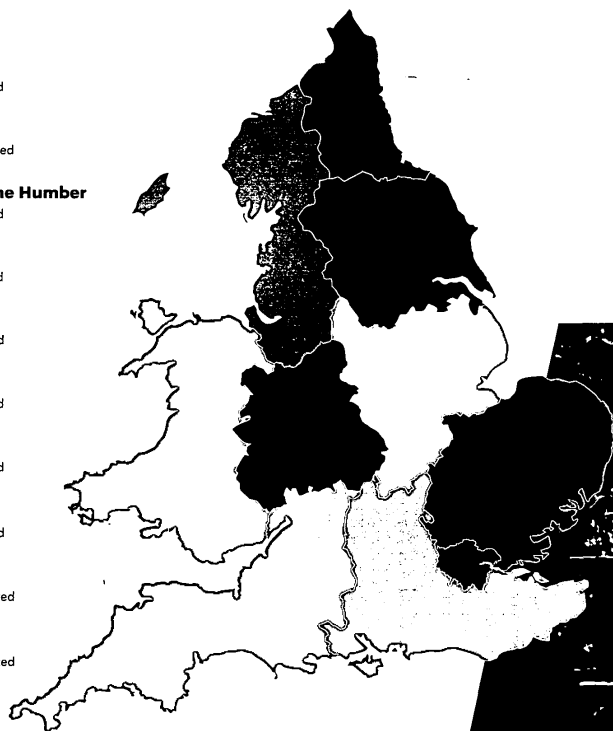
90 charities supported
2018: 86

South West

113 charities supported
2018: 112

London

177 charities supported
2018: 157



Our slogan is from sleeping bag to employment and over the past few years we've restructured our services to support people who are homeless to lead fulfilling lives. The people we welcome into the charity are extremely chaotic and vulnerable and suffer from multiple complex needs as a result of childhood trauma. We tailor our services to suit each individual's needs and circumstances.

Progress starts with building a trusting relationship with the individual, which can take a long time. Once we have a relationship, we can then help the individual and then we help them to become involved with volunteering, building their confidence and supporting them to gain employment.

Jo Parnell, Deputy Chief Executive of Cathedral Archer Project
£60,000 grant / Homelessness and Vulnerably Housed



Meet North Derbyshire Alcohol Advice Services

supported by a
grant of £68,206



North Derbyshire Alcohol Advice Service (NDAAS) meets the increasing needs of people in Derbyshire and their families that are or have been affected by alcohol misuse.

Our funding of £68,206 over three years contributes towards the post of an alcohol Project Development Officer, Andy, to support the more complex and longer-term needs of ex-armed forces personnel.

Alcohol has been part of Pat's life ever since he joined the Royal Artillery at 15. When it all caught up with him, Andy was there to help. Pat said: "The things I saw and the amount of drinking I got used to while in the army didn't catch up with me until many years after leaving. I was caught for drink driving – I lost my car, I lost my job. Eventually, I had a breakdown. That's when I went and got help."

Andy, a veteran himself, said: "If our services weren't here, then the people I support would be reliant on mainstream services – and to be brutally honest, they just wouldn't go. By visiting them at their own home I can touch base on good days and bad."

NDAAS have also benefitted from our additional Enhance support with Andy adding: "Through Enhance support we've been able to use the Outcomes Star framework, which really complements our rounded support offer, helping us to place the power back into our service users' hands and demonstrate that all different parts of life can be made better by improving one thing. It makes recovery achievable."

"Lloyds Bank Foundation funding was a big stepping stone and helped us to leverage a large grant from the National Lottery Community Fund. Regional Manager Gary's input has been great, and he also supported us to access Enhance support too which has been very useful."



Through Enhance support we've been able to use the Outcomes Star framework, which really complements our rounded support offer, helping us to place the power back into our service users' hands and demonstrate that all different parts of life can be made better by improving one thing. It makes recovery achievable.

We developed

Our promise

Our progress

Grow our range of development support

We continued to provide a range of developmental support to build capacity and strengthen the charities we partner with so they can thrive. We achieved this through training and coaching with independent local and national consultants, mentoring and Skills Based Volunteering with senior leaders at Lloyds Banking Group, as well as a range of resources and learning events across England and Wales.

Piloting 'whole system' change work in four specific locations across England and Wales

We began our work in six locations across England and Wales on redesigning the way local services are resourced and delivered to support the people and communities they serve. We will be working in Kilton, Redcar, Telford, Great Yarmouth, Morriston Tydfil and Boleston to bring together organisations from across the voluntary, public, and private sectors alongside individuals from local communities.

Develop new approaches to supporting charities to be stronger around enterprise and income diversification

We carried out in depth research on different ways that charities can grow their income by generating more money consistently from a wider variety of sources so they can become more financially stable and sustainable.

Work with other funders through our "LocalMotion" pilot to develop new approaches to better supporting local charities

We partnered with five other funders to develop LocalMotion, our place-based approach to funding. Led by a Director of Collaboration, we will use our collective experience and resources to support local people to address social, environmental and economic priorities. This year saw the start of our 18-month journey to understand how to be more effective collectively in supporting issues facing communities across England and Wales and how this might change practice.

We are seeing the women we support become increasingly marginalised, but the funding and developmental support we have received from Lloyds Bank Foundation has helped us to become more sustainable, confident and credible as an organisation enabling us to continue to effectively respond and support sexworkers and their rights.

I love working for a small charity, one moment I'm being strategic and another I'm supporting a woman in crisis. The Foundation really gets that this is the reality for small charities and offers a range of support tailored to the needs of charities like us.

Gemma Scire, CEO, Basis Yorkshire
\$75,000 grant / Sexual Abuse and Exploitation



We help charities overcome challenges so they can do what they do best

Through our flagship 'Funder Plus' programme, 'Enhance', we have supported charities we fund for five years with tailored capacity building support. We provide a range of developmental support that addresses the unique needs of each charity helping them become more sustainable.

In 2019 we commissioned £2.1m of Enhance support (2018: £2.4m) for 878 charities in the following areas:

Clear strategy & planning
88 projects

Effective communications
& marketing
39 projects

Effective services
10 projects

Robust systems
& processes
231 projects

Skilled staff & volunteers
21 projects

Stronger governance
72 projects

Excellent leadership
13 projects

Sustainable finance
& fundraising
90 projects

Systematic monitoring
& evaluation
58 projects

Misc
19 projects

Five Years of Funder Plus

Five years after launching our ambitious 'Funder Plus' offer providing additional developmental support to strengthen charities we released a report evaluating this work. This report shares our learning, drawing on independent evaluations of our work, as well as our own grant monitoring and feedback to help us understand what works and where we can improve our offer for the charities we support.

We then held two events, one in London and one in Manchester to bring our Enhance partners together to share our own learning from the previous five years and asked everyone involved to share their recommendations on how we could support the sector better.



Download
Five Years of
Funder Plus



West Midlands Regional Manager Peter Cunningham interviews Sonia Roberts, CEO of Landau at our Five Years of Funder Plus event in London, 2019.

The Foundation is best in class when it comes to making this sort of support available to the charities it funds. Seventy one per cent of the charities it has supported since 2014 have benefited from some form of capacity-building support – that's almost 800 grantees. The report highlights numerous examples of the positive impact the support has had. There are some important lessons here for all of us focused on building charities' resilience.

Geb Elsworth Chief Executive of Access

Pan Intercultural Arts / £75,000 / Trafficking

Mental Health and Wellbeing

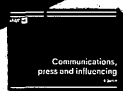
Many of the charities we partnered with had expressed concerns over the mental health and wellbeing of their staff. This was often due to increasing demand and complexity of services adding more pressure on staff. Short-term funding and overall funding cuts are causing further stress and low job security. We know that staff and volunteers are the most valuable asset to small charities delivering vital work, so we have supported resiliency coaching and training by bringing in a new Enhance provision focused on wellbeing support.

Robust Customer Relationship Management (CRM) Systems

The charities we partner with provide holistic and person-centred support to people facing complex social issues. To be able to deliver their services efficiently they need robust CRM systems. In 2019 we undertook a review of our offer by consulting 70 charities so we can better support them by offering high quality advice around the current marketplace of charity-sector CRM systems.

Charity Communications Guide

Appreciating that communications can seem like a daunting task for staff and volunteers, we drew together guidance on where to start and how to make real impact.



Download
Charity
Communications
Guide

You're a very supportive and good funder. We've taken advantage of the consultancy support and through that we've set up the development committee to find other ways of increasing money, advice, training and support from other organisations. We've had someone from CAF who worked with us on the corporate engagement strategy. He did his own research and gave us proposals which was really helpful.

Sue Murray, Development Manager, Pan Intercultural Arts
£75,000 grant / Trafficking and Modern Slavery

Alongside Lloyds Banking Group

To date we have matched 561 charities with a Lloyds Banking Group mentor, that helps them become more effective. We also support the charities we partner with by introducing charities we fund with a suitable trustee from Lloyds Banking Group.

Emmaus Bristol operates a small retail network of second-hand charity shops in Bristol. As well as using these to generate income, these shops (supported by a warehouse and a home clearance team) are staffed by the Companions of the charity who may become homeless if it weren't for the accommodation and support provided by Emmaus Bristol. The accommodation, along with the ability to work and learn new skills, provides a potential route to independence. Emmaus Bristol enables Companions to stabilise their lives and learn new skills. It can pay for training to support their work with Emmaus Bristol and externally, and when the time comes it seeks to provide a supported route out of community accommodation and back to private employment and independent living.

"I was very fortunate that my career was going well, my family were healthy, and I lived a comparatively comfortable life. Given I was very fortunate, I questioned why I wasn't helping those that were less fortunate than me. I had wanted to address this prior to joining the trustee programme, and feeling a sense of injustice in society, I was drawn towards helping those struggling with poverty. Through the programme I found a good match with Emmaus Bristol, as part of its core ethos is to support those who are less fortunate than yourself," said Richard Parker

Richard was introduced to the Chief Executive of Emmaus Bristol, Jessica Hodge, and the Chair of Trustees at that time, Robert von Hawylak in the summer of 2018. He remains highly impressed with Jessica, who he describes as an extremely high-calibre professional who would be more

than capable of successfully running her own private company or working in a large firm. He was equally humbled by the humility and compassion of Robert, and the extent he so clearly cared for others. Richard knew he wanted to support both, as well as the charity in its mission.

In his role as Chair of trustees, Richard uses the skills he's developed in his roles at Lloyds Banking Group to support directors and executives to manage risk. He brings a governance focus to the Emmaus Bristol board, ensuring matters are brought to the trustees in an open and collegiate way, and enabling all trustees to have the opportunity to contribute to the issues presented.

"I've been genuinely warmed by the number of individuals who are prepared to give up their time and resources to support others. I realised that I had a very narrow view of the challenges that many people and communities faced in the UK, so my greatest takeaway is better understanding this reality, along with affirmation of the fundamental goodwill of people in wanting to support others," said Parker.

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Richard Parker, Chair of Trustees, Emmaus Bristol

Under pressure and under funded

Demand is rising

14m

people in the UK are
living in poverty [↗](#)

6 years

is the average length of abuse someone
experiences before going into refuge [↗](#)

141%

increase in rough
sleeping since 2010 [↗](#)



Reaching Higher / £37,200 / Care Leavers



Behind Closed Doors / £89,728 / Domestic Abuse



Scottswood Community Gardens / £100,000 / Mental Health

Charities are under pressure

78%

of local charities report
an increase in demand
for their services over
the past 12 months [↗](#)

59%

of charities with a public
sector contract said they are
subsidising that contract with
money from other sources [↗](#)

24%

of charities do not hold any reserves.
On average, charities hold reserves
equal to just over three months of
business as usual operating costs [↗](#)



2019 Westminster Summit, London, 2019



Working Chance / £37,200 / Offending



Kairos Women Working Together / £100,000 / Offending



We influenced

There is a huge amount of value [Lloyds Bank Foundation] add because they are funding charities up and down the country from whom they can get their knowledge of the impact of government policies.

IVAR Learning Partner Report

Our promise

Engage with Government, national and local commissioners and other partners to secure change for small charities in policy and practice around commissioning, grants and social value. Ensure the concerns of small charities are reflected in policy across government.



Download
Summary Report

Wrap-up our major investments in domestic and sexual abuse to ensure we leave a strong legacy of change and improved policy and practice.

Our progress

In a year of great political turmoil, we worked hard to ensure that the value, role and needs of small and local charities were not overlooked. We engaged with three different charities ministers to contribute and support key work around social enterprise, social value, technology and more.

We worked with Government to ensure the wide-reaching social value small charities generate is recognised. This includes in procurement which draws on our Value of Small research published in 2018. We also co-funded Social Enterprise UK's research calling for social value to be placed front and centre of how both local and central government works.

We partnered with Locality on the Keep It Local campaign calling on councils to move away from large-scale outsourcing of services to adopt a more local, community centred and responsive approach. Through supporting Locality to work in-depth in Bradford and Bristol we showed it was possible for councils to implement new approaches to improve how they work, fund and contract with local charities.

Helping small charities use digital effectively is important so we co-funded research by the Institute for Voluntary Action Research (IVAR) working with the Centre for Acceleration of Social Technology (CAST) to capture best practice on how small charities are using digital in their work.

To help move domestic abuse practice and policy away from just asking 'why doesn't she leave?' to 'why doesn't he stop?' in 2018 we invested £1m into the Drive programme. This brings together partners Respect, Safe Lives and Social Finance with national and local government to better tackle those perpetrating the worst domestic abuse. Four years on, the programme is now operating in seven areas and the independent evaluation by University of Bristol which we funded has shown a significant reduction in abuse. We presented these findings to sector peers and government at a House of Lords event.

Our promise

Launch new national programmes committing to improve the Criminal Justice and Welfare systems and address underlying drivers of disadvantage.

What to expect when you're expecting a general election

Download

Download
'What to expect when you're expecting a general election'

Develop a range of tools to help small and local charities to influence more effectively themselves.

Our progress

The criminal justice system has long been challenging, particularly with the failed reforms to the probation system. We designed a new grants programme investing £2.5m in the capability of charities to influence policy and practice across the criminal justice system over the next three years, including to strengthen the role of specialist charities and make the case for upstream prevention and better responses for women, young people and BAME communities. In selecting the 10 projects we brought experts and applicants themselves into the assessment process to help us better understand priorities among charities working in the sector.

Many of our grant holders tell us of the challenges people they work with face with Universal Credit. We supported a report by think tank Bright Blue which brought together interviews with claimants with the experience of grant holders to make the case for reforms to the Universal Credit system, so it works better for those who face the greatest disadvantages. We met with 10 Downing Street and the then Secretary of State to discuss the report's findings. The system of support for those facing a financial crisis is also in need of reform and so we invested almost £500,000 in a new pilot programme led by The Children's Society and are working with local charities and councils to test in four areas improving the provision and coordination of crisis support.

To support small and local charities to influence change, we published a guide ahead of the 2019 General Election and brought together 61 charities at our Westminster Summit to explore how they could get their issue on the agenda. We have also provided further funding to four grant holders to give them the capacity to respond to influencing opportunities locally.

Domestic abuse

We continued our work on influencing the Domestic Violence and Abuse Bill by submitting both written and oral evidence to the Government and the Joint Committee examining the Bill, highlighting the expertise of the charities we fund. The Joint Committee endorsed our arguments for a perpetrator strategy to prevent abuse, citing positively how the 'evaluation of the Drive project by the University of Bristol had indicated a reduction in physical abuse by two thirds, sexual abuse by three quarters, and controlling behaviour, harassment and stalking by over half.'

Through our Transform programme we continued to support 17 projects improving policy and practice across domestic and sexual abuse nationally and locally, with several directly influencing the development of the Domestic Abuse Bill to improve how migrant women and LGBT+ survivors are treated. We made further grants totalling £139,000 to enable five of the Transform projects to extend and embed their work.

We also awarded a new grant of £98,924 to Rape Crisis England and Wales to support their ongoing policy work and ensure rape crisis centres can access the funding they need to deliver vital work and that rape survivors are treated better by the criminal justice system.

With our help, Lloyds Banking Group improved their support to customers affected by domestic abuse, establishing a specialist team offering support to help customers regain control of their finances so they can begin to rebuild their lives.



Behind Closed Doors

They were as helpful as we hoped, and more! I'm amazed, and so grateful. Not having to pay the loan for a few months is going to make such a huge difference! And £160 of overdraft charges is already in my account.

A client of the Domestic and Financial Abuse Team

The introduction of the Domestic and Financial Abuse Team to help victims of financial and economic abuse is an important next step in both raising awareness and supporting our customers. We believe it is essential that customers know that they can speak to us and we have a specialist team that can support their personal situation.

Finia Cannon, Lloyds Banking Group
Responsible Business, Sustainability & Inclusion Director

Stories from the Transform National Programme

Recognise and Respond by Galop

Galop are leading the way in improving the response to LGBT+ survivors of domestic abuse. By analysing data from the LGBT+ domestic abuse casework service in their Recognise and Respond report, Galop have increased understanding not only of the prevalence of domestic abuse within the LGBT+ community but also to increase understanding of the support needs of survivors and barriers to accessing support.

Galop have engaged new partners, collaborating with over 20 national and regional domestic abuse

and women's services and the criminal justice system to transform services.

They have been able to advocate for the growth and expansion of the LGBT+ domestic abuse sector and provided the necessary framework to highlight the value and the role of LGBT+ specialist interventions in addressing domestic abuse. On the back of this work, both the draft Domestic Abuse Bill and the national Violence Against Women and Girls strategy refresh mandate specific measures tackling LGBT+ domestic abuse.

Services should acknowledge and recognise the experiences of LGBT+ victims/survivors of domestic abuse and develop awareness and sensitivity around the specific needs of this group during the process of reporting and help-seeking.

Dr Jenna Vague, Galop



Galop



The TIME Model by My Sister's Place

TIME (Trauma Informed Model of Empowerment) model and TIME Trauma Training has been developed by My Sister's Place to address the shortage of trauma-informed services for women and girls.

TIME increases access to trauma-informed services for survivors of domestic abuse by improving the knowledge, skills and competencies of practitioners and services that support recovery.

Alongside drawing on a wealth of research addressing trauma and domestic abuse and integrating trauma-informed principles into

practice, TIME draws upon the charity's extensive experience of delivering therapeutic practice to female survivors.

Over 250 practitioners have received TIME training. Feedback from survivors affected by trauma and domestic abuse shows the approach is effective, prevents re-traumatisation and supports recovery.

Following the success of an externally evaluated national pilot, the TIME Training Programme is continuing to support more services to implement, embed and sustain trauma-informed practice.

We partner with specialist local organisations to help women overcome their experiences.

It has helped me recognise possible signs of trauma and adapt my practice to ensure I am working trauma-informed and providing clients with the validation and support they need.

Lucy Stanton, My Sister's Place



TIME Model Training Attendee

Our objectives for 2020

We'll fund

Every year we'll make grants to hundreds of small and local charities, investing in their work helping people overcome complex social issues across England and Wales

New funding

Make grants to over 150 new charities

Longer support

Provide continuation funding for over 50 existing charities to provide longer term stability and support

More giving

Match the fundraising and volunteering efforts of Lloyds Banking Group staff distributing to charities across England and Wales

Greater control

Trust charities to spend the funding we give them as they judge best to achieve the greatest impact

We'll develop

We'll provide a wide range of developmental support, including training, consultancy and mentoring alongside our funding to strengthen charities

Beyond funding

Provide a wide range of developmental support, including training, consultancy and mentoring alongside our funding to strengthen charities

Stronger systems

Work with local partners in six locations across England and Wales to develop a stronger ecosystem of support for small charities

New approaches

Develop new approaches to support charities to be more financially resilient and sustainable

New ways to help

Develop new ways for staff at Lloyds Banking Group to volunteer their time and expertise to provide support and advice to charities

We'll influence

We'll champion the work of small and local charities and raise awareness of the challenges they face with influencers and policy-makers

Champion charities

Champion the role, value and needs of small and local charities with national and local government and commissioners

Reform Justice

Launch and support our new programme seeking to influence policy and practice across the criminal justice system

Building influence

Support charities to be more influential themselves on the issues that matter to them

Monitoring impact

Monitor and evaluate the impacts of our work programmes and approaches, including our frontline grants and influencing and development programmes



With American Women's Rights
7570146 / Dominika Agniewska



Free News of the World Plus Content License
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2610 Westview 2019 Summit © London, 2019

Trustees' report

Financial review

In this section, our Trustees outline our principal funding source in the year ended 31 December 2019 and how we used these resources to support our key objectives. Full details can be found in the financial statements that follow this Trustees' Report.

Where our money comes from

The Foundation is an independent charity principally funded by Lloyds Banking Group, receiving a share of the Group's profit under a Deed of Covenant (see note 18b for further details of our connection with this related party).

In 2019 we received £18.2m (2018: £13.0m) from Lloyds Banking Group under the Covenant. The anticipated 2020 funding from the Group is estimated at £18.4m.

We also received a further donation of £360k from Lloyds Banking Group in 2019 (2018: £1186k) to support charities whose primary objective is to help people affected by mental illness.

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

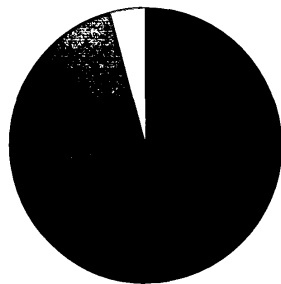
How we spend our money

Everything we spend aligns with our mission: to partner with small and local charities helping people overcome complex social issues and rebuild their lives.

As part of our plans under the 2018-2022 strategic plan we significantly increased our expenditure on charitable activities by 25% to £28.9m (2018: £23.2m). Our long-term funding increased by £2.2m from £17.8m to £20.0m (13%) and our expenditure on influencing policy and practice increased from £1.0m to £4.0m.

The Foundation is currently able to spend more than the annual income from Lloyds Banking Group as in 2017 it received a significant gift of shares which was sold realising £38.6m. During the year, there was a deficit on unrestricted funds of £5.8m (2018: £9.2m). The Foundation will continue to incur a deficit in 2020 and 2021 and will align its spending with annual income once the additional funding from the share proceeds has been utilised.

Expenditure 2019



- Long-term funding: £17,753k
 - Influencing, Policy and Practice: £4,002k
 - Developmental support: £3,288k
 - Direct costs of charitable activity: £2,719k
- Central support costs: £1,204k

The Trustees, who are also Directors of the company, present their annual report and the audited financial statements for the year ended 31 December 2019, which have been prepared in accordance with Charities SORP FRS 102 (second edition – October 2018), the Companies Act 2006 and the Charities Act 2011. The Trustees have taken into consideration the Charity Commission guidance on public benefit.

Investments

The overarching investment objective is to maintain sufficient liquidity of funds and their overall value in order to finance the planned deficits arising from the excess of expenditure over income which is expected in the short term under the current strategy. This objective is met by applying three levels of investment strategy – bank deposits, short term funds and long-term funds.

The Foundation aims to hold a minimum of £5m of immediately accessible cash to meet grant payments and operating costs. As at 31 December 2019, the Foundation had cash in hand of £5.9m (2018: £11.3m).

Financial investments of the Foundation to the value of £42.3m (2018: £44.3m) are managed by Sarasin & Partners LLP within agreed parameters. The investment funds are divided into short and long-term portfolios.

The Long-Term Fund is invested in the Sarasin Endowment Fund and has a long term (5+ years) horizon with the aim of providing a good flow of income and protection. This pooled managed Fund seeks a combined income and capital return over the long term of 4.5% above inflation. The investment in this Fund is regarded as a Level 2 investment in accordance with Section 34 of FRS 102. The fund is predominantly invested in listed assets and the valuation is provided by the fund manager based on the fair value of each asset.

	2019	2019	2018	2018
	Asset value	Return	Asset value	Return
	£'m	%	£'m	%
Long-term portfolio	23.2	19.9	19.3	(2.4)
Short-term portfolio	19.1	1.4	25.0	0.2
Total	42.3		44.3	

The Trustees policy is to avoid investment in companies which are materially engaged in certain sectors including tobacco, alcohol, gambling and adult entertainment. When deciding where to invest, Trustees took into consideration that this Fund is a global multi-asset portfolio with an integrated socially responsible investment policy.

The Long-Term Fund is recognised at its market value of £23.2m (2018: £19.3m). During the year the investments performed strongly generating a return of 19.9%, reflecting the positive returns from financial markets and outperformance by the fund managers compared to the benchmark of 18.5%.

The value of the Long-Term Portfolio is higher than the Trustees target for the free reserves which was £20 million during the year. The reserves target was reduced to £16.5m in February 2020 and in order to more closely align the Long-Term Fund to the reserves target £3.8m

Investments by asset Class at 31 Dec 2019	2019	2018
	Value	Value
	£'m	£'m
Equities	16.2	13.1
Bonds	3.0	2.8
Property	2.0	1.8
Alternative investments	1.0	1.1
Cash	1.0	0.6
Total	23.2	19.3

was transferred after the year-end from the Long Term to Short-Term Fund.

The sum the Foundation realised from the gift of shares from Lloyds Banking Group was largely invested in the Short-Term fund to gain returns in the period. As these funds will be used over the next few years to make additional grant payments the investment strategy for the Short-Term Fund is deliberately cautious. It is focussed on delivering a premium to cash deposit rates with limited volatility in value. The portfolio is managed by Sarasin and Partners and invested in a diversified range of short dated government and corporate bonds, floating rate notes, certificates of deposit and cash deposits; see the table below for more details.

The Short-Term Fund is recognised at its market value of £19.1m (£25.0m). The fall in value of the fund reflects the cash flow requirements of the Foundation. The return for the year was 1.4% compared to the benchmark of 0.7%.

The investments in non-government bonds and the floating rate note held in individual listed securities and are regarded as Level 1 investments. The liquid assets are invested in Institutional Liquidity Funds managed by Morgan Stanley and BlackRock. These are Level 2 investments and the valuations are provided by the fund manager based on the fair value of each security and term deposit within the fund.

Investments by asset	2019	2018
Class at 31 Dec 2019	Value	Value
	£'m	£'m
Short-term portfolio		
Non-government bonds	14.0	2.0
Floating rate notes	1.3	1.3
Liquid assets	3.8	21.7
Total	19.1	25.0

Financial risk management

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

Market risk

Exposure

The portfolio is well diversified with holdings in a wide range of asset classes. The Long-term portfolio is invested in the Sarasin Endowment Fund in which the largest holding of any share is 2.3% of the fund.

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

Credit risk

The credit risk of the Foundation's investment at 31 December 2019 was as follows:

	Long-term portfolio	Short-term portfolio
Value of bond investments	£3.0m	£15.3m
Value of non-government bonds	£1.8m	£14.0m
Credit rating of BBB+ or better	82.8%	78.4%
Average duration of non-government bonds	10.3 years	1.2 years

Term deposits of £10 million at 31 December 2019 were invested with two banks – different institutions to the bank in which the Foundation's current and deposit accounts are held with a limit of £5 million with each bank.

Sensitivity

The largest market risk is a fall in the value of equity markets. Based on the position at 31 December 2019, in the event that there was a general 10% fall in equity markets there would be a reduction in net income of £1.6 million.

The Foundation transferred £3.8 million from the Long-term to the Short-term portfolio in February 2020 to reduce the exposure to market risk.

Liquidity risk

The Long-term portfolio is invested in the Sarasin Endowment Fund which has daily dealing which would allow the Foundation to realise cash if this were required.

20% of the Short-term portfolio is invested in liquid assets and 80% in bonds with a very short duration.

Further details of the Foundation's investments are included at note 10.

Currency

The Long-Term portfolio is denominated in GBP. The currency exposure of the fund at 31 December 2019 was as follows:

	2019	2018
	%	%
Sterling	43.8	45.0
US Dollar	35.7	31.3
Euro	6.7	8.7
Japanese Yen	2.9	3.1
Other	10.9	12.0
Total	100.0	100.0

The investments of the Short-Term portfolio are all in GBP denominated assets.

Reserves

Currently the balance of total reserves held by the Foundation stands at £35.1m (2018: £40.8m) of which the free reserves are £34.5m (2018: £40.8m). Reserves were enhanced by £38.6m in 2017 with the conversion of Limited Voting Shares to Ordinary Shares in Lloyds Banking Group.

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

During 2019 the Foundation's operational reserves policy was to retain sufficient funds to cover six months non-grant expenditure. At £34.5m (2018: £40.8m), the level of reserves stands well in excess of this operational requirement (£17m being six months non-grant expenditure). The Trustees recognised that there is a significant risk around the Foundation having one primary income source, being Lloyds Banking Group and that the current uncertain economic environment directly affects the profitability of the Group and required a reserve of £20m to be maintained for strategic purposes.

In February 2020 the reserves policy was revised to require 12 months total expenditure less the minimum payment under the Lloyds Banking Group covenant with the level of reserves permitted to fluctuate by +/-5% around the target level. At February 2020 this represented a level of £16.5m.

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

The Foundation also has a number of designated and restricted funds. There are designated funds to provide for awards expected to be made in 2020 from 2019 programmes and in respect of funds invested in Fixed Assets.

Restricted Funds represent funds received from partners for joint projects.

Full details of Designated and Restricted Funds are shown in note 15.

Risk

How we manage risk

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

The framework of governance, risk management and internal control is designed to minimise rather than

eliminate the risk of failure to achieve the Foundation's objectives and cannot provide absolute assurance against the material risks that we face.

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

Principal risk around a single source of income

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

- The Covenant with Lloyds Banking Group (see note 18b for further details) addresses short term risk through the inclusion of a minimum level of income for the Foundation. Exposure to a one-off drop in profitability of the Group is limited by the averaging of profits over three years.
- The medium and long term risk to the Foundation's strategy is addressed by the reserves policy.

An Appropriate and Proportionate Risk Assurance Framework

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

Risk	How we manage it
Impact – is the Foundation making the desired impact, and can it be evidenced?	<ul style="list-style-type: none"> • Regular feedback from grantees • Monitoring of Key Performance Indicators • Monitoring by Regional Managers
Financial sustainability – is the Foundation managing finances to ensure it can continue to make an impact in the medium to long term?	<ul style="list-style-type: none"> • Regular monitoring of financial performance • Detailed forecasting • Reserves strategy
Compliance – is the Foundation meeting regulatory, accounting and legal compliance requirements?	<ul style="list-style-type: none"> • Robust internal controls • Specialist advisors for legal requirements, IT and Health & Safety • Regular reporting to Trustees
Reputation – is the Foundation able to respond effectively to any incident that could affect its reputation?	<ul style="list-style-type: none"> • Fraud response plan • Monitoring of grantee activities • Communications plan
Other – are partnerships with Lloyds Banking Group and others having the desired impact?	<ul style="list-style-type: none"> • Nine-year covenant with Lloyds Banking Group • Four Lloyds Banking Group Trustees • Regular meetings with staff from Lloyds Banking Group • Monitoring by Senior Leadership Team and Trustees of partnership initiatives

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

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

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

Governance

Constitution

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

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

The Trustees confirm that they have complied with their duty to have due regard to the Charity Commission's public benefit guidance when reviewing the Foundation's aims and objectives and in planning and setting the strategy. Further details on our strategy for the future can be found on page 36.

The Foundation applies and follows the Charity Governance Code (for large charities) which was issued in July 2017.

Organisational structure

The Foundation is organised and governed under an agreed strategic framework as summarised opposite.

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

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

Fundraising activities

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

Covid-19

The Trustees have considered the impact of the latest developments surrounding Covid 19 on the Foundation, including its staff, grantees and investments. The Trustees note that:

- The Foundation's staff have been able to work from home through the crisis
- Every effort is being made to support beneficiaries including making earlier payments and relaxing outcomes required in the conditions of the funding
- Enhance support has been tailored to respond to the crisis by providing IT equipment and training for remote working, virtual consultancy
- The Foundation has co-ordinated volunteering support to charities through Lloyds Banking Group, and a suite of webinars to help them respond to the crisis
- The Foundation has signed up to the London Funders statement of support to the charity sector.

The most significant impact has been on the Foundation's investments. The market value of the Foundation's investments in the long term portfolio have fallen since 31 December 2019 to the date of signing of this report by approximately 14%. This may affect any decision to draw on investment funds to enhance our grant giving capability.

As stated earlier we are able to take a long-term view of our investments and the covenant with the Lloyds Banking Group provides a significant degree of protection. The funding for 2020 has been received in full and for future years the agreement, which requires nine years notice to be given, provides for a minimum payment of £10.8m is paid each year and that the actual sum paid is based on the profits of the three prior years. The Trustees are therefore confident that they are able to continue their operations and grant funding activities as planned for the remainder of the year and throughout 2021.

Delivery of

Long-term Funding
Influencing Policy & Practice
Developmental Support

Managed by

Management
Team

Supported by

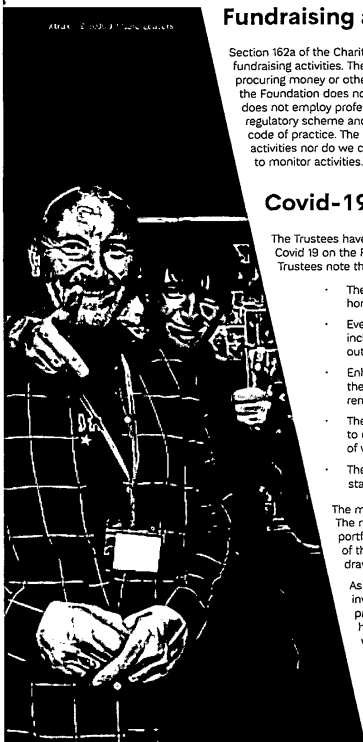
Senior
Leadership Team

Led by

CEO

Overseen by

Chair
and Trustees



Board of Trustees

As noted on the previous page, the principal governing body of the Foundation is the Board of Trustees, whose names are listed on page 67. The Board is responsible for the strategic direction of the Foundation and meets quarterly together with the Executive to review progress and to ensure that the Foundation is on track to meet its objectives.

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

Board of Trustees

Audit, Investment and Risk Committee

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

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

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

The Committee meets quarterly.

Remuneration Committee

Monitors remuneration and benefits for Foundation staff

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

The Committee determines the overall reward and remuneration strategy of the Foundation and the policy for and scope of pension arrangements.

The Committee meets annually.

Nomination Committee

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

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

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

The Committee meets as required.

Grants Panel

Approves grant applications for the grant making programme

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

The various Panels meet regularly throughout the year as necessary.

Our people

Our staff

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

Salaries are reviewed annually in line with performance, subject to an internal calibration process. Proposed pay increases are presented to our Remuneration Committee for approval. Proposals take into consideration the market as assessed by Croner, an external salary benchmark provider specialising in the charity sector.

The Foundation does not offer performance related bonuses.

Our Trustees

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

Newly appointed Trustees follow an induction programme including:

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

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

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

More details about our Trustees can be found on page 67.

Our North and South Grantmaking teams



Statement of Trustees' Responsibilities

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

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

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

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

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

In so far as the Trustees are aware:

1. there is no relevant audit information of which the auditors are unaware; and
2. the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent auditors

A resolution to 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 on 6 May 2020 and signed on their behalf by:



Baroness Irene Fitchie DBE
Baroness Irene Fitchie DBE
Chair of the Board of Trustees

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

Report on the audit of the financial statements

Opinion

In our opinion, Lloyds Bank Foundation for England and Wales' financial statements (the "financial statements"):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 and of its incoming resources and application of resources, including its income and expenditure, and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Trustees' Report and Financial Statements (the "Annual Report"), which comprise: balance sheet as at 31 December 2019; statement of financial activities (incorporating an Income and Expenditure account); statement of cash flows for the year then ended; the accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the charitable company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material

misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Trustees' Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and Trustees' Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Trustees' Report. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities set out on page 46, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that

an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

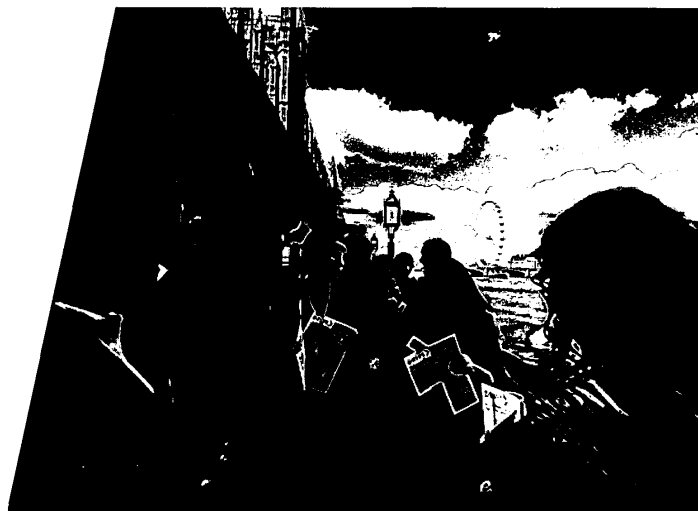
We have no exceptions to report arising from this responsibility.



Guy Flynn (Senior Statutory Auditor)

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

Date:



Financial statements

Statement of Financial Activities

(incorporating an Income and Expenditure account)

Year ended 31 December 2019

	Note	Unrestricted	Restricted	Total Funds 2019	Unrestricted	Restricted	Total Funds 2019
		£'000	£'000	£'000			£'000
Income from:							
Donations	3	18,292	706	18,998	13,134	1,186	14,320
Investment income	10	889	-	889	408	-	408
Other income	4	14	-	14	14	-	14
Total		19,195	706	19,901	13,556	1,186	14,742
Expenditure on:							
Charitable activities	5a	(28,451)	(423)	(28,874)	(21,904)	(1,186)	(23,090)
Investment fees*		(147)	-	(147)	-	-	-
Total		(28,598)	(423)	(29,021)	(22,672)	(1,186)	(23,158)
Net (expenditure)/income before gain/(loss) on investments		(9,403)	283	(9,120)	(8,416)	-	(8,416)
Net gain/(loss) on investments	10	3,595	-	3,595	(846)	-	(846)
Net (expenditure)/income		(5,808)	283	(5,525)	(9,262)	-	(9,262)
Transfers between funds		(30)	50	-	-	-	-
Net movement in funds		(5,858)	333	(5,525)	(9,262)	-	(9,262)
Reconciliation of funds:							
Total funds brought forward		40,767	-	40,767	50,029	-	50,029
Total funds carried forward	15	34,909	333	35,242	40,767	-	40,767

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 53 to 67 form part of these financial statements.

* In 2020 the Investment Managers have provided additional information to enable underlying investment management fees to be identified.

Balance sheet

As at 31 December 2019

	Note	2019	2018
		£'000	£'000
Fixed assets:			
Tangible assets	9	159	82
Investments	10	42,272	44,333
Total fixed assets		42,431	44,415
Current assets:			
Debtors	11	170	176
Investments	10	10,000	3,021
Cash at bank and in hand		5,892	11,387
Total current assets		16,062	14,584
Creditors: Amounts falling due within one year	12	(14,644)	(9,305)
Net current assets		1,418	5,279
Total assets less current liabilities		43,849	49,694
Creditors: Amounts falling due after more than one year	13	(7,122)	(7,255)
Provision for liabilities and charges	14	(1,485)	(1,672)
Total net assets		35,242	40,767
The funds of the charity			
Unrestricted funds:	15		
General fund		34,395	40,767
Designated funds		514	-
Total unrestricted funds		34,909	40,767
Restricted funds	15	333	-
Total charity funds		35,242	40,767

The financial statements including the notes on pages 53 to 67 were approved by the Trustees on 6 May 2020 and signed on their behalf by:

Irene Fritchie

Baroness Irene Fritchie OBE
Chair of the Board of Trustees

Statement of cash flows

Year ended 31 December 2019

	Note	2019	2018
		£'000	£'000
Cash flows from operating activities			
Net cash used in operating activities	(A)	(4,820)	(9,411)
Cash flows from investing activities:			
Dividends and interest from investments		148	75
Purchase of property, plant and equipment		(94)	(81)
Proceeds from sale of investments		6,250	12,000
Purchase of current asset investments		(6,979)	(3,021)
Net cash (used in)/ provided by investing activities		(475)	8,973
Change in cash and cash equivalents in the reporting year		(5,095)	(438)
Cash and cash equivalents at the beginning of the reporting year		11,387	11,825
Cash and cash equivalents at the end of the reporting year	(B)	5,892	11,387

(A) Reconciliation of net expenditure to net cash flows from operating activities

	2019	2018
	£'000	£'000
Net (expenditure) for the reporting year	(5,525)	(9,262)
Adjustments for:		
Depreciation charges	16	18
Loss on disposal of fixed assets	2	-
Income from investments	(889)	(508)
Decrease/(increase) in debtors	7	(19)
Increase/(decrease) in creditors	5,205	(1,058)
(Decrease)/increase in provisions	(188)	405
(Gain)/loss on investments	(3,595)	846
Investment management fees	147	167
Net cash used in operating activities	(4,820)	(9,411)

(B) Analysis of cash and cash equivalents

	2019	2018
	£'000	£'000
Cash in hand	5,892	11,387
Total cash and cash equivalents	5,892	11,387

Notes to the Financial Statements

1. Accounting Policies**Basis of preparation**

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by a revaluation of investments, and in accordance with applicable Accounting Standards in the United Kingdom, including the Charities SORP FRS 102 (second edition – October 2019) and in accordance with the Companies Act 2006 and Charities Act 2011, using consistently applied accounting policies.

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

Fund accounting

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

Unrestricted funds

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

Designated funds

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

Restricted funds

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

Investments

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

Realised gains and losses on disposals in the year and unrealised gains and losses on investments at the Balance Sheet date are included in the Statement of Financial Activities for the relevant underlying fund.

All investment income is treated as unrestricted.

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

Income

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

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

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

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

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

Resources expended

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

Grant cost

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

Enhance provisions

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

Releases of grant commitments

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

Allocation of expenditure

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

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

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

Tangible assets

Tangible assets are included at historic cost less accumulated depreciation.

Capitalisation and Depreciation

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

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

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

Pension costs

The Foundation participated in two separate independently managed, defined benefit, occupational pension schemes: the Lloyds Bank Group Pension Schemes No.1 and No.2. There are no longer any active members in either scheme. Each is valued by professionally qualified and independent actuaries on an annual basis. It is not possible to identify the Foundation's share of the underlying assets and liabilities of these schemes and hence contributions to

the schemes are accounted for as if they were defined contribution schemes; the cost recognised within the Statement of Financial Activities for the year being equal to the contributions payable to the schemes for the year.

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

Redundancy payments

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

Operating leases

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

Financial instruments

The charity has financial assets that are basic financial instruments. Cash deposits are valued at the consideration expected to be received. Investment assets are valued at fair market value.

Irrecoverable VAT

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

Tax

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

Refugee Women Connect / £75,000 / Asylum Seekers



2. Critical accounting judgements and sources of estimation uncertainty

Multi-year grants

The Foundation recognises the majority of grants on award. In practice some organisations will not continue with the funded project resulting in the cancellation of the grant. Given the uncertainty of estimating the value of grants that will not be completed and the relatively small sums that are typically involved the financial statements are based on the assumption that all grants awarded will be fully utilised by the recipients.

3. Donations

	Unrestricted	Restricted	Total 2019	Unrestricted	Restricted	Total 2018
	£'000	£'000	£'000	£'000	£'000	£'000
Donations from Lloyds Banking Group						
Covenant income	18,218	-	18,218	13,014	-	13,014
Mental Health funding	-	360	360	-	1,186	1,186
Donated services – Chief Financial Officer	22	-	22	90	-	90
External audit services	32	-	32	30	-	30
Other donations						
LocalMotion	-	250	250	-	-	-
Big Lottery Fund	-	96	96	-	-	-
Donated services - Legal services	20	-	20	-	-	-
Total	18,292	706	19,000	13,134	1,186	14,320

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

Mental Health funding was funding received from Lloyds Banking Group in addition to covenanted income to provide support to charities whose primary objective is to help people affected by mental illness. The funding was fully utilised in the year.

LocalMotion - The Foundation received £250k from five other Foundations (Esmée Fairbairn, Paul Hamlyn, City Bridge Trust, Tudor Trust and Lankelly Chase Foundation) for a development project working in deprived areas – the Foundation is also supporting this with £50k from its own funds. No equivalent amounts were received in 2019.

The funding from the Big Lottery Fund is a joint initiative with the Foundation developing a diagnostic tool for assessing the impact of funding projects.

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

The Foundation received pro-bono legal services from Eversheds Sutherland and Pinsent Mason who provide legal services to Lloyds Banking Group.

4. Other income

	2019	2018
	£'000	£'000
Administration support to Lloyds Bank Foundation for the Channel Islands	8	8
HBOS Community Foundation	3	6
Other income	3	-
Total	14	14

5. Analysis of grant expenditure

5a. Charitable activities

Year ended 31 December 2019

	Grant Awards	Direct staff Costs	Other direct Costs	Support Costs	Total
	£'000	£'000	£'000	£'000	£'000
Long term funding	17,753	1,109	243	834	19,939
Developmental support	3,288	266	100	159	3,813
Influencing Policy and Practice	4,001	537	370	214	5,122
Total	25,042	1,912	713	1,207	28,874

Support costs have been allocated using the value of each programme's grant, direct and indirect expenditure. See note 5d for further information about support costs.

The costs of charitable activity have been recategorised from the prior year analysed between direct staff costs and direct costs.

Investment fees previously included in support costs have been shown as a separate category of expenditure.

Year ended 31 December 2018

	Grant Awards	Direct staff Costs	Other direct Costs	Support Costs	Total
	£'000	£'000	£'000	£'000	£'000
Long term funding	15,663	861	233	985	17,742
Developmental support	3,738	298	64	241	4,341
Influencing Policy and Practice	317	408	290	60	1,074
Total	19,718	1,567	587	1,286	23,158

5b. Grant awards

	2019		2018	
	No.	£'000	No.	£'000
Long-term funding				
Invest grant programme	178	15,224	194	12,934
Matched Giving		2,655		2,928
Total		17,879		15,862
Developmental support				
Enable grant programme	113	1,462	108	1,532
Enhance Support		2,058		2,442
Development funding	2	64		-
Total	293	3,784	302	3,974
Influencing Policy and Practice				
National grant programme	43	4,038	10	317
Total grants awarded in the year		25,701		20,153
Less grants cancelled in the year		(659)		(435)
Grants payable (Note 5c)		25,042		19,718

A full list of the grants approved in 2019 can be found on our website here.

5c. Grant awards

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

Reconciliation of grants payable		2019	2018
		£'000	£'000
Amount outstanding at 1 January		17,898	18,430
Grants approved/cancelled in year			
Grants approved		25,701	20,153
Grants cancelled or recovered		(659)	(435)
Grants payable for the year		25,042	19,718
Grants paid during the year		(19,960)	(20,250)
Amounts outstanding at 31 December		22,980	17,898
Amounts outstanding at 31 December split between:			
Due within one year (Note 12)		14,373	8,971
Due after more than one year (Note 13)		7,122	7,255
Provision for liabilities and charges (Note 14)		1,485	1,672
Amounts outstanding at 31 December		22,980	17,898

5d. Support costs

	2019	2018
	£'000	£'000
Finance	232	342
Human Resources	187	113
Facilities	370	421
IT	97	74
Executive	274	296
Trustees	47	40
Total	1,207	1,286

6. Analysis of non-grant expenditure

	2019	2018
	£'000	£'000
Staff costs	2,455	2,102
Governance costs	109	91
Other costs	1,414	1,246
Total	3,978	3,439

Agency staff costs have been recategorised as staff costs and staff travel, accommodation expenses as other costs.

7. Staff costs

	2019	2018
	£'000	£'000
Wages and salaries	1,939	1,617
Social security costs	210	174
Pension costs	207	182
Donated services – Chief Financial Officer	23	90
Agency staff costs	76	39
Total	2,455	2,102

The average number of persons employed by the Foundation was 43 (2018: 35) of which full-time employees is 40 (2018: 30) and part time is 3 (2018: 5).

Included in wages and salaries is an amount of £13k (2018: £53k) related to contractual redundancy pay. No amount was outstanding at 31 December 2019 (2018: £nil).

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

	2019	2018
	No.	No.
£80,001 - £90,000	3	3
£150,001 - £160,000*	1	1
Total	4	4

*Excludes an amount of 13% of salary paid in lieu of pension for one employee.

Total remuneration received by the Executive Team was £520k** (2018: £505k**).

Pension costs		2019	2018
		£'000	£'000
Defined benefit scheme		3	19
Defined contribution scheme		204	163
Total		207	182

Lloyds Banking Group defined benefit schemes

All contributions to defined benefit schemes ended on 31 March 2019. The contributions due to the scheme were £3k (2018: £19k), of which £Nil was accrued (2018: £Nil). The contribution rate in 2019 was 30.7% (2018: 30.7%).

The schemes that the Foundation contributed to, No. 1 (final contributions made in 2019) and No. 2 Scheme (final contribution made in 2018), are administered by Lloyds Banking Group. For both schemes, a valuation exercise is carried out at least every three years. If a deficit is identified a recovery plan is agreed and sent to the Pensions Regulator for review. The outcome of this valuation process, including agreement of any recovery plan, is agreed between the Lloyds Banking Group and the scheme Trustee. The Foundation is not responsible for any additional contributions agreed under the deficit recovery plan which are met on the Foundation's behalf by Lloyds Bank. The latest full valuations were carried out as at 31 December 2016 by qualified independent actuaries. More information on the funding of the Group's pensions schemes can be found in the latest Report and Financial Statements of Lloyds Banking Group.

Lloyds Banking Group Defined Contribution schemes

The Foundation has two defined contribution schemes:

- 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 £5k (2018: £21k). The employer rate is determined by the member's contributions and the maximum rate of contribution payable by the Foundation is 13% (2018 13%).
- New employees joining the Foundation from July 2010 were automatically enrolled in the 'Your Tomorrow' defined contribution scheme. The contributions made to the scheme were £38k (2018: £142k). The employer rate is determined by the member's contributions and the maximum rate of contribution payable by the Foundation is 13% (2018 13%).

From 1 April 2019, the Foundation's defined contribution pension scheme arrangements are provided under a Group Personal Pension arrangement with Scottish Widows. All staff including the one remaining member in the defined benefit were transferred to the new scheme. The contributions made to the scheme were £161k (2018: £Nil).

**Excludes the cost of the Chief Financial and Operating Officer (£22,500; 2018 £80,000).

8. Governance costs

	2019	2018
	£'000	£'000
Company Secretary	3	20
External audit fee (Donated service)	32	30
Reimbursed trustee costs	13	9
Trustee recruitment costs	32	28
Other trustee costs	2	2
Legal fees	27	2
Total	109	91

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

The Trustees, who are also the Directors of the Foundation, received no remuneration during the year.

Four Trustees received reimbursed expenses relating to travel and subsistence totalling £13k (2018: £8k, four Trustees).

9. Tangible assets

	Furniture and office equipment	Computer equipment	2019 Total	2018 Total
	£'000	£'000	£'000	£'000
Cost				
At beginning of the year	106	157	263	182
Additions	-	94	94	81
Disposals	(3)	-	(3)	-
At the end of the year	103	251	354	263
Accumulated Depreciation				
At beginning of the year	41	140	181	163
Charge for the year	7	9	16	18
Disposals	(2)	-	(2)	-
At the end of the year	46	149	195	181
Net book value at beginning of the year	65	17	82	19
Net book value at end of the year	57	102	159	82

Additions in 2019 includes £93,219 of development costs for a grants database which is in progress at 31 December 2019.

10. Investments

Fixed and current asset investments

	2019	2018
	£'000	£'000
Fixed asset investments	42,272	44,333
Current asset investments	10,000	3,021
Total	52,272	47,354

Movement in a year		
As at 1 January	47,354	56,913
Dividend income reinvested	741	333
Disposal of fixed asset investments	(6,250)	(12,000)
Net gain/(loss) on investments	3,595	(846)
Management fees less rebates	(147)	(67)
Movement in cash deposits	6,979	3,021
As at 31 December	52,272	47,354

Breakdown of Sarasin investments (excluding short-term deposits)

	2019		2018	
	£'000	% of portfolio	£'000	% of portfolio
Cash and other liquid assets				
Cash	116	0	1,921	4
Corporate bonds	15,290	36	3,264	7
Institutional Liquidity Funds	3,703	9	19,821	45
Sub-total	19,109	45	25,006	56
Multi asset fund (Sarasin Endowment fund)	23,163	55	19,327	44
Total	42,272	100	44,333	100

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

	2019	2018
	£'000	£'000
Investment income		
Dividend income	741	433
Bank interest	148	75
Total	889	508

11. Debtors

	2019	2018
	£'000	£'000
Other debtors	13	22
Prepayments and accrued income	157	154
Total	170	176

12. Creditors: amounts falling due within one year

	2019	2018
	£'000	£'000
Grants payable (Note 5c)	14,373	8,971
Trade creditors	18	89
Other creditors	83	77
Accruals and deferred income	170	168
Total	14,644	9,305

13. Creditors: amounts falling due after more than one year

	2019	2018
	£'000	£'000
Grants payable (Note 5c)	7,122	7,255
Total	7,122	7,255

14. Provision for liabilities and charges

	2019	2018
	£'000	£'000
Balance brought forward	1,672	1,267
Additions	1,923	2,395
Cancellations in the year	(616)	-
Utilised during the year	(1,492)	(1,990)
Balance carried forward	1,485	1,672

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

15. Movement in funds

	Balance at 1 Jan	Total incoming resources	Total resources expended	Change in net asset value of investments	Transfers	Balance at 31 Dec
	£'000	£'000	£'000	£'000		£'000
2019						
Unrestricted funds:						
General fund	40,767	19,195	(28,598)	3,595	(564)	34,395
Designated funds:						
Fixed asset funds	-	-	-	-	160	160
Criminal Justice Funds	-	-	-	-	150	150
Grant funds carried forward	-	-	-	-	204	204
Total designated	-	-	-	-	514	514
Restricted funds:						
Mental Health fund	-	361	(361)	-	-	-
Big Lottery Fund -Diagnostics Project	-	95	(18)	-	-	77
LocalMotion	-	250	(44)	-	50	256
Total restricted	-	706	(423)	-	50	333
Total funds	40,767	19,901	(29,021)	3,595	-	35,242
2018						
Unrestricted funds	50,029	13,554	(21,972)	(846)	-	40,767
Restricted funds:						
Mental Health fund	-	1,186	(1,186)	-	-	-
Total funds	50,029	14,742	(23,158)	(846)	-	40,767

Designated Funds

Fixed asset Funds

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

Criminal Justice Funds

Comprises funds held over from the Criminal Justice grant panel which took place November 2019 to be awarded in further grants in 2020.

Grant funds carried forward

Comprises funds set aside from 2019 influencing programmes to be awarded in further grants in 2020.

Grant funds carried forward

Comprises funds set aside from 2019 influencing programmes to be awarded in further grants in 2020.

Restricted Funds

Mental Health Fund

Mental Health fund was for donations received from Lloyds Banking Group to provide support to charities whose primary objective is to help people affected by mental illness. The funding was fully utilised in the year.

Big Lottery Fund Diagnostics Project

Big Lottery Fund Diagnostics Project is a joint project with the Big Lottery Fund to develop a tool to assess the impact of funding on grantee organisations.

LocalMotion

The fund was established by the Foundation with five partner organisations Esmée Fairbairn, Paul Hamlyn, City Bridge Trust, Tudor Trust and Lankelly Chase Foundation with the aim developing strategies for regeneration in deprived areas. Each Foundation has contributed £50,000 towards the project which is administered by the Lloyds Bank Foundation who has employed a Project Director.



16. Guarantee Company

The Foundation is a company limited by guarantee not having share capital. The liability of the members is limited by the Memorandum of Association to £1 each. The number of Trustees (including the Chair) who are also members at 31 December 2019 was 11 (2018: 12).

18. Related Party Transactions

18a. Connected Foundations

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

Halifax Foundation for Northern Ireland

1st Floor
11-15 Donegal Square North
Belfast BT1 5GB

The Foundation received a contribution of £1,715 from the Halifax Foundation for Northern Ireland towards the cost of developing IT systems for use in grant administration by both charities.

Lloyds Bank Foundation for the Channel Islands

Pentagon House
52-54 Southwark Street
London SE1 1UN

The Foundation received £8,200 (2018: £8,000) from the Lloyds Bank Foundation for the Channel Islands in respect of time spent by the Chief Executive and his staff on Lloyds Bank Foundation for the Channel Islands business. In addition, the Foundation received £4,500 from the Channel Islands Foundation as a contribution towards the cost of developing IT systems for use in grant administration for use by both Foundations.

Bank of Scotland Foundation

The Mound
Edinburgh
EH1 1YZ

17. Partnership Funding

The Foundation entered an agreement with the Big Lottery Fund to pilot a collaborative funding arrangement in 2017.

At 31 December 2019 the joint funds had been dispersed leaving a balance of £334 (2018: £89k) in a designated bank account operated by the Foundation. The bank balance and an equivalent amount payable to third parties have not been recognised in these financial statements.

18b. Related Company

The Foundation is related to Lloyds Banking Group as it derives its revenue primarily from Lloyds Banking Group. In December 2013 the Foundation entered into an agreement with Lloyds Banking Group whereby the Foundation is to receive 0.3606% of the Lloyds Banking Group's adjusted pre-tax profits, averaged over three years, subject to a minimum amount of £10.8m and a maximum amount of £36m which increases by RPI each year.

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

The Foundation received income of £18,218k (2018: £13,014k) as income, and £76k (2018: £58k) bank interest was received due to the Foundation using Lloyds Banking Group as one of its bankers.

The Foundation received a one-off donation of £361k (2017: £1,186k) as income to provide support to charities whose primary objective is to help people affected by mental illness from Lloyds Banking Group.

At 31 December 2019 a balance of £5,858k is in a current account with Lloyds Banking Group (2018: £11,385k).

18c. Transactions

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

Trustee Paul Farmer, CEO of National Mind. During the year, a number of grants were awarded and payments made to Mind charities both via the Foundation's main grant programme and via the Lloyds Banking Group Matched Giving scheme.

Charity	Year approved	Amount awarded	Paid in 2019	Outstanding 2019	Paid in 2018	Outstanding 2018
		£	£	£	£	£
Woking Mind	2019	15,000	15,000	-	-	-
Tyneside & Northumberland Mind	2019	14,970	-	14,970	24,961	-
Devon Mind	2019	14,340	-	14,340	-	-
Mind Bath	2019	14,000	14,000	-	-	-
Swansea Mind	2019	15,000	10,500	4,500	-	-
Ulverston Mind	2019	100,000	33,333	66,667	-	-
Dorset Mind	2019	14,330	14,330	-	-	-
Mind in Mid Herts	2019	99,443	31,939	67,504	-	-
Brecon and District Mind	2019	100,000	33,000	67,000	-	-
MIND Aberconwy	2018	76,880	-	49,435	23,945	49,435
Mind in Bradford	2018	75,000	50,000	25,000	-	75,000
Washington Mind	2018	73,176	24,285	25,000	23,891	49,285
Mind Aberystwyth	2017	71,400	23,800	-	23,800	23,800
Ystradgynlais Mind	2017	75,000	25,000	-	25,000	25,000
Mind in Haringey	2017	74,982	24,994	-	24,994	24,994
Islington Mind	2017	75,000	25,000	25,000	25,000	50,000
Redcar and Cleveland Mind	2017	75,000	25,000	25,000	25,000	50,000
Merthyr and the Valleys Mind	2017	75,000	25,000	25,000	25,000	50,000
Carlisle Eden Mind	2016	70,740	24,048	-	23,577	24,048
Buckinghamshire Mind	2016	73,740	-	-	24,825	-
Mind Darlington	2016	56,970	-	-	21,281	-
Shropshire Mind	2016	54,000	-	-	18,000	-
West Norfolk Mind	2016	75,000	-	-	25,000	-
Doncaster Mind	2017	14,868	-	-	7,434	-
Total		1,483,839	399,229	489,416	341,798	417,562

Matched Giving Scheme

Charity	2019	2018
	£	£
MIND -The National Association for Mental Health	9,240	16,361
Corby Mind	3,163	2,500
York Mind	1,500	619
Mind in Somerset	1,000	2,500
Llanelli Mind	1,000	-
Wirral Mind	1,000	-
Washington Mind	750	-
Darlington Mind	500	-
Doncaster Mind	500	-
Mind Caerphilly	500	-
Mind Carmarthen	500	-
Scarborough Whitby & Ryedale Mind	500	500
Swindon & Gloucestershire Mind	500	-
Washington Mind	500	500
Norfolk & Waveney Mind	500	-
Leeds Mind	385	-
Andover Mind	250	-
Hull and East Yorkshire Mind	250	921
Bristol Mind	166	-

Trustee Joanna Harris works as a Coach and Advisor for Women Acting in Today's Society. During the year ended 31 December 2019 the Foundation awarded a grant of £99,000 to Women Acting in Today's Society over three years, of which £33,000 was paid in 2019 (2018 £17,000) and £66,000 is outstanding (2018 £nil).

Trustees Hilary Armstrong and Gillian Morgan are the Chair and a Trustee of Against Violence and Abuse. During the year ended 31 December 2019 the Foundation made a grant of £39,600 to Against Violence and Abuse over two years of which £21,100 was paid in 2019 and £18,500 is outstanding (2018 £nil grants awarded, £51,400 paid and nil outstanding).

Chair Irene Fritchie is a Patron of Winston's Wish. During the year ended 31 December 2019 the Foundation made a donation in relation to the Matched Giving Scheme of £184 (2018 £1,500).

Charity	2019	2018
	£	£
Brecon and District Mind	195	-
Oxfordshire Mind	-	5,875
Buckinghamshire Mind	-	707
Maidstone & Mid Kent Mind	-	689
Cardiff Mind	-	500
Lancashire Mind	-	500
Mind Pembrokeshire	-	500
Mind in Harrogate District	-	500
Springfield Mind	-	500
Neath Port Talbot Mind	-	458
Bassetlaw Mind	-	315
Richmond Borough Mind	-	200
Tyneside and Northumberland Mind	-	150
Mind in Taunton and West Somerset	-	77
Newport Mind	-	75
Mind in Brighton & Hove	-	55
Mind in Herts	-	50
Total 2019	22,899	35,062

During the year ended 31 December 2019 the Foundation paid £15,704 (2018 £15,501) to Association of Charitable Foundations (ACF) for annual membership fees and conferences. Regional Manager Gary Beharrell was a Trustee of ACF until 6 November 2019.

Director of Policy, Communications and Research, Duncan Shrubsole is Chair of The Switchback Initiative. During the year the Foundation made a grant of £75,000 to Switchback of which £25,000 was paid and £50,000 was outstanding at 31 December 2019 (2018 £nil awarded and £25,000 paid and £nil outstanding).

² Before the start of sharp falls in investment values on 23 February 2020, £250,000 of the Short Term portfolio was redeemed and transferred to a cash deposit and £3.8 million of the Long Term portfolio was transferred to the Short Term portfolio.

19. Lease commitments

Lloyds Bank Foundation had a total commitment under non-cancellable operating lease at 31 December:

	Buildings		Other	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Within one year	200	200	7	7
Within two to five years	217	417	4	11
Total	417	617	11	18

Reference & Administrative Details

Registered charity number: 327114

Company Limited by Guarantee Registered Number: 1971242

Country of registration: England & Wales

Country of incorporation: United Kingdom

Registered office and operational address

Pentagon House
52-54 Southwark Street
London SE1 1UN

Bankers

Lloyds Banking Group
10 Gresham Street
London EC2V 7AE

Solicitors

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

Independent Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Investment Managers

Sarasin & Partners LLP
100 St. Paul's Churchyard
London EC4M 8BU

20. Post balance sheet event

As disclosed in Note 10, the market value of the Foundation's investments as at 31 December 2019 was £42.2m. Since the 31 December 2019 to the date of signing these financial statements, the value of these investments has reduced to an estimated value of £40.7m³. This has not had an impact on the activities of the Foundation.

Trustees & Senior Management
Trustees

Chair: Baroness Irene Fritchie DBE

Vice Chair: Dame Gillian Morgan

Baroness Hilary Armstrong (until 31 January 2020)

Paul Farmer, CBE (until 31 January 2020)

Catharine Cheetham

Joanna Harris

Lesley King-Lewis (until 31 December 2019)

Dr Neil Wooding

Sara Weller, CBE

Akwugo Emejulu

Rebecca Shaw

Gareth Oakley

Darren Knight (from 2 February 2020)

Kamran Mallick (from 2 February 2020)

Ruth Sutherland (from 2 February 2020)

Senior Management Team

Chief Executive: Paul Streets OBE

Chief Financial Officer: Ciara Plunkett (until 31 March 2019)

Chief Operating Officer: Elizabeth Winder

Director of Grants: Harriet Stranks

Director of Policy, Communications and Research:
Duncan Shrubsole

Director of Development: Jill Baker



LLOYDS BANK
FOUNDATION
England & Wales



Lloyds Bank Foundation for England & Wales partners with small and local charities who help people overcome complex social issues. Through long-term funding, developmental support and influencing policy and practice, the Foundation helps charities make life-changing impact. The Foundation is an independent charitable trust funded by the profits of Lloyds Banking Group as part of their commitment to Helping Britain Prosper.

lloydsbankfoundation.org.uk

 @LBFEW

 /lloydsbankfoundation

Contact Us:

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