



Meeting the moment

Trustees' Report and Financial Statements 2020

LLOYDS BANK
FOUNDATION
England & Wales





Lloyds Bank Foundation for England and Wales partners with small and local charities who help people overcome complex social issues. Through funding for core costs, developmental support and influencing policy and practice, the Foundation helps charities make life-changing impact.

The Foundation is an independent charitable trust funded by the profits of Lloyds Banking Group.

Our mission

To partner with small and local charities to help people overcome complex social issues and rebuild their lives

Our approach



On 16 March 2020 the UK went into lockdown as a response to the COVID-19 global pandemic. Young people needed us more than ever, yet our gym had to close, as did many of the schools we worked in. We moved fast to adapt our work and continue supporting young people and their families during a critical time. We are immensely proud of our response, which received recognition both locally and nationally.

Empire Fighting Chance reflects on 2020

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Empire Fighting Chance / £111,146 / Mental Health





In 2020, everything changed

COVID-19 and the effects of lockdown spread across our communities. Small and local charities were already facing exceptional challenges; the long-term effects of austerity and funding cuts; political turmoil in the face of Brexit; and a steady rise in demand for services to support people facing mental health problems, addiction, domestic abuse, homelessness and much more.

Yet, despite the odds stacked against them, small charities worked confidently and compassionately to care for their communities in ways others couldn't, wouldn't and didn't.

They showed up and stuck around, using their position of trust to support those hardest hit by the pandemic.

Throughout the year we stood by their side and became more flexible, responsive, and vocal. We've built our response on 35 years of innovation and partnership to fight for small and local charities at every turn, through our funding, development support, and influencing.

It's been a hard, long year, and the crisis isn't over yet. The effects of the pandemic will be felt for many years, but when we look back at 2020, we can be proud of the work we've done as a Foundation to support small charities in meeting this moment – and all possible due to the commitment and support of Lloyds Banking Group.

The staff at The Prior Centre, Leominster, who support ECHO Herefordshire's adults with disabilities / £33,000 / Learning Disabilities



/ -20%

In the lead up to the pandemic, small charities saw a year-on-year decline in income, with government funding at its lowest levels in five years¹

/ 1/4

Nearly a quarter of small charities with an annual income below £100k had no reserves to lean on during the pandemic², while a third of small charities that did were already having to access them before the pandemic³

/ 77%

In response to COVID, 77% of charities made greater use of technology – and the vast majority made changes to their operations to allow them to deliver their services remotely⁴

/ 79%

Since the start of the pandemic, 79% of small charities have lost funding, 43% expecting to lose more than half of their annual income due to the crisis⁵

/ 8in10

82% of people described the role of charities and community groups in supporting the country through the crisis as 'important'⁶

/ 36%

Emergency grants have not always been fairly geographically distributed – with 36% fewer COVID-19 grants distributed to small charities in the West Midlands compared to London⁷

Ashiana Community Project / £97,000 / Domestic Abuse



1. NCVO; 2. NCVO; 3. The FSI; 4. Pro Bono Economics; 5. Small Charities Coalition; 6. Pro Bono Economics; 7. 360 Giving



COVID-19 and our response

The challenges wrought by COVID-19 on society have been complex and evolving. With those they support being at even greater risk due to the pandemic, small and local charities have never been more needed. That is why we have adapted our approach across our three pillars of funding, development and influencing.

We listened to grant holders and offered greater flexibility to their grants and increased our **Enhance development support offer** to give them the tools and capabilities to meet the challenges of the moment.

We awarded a total of 781 new unrestricted grants, three times more than previous years. Of our existing grant holders, 389 received additional emergency funding so they could seamlessly adapt to the challenges brought on by the pandemic. We awarded 149 two-year core cost grants worth £7.5m, 38% of which went to charities led by and for Black, Asian and minority ethnic communities. We also secured additional funds for 135 charities worth £4.4m as part of the UK Government's Community Match Challenge.

We played a prominent role nationally by sharing charities' inspiring stories, **giving evidence to Parliament and putting pressure on the government and MPs**. We collaborated with others on the **#NeverMoreNeeded campaign** which was instrumental in securing the commitment of £750m from the Government.

Recognising that strong infrastructure organisations are key to a healthy charity ecosystem, **we awarded grants aimed at supporting them** as they navigate turbulent financial waters. Understanding that the road to recovery will be complex, we funded charities to develop and to influence welfare policy.

As we look forwards, we know that collaboration will be central to the sector's recovery. We helped establish the **Funders' Collaborative Hub** to coordinate partnership amongst charitable foundations. As always, the support of our corporate partner Lloyds Banking Group has been invaluable. We worked closely with them to design and develop **a range of offers** for charities to help them address emerging challenges and upskill their staff and volunteers.



I am writing to thank you for the extra grant of £11,446. This will go a long way in helping tackle the challenges [we face] over the next few months. As a charity we have felt very well supported by Lloyds Bank Foundation, the funding coupled with the extra expertise we have been able to draw on has made a huge difference.

The Birchall Trust / £11,446 through our COVID React Fund / Sexual Abuse and Exploitation

The pandemic's impact

Research by UBELE finds **9 out of 10 Black, Asian and minority ethnic-centred micro and small organisations are set to close** if the crisis continues beyond 3 months following the first lockdown

Figures show the **number of people claiming Jobseeker's Allowance increased by 856,500** in April, to 2.1 million

Figures indicate **deprived areas have been hit twice as hard by the COVID-19 pandemic** when compared to more affluent areas

Analysis suggests **it will take until 2024 for the UK economy to recover** from the impact of COVID-19 and the lockdown

Small charities continue to step up during the worsening pandemic, despite significant funding challenges, as our updated 'Small Charities Responding to COVID-19' report shows

... and our response

As part of our COVID Recovery Fund, **38% of the 149 grants were awarded to charities that are led by and for Black, Asian and minority ethnic communities** – in recognition of longstanding structural inequalities and the greater impacts of COVID on these communities

Our Welfare programme offered **funding to nine charities to focus on influencing change in the welfare system**, through policy, research and campaigning

Last year we **began to look at how communities can work together to thrive and become more sustainable**, especially in the context of increasing demand for services and less resources due to austerity and the potential impact of Brexit

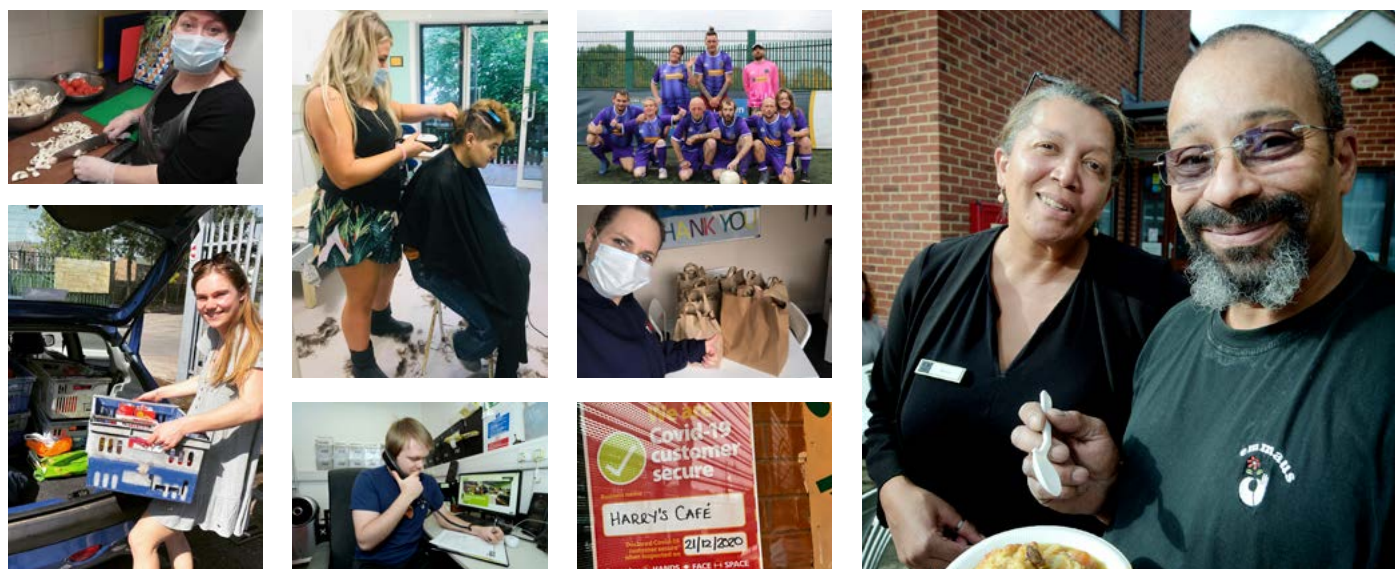
We launch our new national Infrastructure Fund, a **grants programme to provide core funding to local and regional infrastructure charities** who are the backbone of the local voluntary sector ecosystem

Small Charities Data, a **digital research hub that brings together the latest and best available data on small charities in the UK**, goes live to give small charities an accessible and easy to use tool to make their case to funders, commissioners, and government



We funded We developed We influenced

From our Chair & Chief Executive



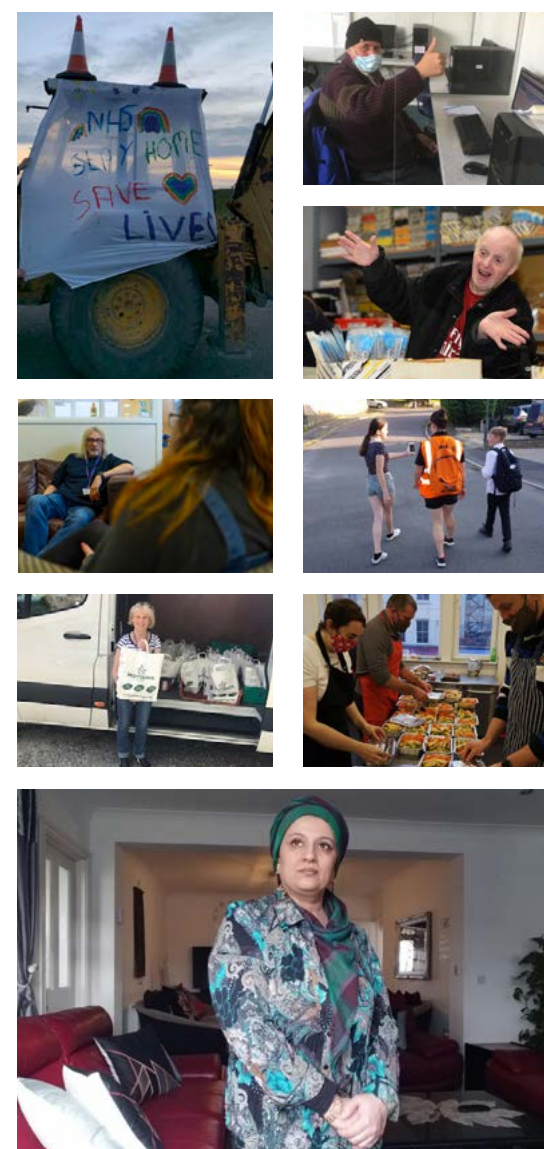
For all people, 2020 has been a remarkable test. A test of our skill. A test of our resilience. A test of our ability to work together and make clear what we need. Our staff and board worked tirelessly throughout the year to fund even more small and local charities, design additional capacity building support, and champion them to those with influence and power. The support offered to small charities by our partner Lloyds Banking Group proved ever more valuable as they made their expertise available in innovative new ways from virtual mentoring, charity response forums, and digital resources.

From our charity partners we've heard the trials they've faced, and the triumphs they've celebrated. Their unique and unrivalled position within local communities put them at the coalface of the pandemic, helping some of our most vulnerable citizens stay safe, be informed, escape homelessness, abuse or addiction, keep well and be fed. And they met the moment magnificently.

Over the coming pages you'll see how our strands of support had to flex and stretch to meet the evolving needs of our partners. You'll read how we played a prominent role in the call for emergency financial support for the sector.

Collaboration has been the hallmark of this crisis. Alongside our partners we took bolder, more innovative strides into the digital world, bringing together the most compelling data and insights to be used across the sector. Together, we supported the long-term transformation of how local services are designed and delivered by communities, for communities.

We celebrated our anniversary in December, **35 years working side-by-side** with small and local charities and the steadfast support of our partners, Lloyds Banking Group. Over the course of our lifetime we have invested half a billion pounds in thousands of charities, supporting them through grants and capacity building, and influencing policy and practice.



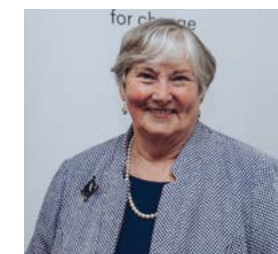
Reacting swiftly, Caring in Bristol called on its network of community partners, volunteers and supporters to develop a solution and respond to the crisis. In a matter of days, Cheers Drive was up and running, funnelling resources and stakeholders from around the city into feeding 400 individuals three nutritious meals every single day.

Caring in Bristol, which received a £33,000 grant through our COVID React Fund, are just one of a number of small and local charities that worked tirelessly to keep people fed during the crisis

Yet, we also identified where the sector, and ourselves, have fallen down. Deep rooted racial inequalities have been brought into the spotlight by the pandemic as Black, Asian and minority ethnic groups find themselves more greatly impacted. We've also listened and acted on concerns about the intersectional impact of welfare reforms on those our partners support. Advocacy in all its forms has never been more important and we've partnered with charities, infrastructure organisations and other funders to highlight the critical role that charities play in our societies.

If there was any doubt before the pandemic of the unique value and need for small charities at the heart of communities and at the centre of government policy, there can be none now.

Together we must work to ensure they emerge from this crisis stronger, more innovative, and more visible than ever, to ensure they are in a position to meet whatever comes next.



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



Paul Streets OBE
Paul Streets OBE
Chief Executive



We funded We developed We influenced

2020 at a glance

We funded

£24.6m

awarded in funding in total
We supported 919 charities through our grants programmes
2019: £25.7m, 935 charities

781

charities supported through new grants
We totalled £18.9m in new grant giving
2019: 293 charities, £16.9m

£1.3m

given in matched giving
Distributed to 1,111 charities
2019: £2.7m, 1,578 charities

The Shrewsbury Ark / £51,700 / Homeless and Vulnerably Housed

We developed

£2.9m

invested in development support
466 charities received support through our Enhance programme, totalling £2.1m
2019: £2.1m, 373 charities

84

Charity Response Forums held
500+ Bank colleagues involved across the programme

52

events held virtually
With nearly 3,000 participants registered to attend

MK Snap / £33,000 / Learning Disabilities

We influenced

£1.4m

in National Programme spend
Benefitting 48 organisations and partnerships
2019: £4m, 43 organisations

300

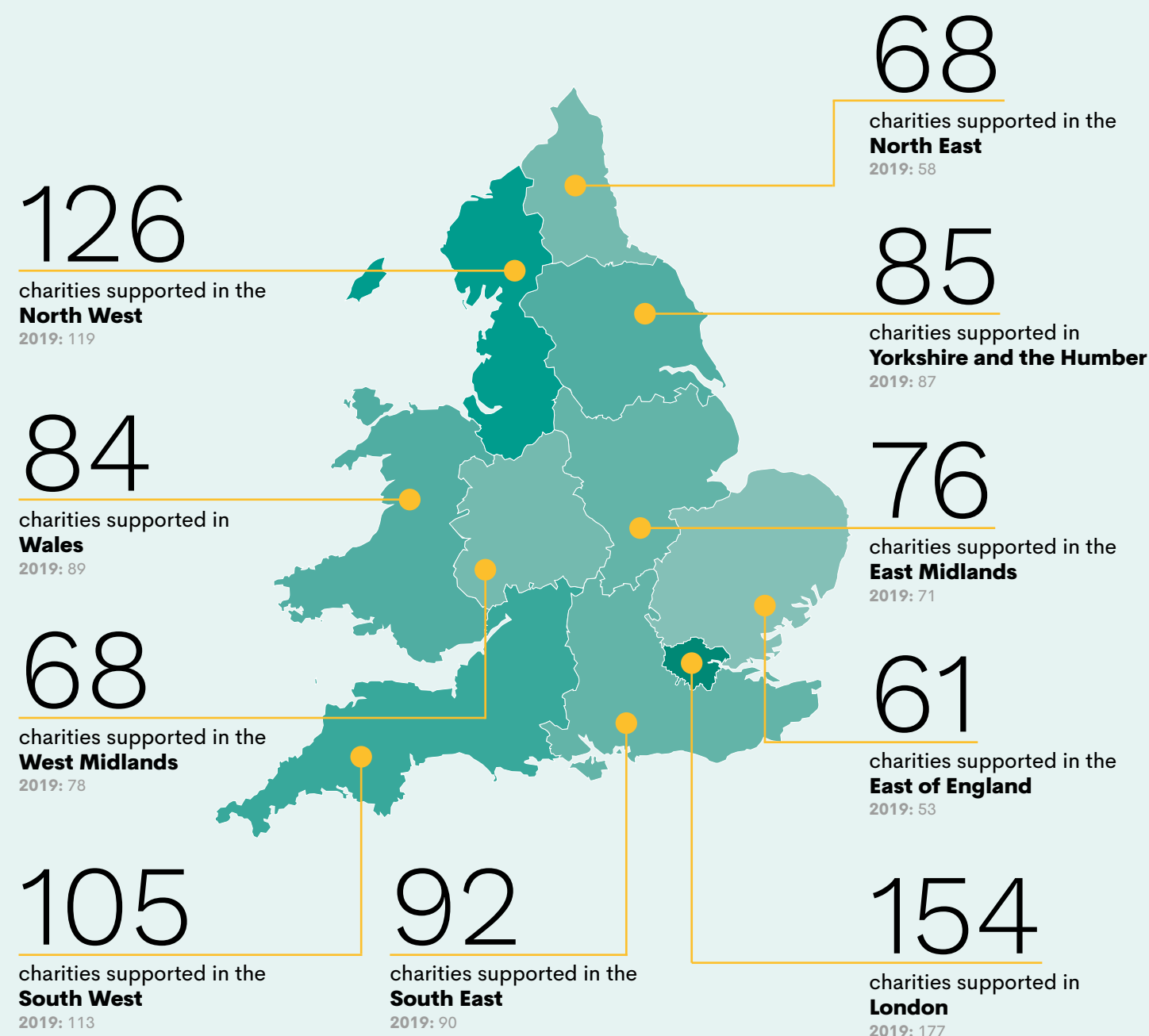
research conversations held
To inform our research on Small Charities Responding to COVID-19

£788k

invested in 25 Infrastructure organisations
To support their efforts during the COVID-19 pandemic

The Door / £32,300 / Care Leavers

In total we supported 919 charities, some of which received multiple grants



We are so proud that we have continued to work face-to-face throughout the pandemic, and been able to be a part of the amazing journeys that our clients have been through. Sadly some have passed away, some continue to struggle, but we will always be here for anyone who needs us.

Wendy Faulkner, Manager, The Shrewsbury Ark / £51,750 / Addiction and Dependency



We funded We developed We influenced

Lives transformed in 2020



During the pandemic, calls to our support line working with families increased by 88%.

In response we provided 4,000 people with hard copy resources; reached over 22,000 people online with information... [and] responded to over 1,100 enquiries via our telephone support service.

We received amazing support from a network of volunteers who helped run online chat and community groups connecting carers across the country.

Challenging Behaviours Foundation / £87,331 / Learning Disabilities



In total, the charities we funded - whether with new or existing grants - supported people to:

11,844

Regain choice and control
2019: 6,598

229

Enter education
2019: 419

1,609

Gain qualifications
2019: 2,253

19,877

Manage a mental health condition
2019: 13,206

782

Move to independent living
2019: 909

15,488

Find stable and suitable housing
2019: 12,191



22,075

Be safe from violence and abuse
2019: 19,447

2,052

Become employed
2019: 2,617

3,371

Not reoffend
2019: 2,069

2,173

Safely manage dependencies
2019: 2,118

6,678

Maintain healthy relationships
2019: 4,133

4,798

Find stable income and financial independence
2019: 5,908



Meet Chloe, a life transformed

We first met Chloe back in February when we paid a visit to one of our charity partners, Bristol's Empire Fighting Chance. Empire, as it's known locally, is a boxing gym, but it's much more than that. Day in and day out, it supports young people with their mental health through sport, mentoring, and intensive personal development. It teaches young people, like Chloe, how to roll with the punches.

Whilst their gym closed in March, Empire rapidly redesigned their approach reaching 636 young people with continued boxing therapy, delivered 367 food parcels, and launched a digital content hub in the first lockdown alone.

Click the video to meet Chloe and the team.



We funded We developed We influenced

35 years, side by side

On 13 December 2020 we marked our 35th anniversary – 35 years of championing small and local charities, side by side.

In that time, we've changed a great deal, as have the challenges facing the small and medium-sized charities we work with. In the ensuing years those needs have changed substantially, through economic crises, political upheaval, social change and much more. We've always strived to respond to these changing circumstances, listening and learning.

We have reached many milestones in the past 35 years, as you'll see below, and these have helped prepare us to face the sector's greatest challenge yet. We're proud to be more than just a funder, but a valued partner to small and local charities. We know that together we can weather this storm and emerge stronger and more resilient than ever.

£530m / £39m / 55k

in funding to small charities in matched giving grants to small charities



I am enormously proud of Lloyds Banking Group's partnership with our four charitable Foundations... [and] the remarkable contribution they have made to their communities over this period. I continue to be thrilled by the enthusiastic and dedicated range of support that our colleagues offer to the Foundations and to the charities and communities they work with. Acting together, this partnership enables us to make a tremendous impact.

Lord Blackwell, Chairman, Lloyds Banking Group



There will be hundreds of thousands of people whose lives have been transformed by your 35 years of support. I can tell you, from Childline's point of view, that I am hearing from people every day who feel life is worth living because of the work you have enabled us to do – please don't stop!

Dame Esther Rantzen, Co-Founder of Childline which received one of its very first grants from the Foundation

Our history

1985

The Foundations are incorporated as part of TSB's flotation

The four TSB foundations – one each for England and Wales, Scotland, Northern Ireland, and the Channel Islands – are incorporated within one month of each other in 1985 and allocated 5% of the share capital.

**1992**

Matched giving scheme established

In 1992, we set up our matched giving scheme to encourage and reward the charitable fundraising and volunteering activities of banking staff. In that first year we gave £18,850 towards fundraising efforts by 98 members of staff.

1997

We award our first £100,000 grant

Responding to the needs of the sector, we begin offering larger grants over a longer period of time and in a move unusual for grantmakers at the time, we begin offering grants towards a charity's core costs. Our first award of £100,000 is a 2 year grant for a major research project managed by Carnegie Third Age Programme looking at good practice in recruiting, retaining and managing older volunteers.

**2014**

We launch our Enhance Programme

Piloted in the summer of 2014 with 30 charities, our Enhance Programme provides developmental support alongside our funding. We changed our name from Lloyds TSB Foundation to Lloyds Bank Foundation for England and Wales.



Click here
To explore the full timeline





We funded We developed We influenced

Continuing our Equity, Diversity and Inclusion journey

The disproportionate impact of the COVID-19 pandemic on Black, Asian and minority ethnic communities has been well documented. This is also present across the 11 complex social issues we fund which disproportionately affect minoritised communities who are less well served by mainstream provision.

To help us on our journey to meeting our commitments to equity, diversity and inclusion, we partnered with Bonnie Chiu and Ngozi Lyn Cole. Together they have more than twenty years of experience supporting organisations to provide equitable opportunities for all people on an individual and systemic level.



This grant will enable us to reduce our income deficit as we had to utilise our reserves to address our income gap and scale up our services to meet increased demand. The capacity building support will enable us to improve our digital delivery services, train staff, and pilot our Black, Asian, and minority ethnic young women's support service. These young women face multiple forms of abuse, intersectional discrimination, gender inequality, and social norms and practices that makes them vulnerable to abuse and mental health issues including low self-esteem and self-harm. Funding will enable FORWARD to provide timely and culturally appropriate support to girls and young women and help to improve their wellbeing and create positive change.

FORWARD's Executive Director, Naana Otoo-Oyortey

In the summer we ringfenced 25% of all new funding for charities led by and for Black, Asian and minority ethnic communities. We exceeded our target and awarded 38% of these grants to charities led by minoritised communities.

38% awarded to Black, Asian and minority ethnic-led charities

Jean Smith, Director of Nilaari, said: "During the pandemic, many of our service users felt fear and anger arising from reports of a higher death rate among their communities and of COVID's disproportionate impact on their mental health and job opportunities. Some failed to access prescribed mental health medication through self-isolation, confusion, inability to contact their GP or belief that pharmacies were closed. This only exacerbated their conditions."

"The grant from the Foundation helped us to increase staff capacity to support a higher caseload of Black, Asian, and minority ethnic clients through digital platforms and help those who were especially vulnerable with shopping and medication collection. We were also able to work with a Foundation consultant to support our Trustees and CEO in thinking outside the box in the aftermath of the pandemic so that we could reshape our services and funding mix and increase sustainability."

Meet our new Trustees

This year we were also joined by three new Trustees who bring with them a wealth of experience and insight on the charity sector. Chief Executive at George House Trust Darren Knight, Chief Executive at Disability Rights UK Kamran Mallick, and former Chief Executive at Samaritans Ruth Sutherland CBE took up post in February. Together they are helping shape and inform our future strategy and were instrumental in our COVID-19 response.



I am proud to be working with the Foundation and look forward to using my expertise in the disability sector to help them further support small and local charities. I believe in the power of people's lived experience to create innovative and long-term solutions. With a new government and parliament underway, it's a critical time to advocate and support charities doing vital work.

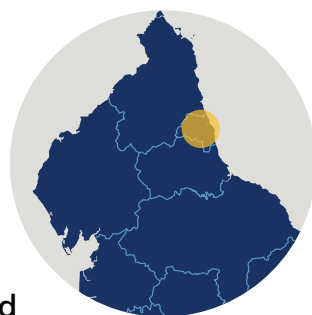
Kamran Mallick, Foundation Trustee and Chief Executive at Disability Rights UK



We funded We developed We influenced

Meet KEY Project

COVID Recovery Grant of £33,000 / Homeless and Vulnerably Housed



20

Alongside their dedicated volunteers, KEY has 20 staff who support young people at risk of homelessness

3x

The number of young people and families supported through KEY's food bank tripled in the first six months of the pandemic

80%

The number of young people able to stay in the family home through KEY's support remains high at 80%



[We want to ensure that] the young people of South Shields get the best out of life. We aim to use different tools such as mediation to prevent young people having to move out of the family home.

Jo Benham-Brown, Business and Community Manager

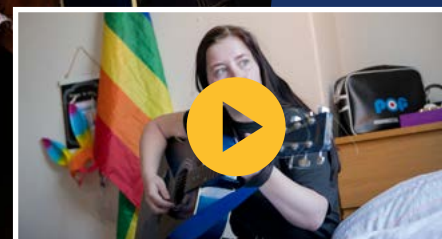
The food bank at South Shields' KEY Project was once a few shelves in CEO Ross Allen's office. Now it is a vast operation taking up an entire section of the local library. Before COVID-19, the food bank was supporting roughly 4,500 young people and families a year. Within the first six months of the pandemic that number tripled.

Family breakups contribute to South Shields' higher than average levels of homelessness. KEY aims to keep families together and offers a range of support to young people and their families. This includes services such as family mediation, supported accommodation, and tenancy support.



A threefold increase in requests for support during COVID-19 resulted in all existing financial resources being diverted to frontline services such as its food bank. The challenge was compounded by a substantial drop in fundraising opportunities and the postponement of development work to its accommodation projects. Unfazed by the crisis, KEY have increased the number of staff to assist with accommodation and have provided outreach support to 50 people.

To support their response to the pandemic, we awarded KEY a grant of £33,000. Whilst the pandemic has presented huge challenges for the charity, their ability to adapt has meant they have been able to continue to provide vital services for those affected by homelessness in South Shields.



In 2020, we supported five charities to get creative through the Stories for Change project, an initiative supporting charities to create and share their work through film. Kat, the talented musician above, is just one of the people supported by KEY Project who shares their story.

[Click the video link to watch](#)



A young person shares their story

This pandemic has affected me in many different ways. To begin with I had to leave home. My relationship with my parents fell apart. It was declining for years but being with them 24/7 when quarantine started sped up the inevitable.

I moved into a property with KEY Project and things were alright for a while but obviously during lockdown I was stuck in the house all the time with nothing to do. There's only so much Netflix you can watch! Then I got a job with the food bank as a volunteer so I was able to spend time there - with people - actually help people out and that was fun for a while.

Then came results day. Due to the government's algorithm I ended up missing my first choice and my insurance choice and I had to find a place through clearance. I did, I am going to study pharmacy at East Anglia. I'm grateful despite everything that happened that a great Uni accepted us.

Then came the problem of student finances because obviously this whole coronavirus pandemic has affected working class people the most... KEY Project has helped me find grants and bursaries so I will be able to manage through the whole transition process.

I feel like I have come out of this pandemic a lot better off than most people would have. I can only thank KEY Project for that.



We funded We developed We influenced

We funded

We heard from charities of the various ways in which their work was being impacted, and the different directions in which their resources were being pulled.

Services in all sectors were required to focus on mental health needs as anxiety, isolation and depression rates skyrocketed. A surge in demand and limited move-on accommodation impeded Domestic Abuse services. Charities focusing on homelessness, at first heartened by the 'Everyone In' response from government, became concerned with the looming financial crisis, and historic rises in unemployment. These charities needed more support to adapt and meet demand, but also the space and opportunity to begin their journey to recovery.

Charities told us flexibility was key, so we allowed those already holding a grant with us to change the focus of their grant, use core funding in any way they needed to deliver their services, and gave greater leeway on agreed outcomes. We proceeded with applications from charities that had already invested a significant amount of time in the process before the pandemic, awarding over £2 million worth of one-year grants to 71 charities.



2020 Objective

Greater control
New funding



March 2020 onward has been a complete rollercoaster of a year with many up and downs. We have changed the service numerous times to try and balance meeting the needs of the people we support without putting them at more risk and keeping the staff as safe as possible. We have conducted street outreach, work in hotels, booked office appointments, home visits and phone appointments - phones funded by Lloyds, thank you! The Pathways team have been extremely resilient and kept adapting. I am very proud.

Pathways of Chesterfield / £92,525 / Homeless and Vulnerably Housed



Emmaus Oxford / £99,000 / Homeless and Vulnerably Housed

We fund charities helping people to overcome the following complex social issues



Addiction and Dependency



Asylum Seekers and Refugees



Care Leavers



Domestic Abuse



Homeless and Vulnerably Housed



Learning Disabilities



Mental Health



Offending, Prison and Community Service



Sexual Abuse and Exploitation



Trafficking and Modern Slavery



Young Parents



Additional funding stream
Racial Equity



Charities told us covering core costs was more important than ever so our COVID React Fund offered existing grant holders a top-up grant to cover costs for adapting or developing services to respond to the crisis. We received applications from twice as many charities as we were able to fund. To ensure we could meet as much demand as possible, we partnered with the Health Foundation and the Community Foundation Wales. Together, we managed to support a total of 414 charities – 90% of those who applied.



We provide a range of programmes in [Leicester City] centre to help women make new friends, to improve their skills, and into work. Recently, with COVID-19, we've not been able to do that. At rapid speed we have managed to realign our services with the help of our staff and volunteers to be able to deliver virtually. This includes services like bereavement counselling, [and] emotional and mental health support to our carers and those suffering in lockdown. But we've also been able to provide ongoing comrade support through telephone calls for those who are feeling isolated. And in addition to that we have provided a range of interactive workshops, such as baking, cooking, arts and crafts.

Shama Womens' Centre / £73,797

COVID React Fund

414

grants made with the help of partners

25 grants were funded and paid directly by the Community Foundation Wales

90%

of those who applied received a grant

Recognising that charities would need to fundamentally change their operations, services, and sources of income in the aftermath of the pandemic, we launched the COVID Recovery Fund that paired a two-year unrestricted grant of £50,000 with dedicated organisational development support. This additional support comes in the form of a local Development Partner, who will walk alongside the charity as it tackles this crucial, and complex, work. Through this programme, we awarded 149 grants totalling an investment of £7.5 million. We made 11 targeted grants to organisations in our six People and Communities locations, using a participatory grantmaking approach to make recommendations to our Trustees about how to award these grants.



Even before social distancing came into force, many of the young men that we encounter were struggling with loneliness and isolation. The current situation has only exacerbated these problems. For non-resident Dads, daily or weekly contact with their children may have ceased entirely, whilst resident Dads face other challenges, including how to exercise and entertain their children in high-rise flats.

But while social distancing represents a physical challenge it doesn't have to be a social one. In addition to telephone calls, text messages, and even handwritten letters, right now we are using a host of different apps and technologies to connect with young Dads. We even offer walking visits which follow social distancing rules, and use outdoor spaces to support these young men and those most in need.

North East Young Dads and Lads / £33,000 COVID Recovery Fund grant / Young Parents



We funded We developed We influenced

COVID Recovery Fund

149 / £7.5m

grants made total grant spend

Thanks to match funding from the UK Government's Department for Digital Culture, Media and Sport (DCMS) Community Match Challenge, we have also been able to award £4.4m to a further 136 small charities.

As part of our own journey through Equity, Diversity, and Inclusion as a grantmaker, we understand the explicit link between the vast majority of our complex social issues and racial injustice. With the pandemic compounding already entrenched inequalities faced by these communities, we realised these intersecting inequalities are best addressed by the small charities that are rooted in the communities they serve. That is why we committed to distributing a minimum of 25% of our COVID recovery fund to charities that are led by and for Black, Asian and minority ethnic communities. Of the 149 grants we awarded, 38% were to charities that met this criteria.

Firmly embedded in our strategy is a willingness to take risks. We know charities don't have all the answers. For that reason, we are keen to focus going forward, not on charities who have the best balance sheets and professionalised services, but on those that are most needed, supplementing their skills and experience with external support to ensure that they are still there for the people who need them.



Lincolnshire Traveller Initiative / £54,032

COVID-19 has brought about change to how we think, plan and deliver our service, but it has also shown how adaptable and flexible we are to work in new ways. It has provided TCT with that rare opportunity of evaluation. No longer were we able to have young people on cafe work placement, but we suddenly had a new opportunities to build and expand on our volunteer's programme.

Karen Fielder, CEO, Top Church Training / £120,210 / Homeless and Vulnerably Housed

A small charity CEO shares her story

At the start of the pandemic, it became very clear that we were observing a pocket of young people in our community that were at risk of starvation and extreme loneliness. They took the Government's words literally and were not leaving their homes, even to pop to the shops for food and essential items.

We came up with the idea of delivering free healthy meals from our Harry's Cafe Project. We were no longer able to take on cafe work placements due to COVID-19 restrictions, however, we were able to bring in volunteers to support the "essential" work that was now needed.

Since the pandemic we have provided over 6,000 meals to young people, to families, and to those in sheer crisis in the Dudley Borough.

Our Chefs have prepared a variety of freshly made, healthy meals that can be eaten hot or cold. We provide enough meals for the whole household to cover until more specialist services can be accessed.

The delivery service also provided an opportunity for support staff to provide doorstep support and to provide 'safe and well' checks on the young people we support. Young people found this service to be reassuring, they knew they would be seeing someone that week and if they had any problems, they could share with a familiar face.

Karen Felder, CEO, Top Church Training



A member of the Top Church Training team delivers food to one of the young people they support / £ 120,210 / Homeless and Vulnerably Housed



Meet Recovery Cymru

£132,682 / Addiction and Dependency



1 in 7

adults in Wales drink 14 units of alcohol every single day

140%

Rise in intake and referral rates for Recovery Cymru's 'Footsteps to Recovery' programme in the second quarter of 2020

£26,124

is the estimated positive impact on society for each individual in recovery from drug/alcohol problems



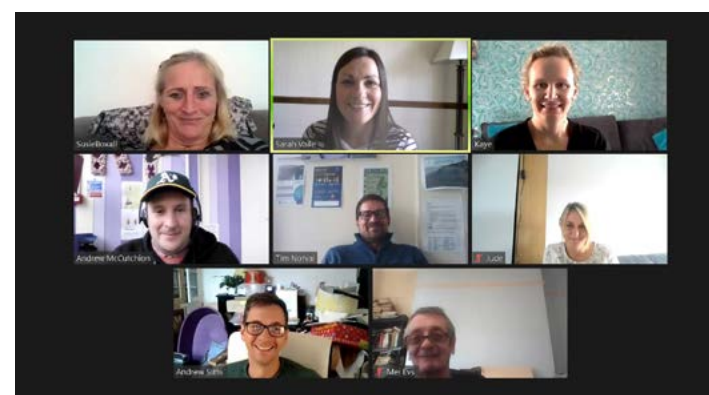
For people with substance misuse issues, and those in recovery, connection - and your life getting bigger and learning new things and getting involved in the local community - is a really important part of our package.

Sarah Veile, Chief Executive

For Recovery Cymru, one of South Wales' most respected self-help recovery communities, the closure of their two recovery centres at the onset of the pandemic threatened the very nature of their work - how could they maintain and build that sense of community, so integral to their recovery journey, in an age of social distancing?

"COVID has affected us all, and in different ways," said Sarah Veile, Chief Executive. "I don't think anybody has not been touched by it. For people with substance misuse issues, and those in recovery, connection - and your life getting bigger and learning new things and getting involved in the local community - is a really important part of our package. We've been worried that our members have been feeling more isolated and lonely, and perhaps a little bit like their life is on hold, which is a hidden element of the pandemic."

Though the challenges of the pandemic came as a shock to the organisation, they quickly saw the opportunities it presented too. "It wasn't panic but a real call to arms, to me it was very much the spirit of how Recovery Cymru started - there was a problem, there was a need - what were we going to do about it?" remarked Sarah. Conscious that connection is a pivotal part of a person's recovery, and that added anxiety and isolation can be drivers of relapse, Sarah and her team worked quickly to bridge the digital divide.



They instigated a phone-based check in service across their membership and identified who might not have the capability to get online to join their new virtual services. "It's about confidence, it's about skills, and it's about having somebody that will do a Zoom practice with you as many times as you need until you're ready, and then you can come into a group or come into a video call," said Sarah. "That's what our staff and volunteers have given our members and I hope they found real value in that".

Sarah and the team quickly saw a way of capitalising on this new technical capability and hope to embed it within the future work of the charity as a complement to its in-person centres.

Recovery Cymru received a grant from the Foundation of £74,854 in 2016 over three years, with a further two year extension of £49,953 in 2019 and £7,875 of support from our React fund in 2020. Beyond funding, the charity has benefitted from a range of development support from the Foundation including a review of their premises and lease arrangements, coaching support for staff and volunteers and access to a CEO Peer Support Group. To coincide with their 10 year anniversary in 2020, the Foundation funded an impact assessment report reflecting on the charity's work, published alongside a new five-year strategy. Sarah has also been paired with Deb Galsworthy, a mentor through our partnership with Lloyds Banking Group.



Jo shares her story

I went into Footsteps to Recovery which is a seven week structured course, four days a week. I thought, 'I'm not going to talk to these people, they're not going to understand me!' It took me a while to come around.

I hoped that they'd help me maintain abstinence, give me some tools, help me towards living a normal life. I did all the groups - relapse prevention, moving on in my recovery, walking groups. I was an isolator so getting out and about was massive - being with people who know my past but don't judge me for it.

[Recovery Cymru] is a massive part of my life now. It was well needed. I did a home detox many years ago, there was nothing like Recovery Cymru about - there was nothing after the detox.

My self-confidence is just through the roof - I run groups myself now. It's kept me on the straight and narrow. They've given me a good kick up the backside if I can say that! The community that they're building is just amazing. It should have been around a long time ago.





We funded We developed We influenced

We developed

The COVID-19 crisis is a challenge unlike any other faced by small and local charities. Their close, trusted position rooted within their communities meant they showed up and stuck around.

Beyond our unrestricted funding, charities needed help responding and adapting to the unchartered, and quickly changing, waters of operating during a global pandemic.

We worked quickly with our Enhance Partners to devise a number of development interventions to help charities meet this moment, and developed more innovative ways of working with Lloyds Banking Group. All this and more to ensure our charity partners would not just survive but emerge from the crisis stronger than ever.

£2.1m

total spend on Enhance support in 2020
2019: £2.1m

988

packages of support provided
2019: 373

Development outcomes delivered in projects:

31

Skilled staff and volunteers
2019: 21

89

Sustainable finance and fundraising
2019: 90



148

Robust systems and processes
2019: 231

49

Effective services
2019: 13

64

Effective communications and marketing
2019: 39

Helping charities step up to the challenge

As the COVID-19 pandemic progressed, we understood that each charity faced unique circumstances. **With this in mind, and to reassure charities whose funding came to an end during 2020, we made our full Enhance support available to them for the remainder of the year, reaching an additional 132 charities.**

This support was extended to charities we don't fund in the refugee sector through Respond and Adapt, a collaboration between Refugee Action, NACCOM and Migration Exchange. We invested £100,000 in targeted development support to underpin both the programme and the charities they are working with.



2020 Objective
Beyond Funding

356

COVID-19
2019: N/A

In total we spent **£501,609** (26%) on development support in response to COVID-19, including on:



IT hardware



Staff wellbeing



COVID secure property advice



Short-term fundraising



Tailored consultancy

95

Clear strategy and planning
2019: 88

75

Stronger governance
2019: 72



35

Excellent leadership
2019: 13

46

Systematic monitoring and evaluation
2019: 58



Organisational resilience

Organisational Resilience is a vital survival skill for small charities in a year of uncertainty and challenge. Being able to anticipate change and critically respond to it is something our charity partners have identified as a key area of development over the coming months.

We have helped develop a pilot programme of practical workshops, each centred around three key pillars – people, money and mission – that helps lay out a development plan moving forward.



2020 Objective
New approaches

Bringing charities together

With rising demand and falling resources, for those that run small charities it can be difficult to find the capacity or opportunity to develop skills and relationships within the sector. At no time has that been more acute than during the COVID-19.

Overnight we moved our networks of peer forums and action learning sets online and significantly increased the range and number of events we provided online, providing charities vital chances to learn, engage, share and provide peer support. From March to December, we held 52 virtual events with nearly 3,000 participants registering to attend from across the sector. A further 4,600 have since watched these events back on our YouTube channel.

Meanwhile, our Action Learning Sets and Peer Forums continued to meet virtually on a regular basis and work together to explore and problem-solve.



Trinity Winchester / £106,420 / Homeless and Vulnerably Housed

52

virtual events

3,000

participants

4,600

on-demand views on YouTube



I feel as a leader you have to hold back sometimes (quite rightly), so having the freedom to talk is good. COVID-19 affects us all in a negative way, not least in maintaining the confidence to help and support staff. Always being the strong one is draining but this has been a safe place to get things off my chest. A personal outlet helps greatly!

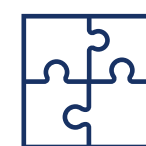
Peer Forum attendee

Harnessing the expertise of Lloyds Banking Group

Since 2014, we have been partnering with Lloyds Banking Group to offer Skills-Based Volunteering and other forms of support to charities. Developed this year in the face of the pandemic are our Charity Response Forums, connecting small charities and experts from across the Group to air their most pressing issues, test their thinking, and gather new ideas and insights.



2020 Objective
New ways to help



84

In total we ran 84 forums between May and September



210

The forums provided 210 hours of support for charities

75%

75% felt the forum had helped the charity move forward

80%

80% reported that their actions were either completed or that progress had been made



[We] re-opened in November after the March lockdown. Prior to our re-opening, I had a meeting with Kayleigh [mentor]. We put together a timeframe and schedule of a small number of programmes

we could run for six weeks before closing for Christmas. Kayleigh offered suggestions that helped us to effectively organise our teaching programme. Kayleigh's engagement and leadership skills have proven to be essential.

Florentine Booth-King, Founder of Education Learning Support Hub and Lloyds Banking Group Charity Mentee



Becoming a mentor during COVID-19 has been challenging and rewarding. Supporting Florentine during difficult times has been a unique experience for me. I've

learnt a lot about how charities are run and how to problem solve in completely different circumstances. Charities are facing unprecedented difficulties and I'm so pleased that we are actively supporting them.

Kayleigh Tobbell, Chief Resilience & Security Office and Lloyds Banking Group Charity Mentor



Developing People and Communities

The services that local communities rely on are informed by and impact everyone within those communities. Last year we began to look at how communities can work together to thrive and become more sustainable, especially in the context of increasing demand for services and less resources due to austerity and the potential impact of Brexit.

We brought together partners from across the voluntary, community and social enterprise (VCSE) sectors – as well as public and private sectors – in six specific places to identify how we might best help them, understanding the distinct context of each area.

Inspired by the success of our Skills Based Volunteering programme, we have been working to connect local businesses and VCSE organisations in these six communities. We explored how organisations can benefit one another, helping to build the sustainability and resilience of VCSE organisations.

Already we've learnt a lot from our local partners about the changing dynamics at play between the various sectors and organisations as they work together to respond to the COVID-19 crisis. We've captured these important lessons in a series of films – a useful starting point for sharing and applying the learning from the COVID period to building collaborative ways of working going forward.



2020 Objective
Stronger systems



What I'd really like to take away from this is the strategic partnerships that we've been able to build up both with the local authority and with other local groups. The response from the sector has been absolutely amazing – nobody could have done it without them. It just shows the power of when communities and community groups come together.

Hilary Edwards, Voluntary Action, Merthyr Tydfil



We funded We developed We influenced

Meet Ashiana Community Project

£97,000 / Domestic Abuse

75%

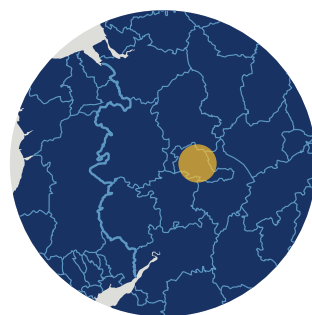
of Ashiana clients struggle with English and IT

13,000+

clients are registered on Ashiana's database

552

clients were supported by Ashiana in the first 100 days of lockdown, with 130 new clients registered



Ashiana Community Project is a vibrant charity based in Sparkbrook, West Midlands. Rooted in their community, Ashiana support local people who are experiencing multiple disadvantage. The charity was first supported with a three-year grant of £72,750 in 2017, extended with a further year of funding in 2020 of £24,250 for their work in helping people from Black, Asian and Minority Ethnic communities who have been affected by domestic violence. Ashiana's work reaches unreported cases of domestic violence such as forced marriages, 'honour' based violence, female genital mutilation, trafficking and sexual exploitation.

As cases of COVID-19 increased across the UK, and in accordance with government guidelines, Ashiana Community Project moved their face to face services to virtual ones. Immediately, they contacted all their most vulnerable clients over the phone to check on their health and wellbeing. The Women's Wellbeing Programme moved to a fully online provision and in doing so they helped the women become more connected online which in turn reduced isolation.

"We had to 'think on our feet' about how to continue to provide services without the face

to face contact. We're fortunate to have multilingual staff so we were able to translate these into various languages and circulate through Facebook and WhatsApp and I believe we were amongst the first as an organisation to do this." said Mohammed Shafique, Ashiana Community Project Chief Operating Officer.

"Staff who, while facing challenges in their own lives (travel, childcare etc.), worked hard and smart to provide services via telephone, WhatsApp, Facebook, Zoom, Google 8X8 and other means of distanced engagement." said Mohammed. "We experienced severe difficulties in getting support for our clients, especially as the statutory providers were either closed or struggling to help. As one of the very few organisations that was still offering advice support that remained open, we had additional referrals from other voluntary and statutory organisations adding to our workload. We also became aware of the uneven effects on Black Asian and minority ethnic communities."

COVID-19 presented many challenges to the communities that Ashiana supports, such as whole multi-generational households needing to isolate, the scarcity and increased cost of groceries and toiletries, and a household's main source of income dwindling significantly. COVID-19 also posed additional health risks for people from Black, Asian and minority ethnic communities further heightening the inequalities these communities already face.



Mohammed shares his story

The effects of the COVID-19 pandemic lockdown period, although often talked about in the media, was still a shock to us as everything came to a standstill.

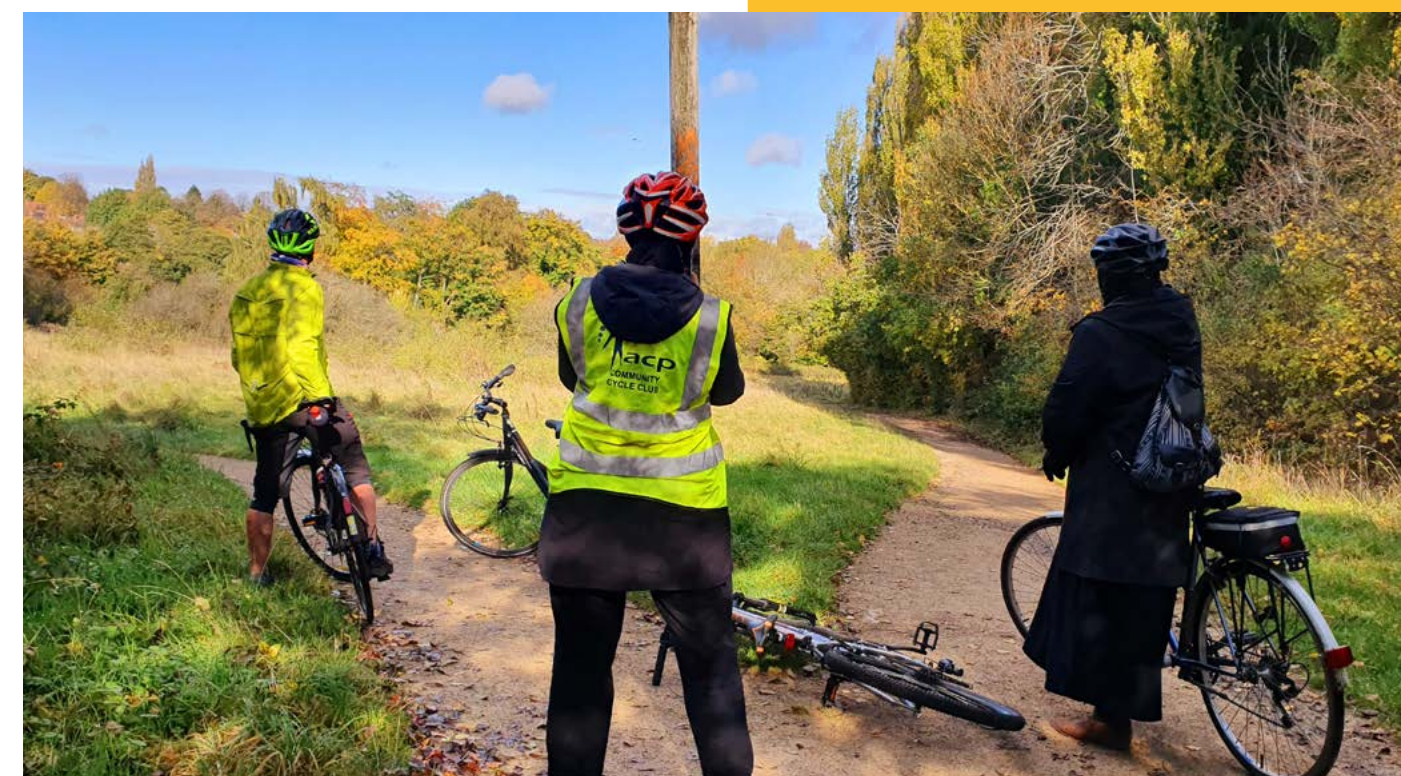
We had to react rapidly to developing situations, from issues such as self-employed people suffering from unemployment to the elderly and vulnerable suddenly finding they were unable to afford or get food and basic necessities. Every day seemed to bring a new challenge.

Within three weeks we noticed a sharp increase of calls for help from domestic violence victims. At four to six weeks in, we started to get calls for help from people who felt their employers were abusing the furlough system for the employers' advantage in various ways. Issues relating to death, burial and related cost implications needed addressing. This was over and above our normal advice and support work which also had an upsurge in demand.



We had to respond swiftly and boldly – realising more than ever that poverty and language were barriers which made us view disadvantage and poverty in a completely different way. While it was bleak, we have seen the power in community; its resilience and agility of people coming forward to help others in times of crisis.

Mohammed Shafique, Chief Operating Officer





We influenced

Core to our strategy has always been seeking to influence policy and practice affecting small and local charities and to address the root causes and consequences of disadvantage affecting those they serve. This has been more important than ever with most charities focused on providing vital support and services, yet facing pressures like never before.

With crushing pressure on services, communities, resources, and beneficiaries, charities' voices need to be heard or risk being lost entirely.

Following more than 300 conversations with charity partners we compiled 'Charities responding to COVID-19' in May, detailing the challenges facing small and local charities. Our Chief Executive Paul Streets was invited to share these findings with the House of Lords Public Services Committee as part of their inquiry into how public services have responded during the pandemic.

In November the Committee published its first report - A critical juncture for public services: lessons from COVID-19 – which references our evidence and calls for many of the changes we put to the group. It emphasises the need to recognise the role of the sector in public service delivery and improve working with local organisations - not least through the allocation of resources and making more use of grants.



We have seen the immediate and significant effect of coronavirus. Our clients and caller numbers have surged significantly and continue to do so on a daily basis. It is clear that people are extremely anxious and their mental health is affected. Unfortunately at the same time the impact of coronavirus on fundraising activities for the charity has been substantial.

Charity respondent, 'Charities responding to COVID-19'



2020 Objective
Champion charities

We published a follow up report in December of what we were hearing from the charities we partner with. To support influencing efforts across the sector, we also launched the Small Charities Data hub in partnership with NCVO, Small Charities Coalition, NPC, Locality, Charity Base, the FSI, Localgiving, and 360Giving. This new digital tool, the culmination of more than two and a half years of work, brings together the latest and best available data on small charities in one place. The data shows the stark challenges they face due to a decade of cuts, increased competition for grants and contracts, and the COVID-19 pandemic.

Charities often tell us that they struggle to be heard, to make the most out of relationships with decision-makers, or even just to find the time to step back and think about influencing strategically. In the spring we set about equipping and empowering charities to pursue their own influencing campaigns through our Introduction to Influencing course.



2020 Objective
Building influence

On a personal and professional level, this course has been a real eye-opener to understanding and harnessing my own power and potential to influence within my organisation and beyond.

Feedback from charities on the Introduction to Influencing course

Supporting unprecedented cooperation across the charity sector

The COVID-19 crisis required unheard of collaboration across the sector, to ensure the vital contribution of charities was met with suitable financial support from the government. Alongside a coalition of charitable organisations, we supported the #EveryDayCounts campaign to ensure the not-for-profit sector was not overlooked.

Together the coalition helped secure a £750m package of support from the government. However we know that more needs to be done to help charities overcome the challenges ahead, and we continue to work together through the #NeverMoreNeeded campaign, bringing charities voices and expertise to the fore.

Funders' Collaborative Hub

We played a leading role in establishing the Funders' Collaborative Hub, working to increase understanding, closer alignment, and opportunities for funder collaborations in response to COVID-19. Working alongside the Association of Charitable Foundations and representatives from other funding bodies, a pilot programme has been launched exploring how funders from across the sector can work together. This ranges from shared ideas, insights and learning, to pooled funding, joint back-office functions, and collective programme delivery.





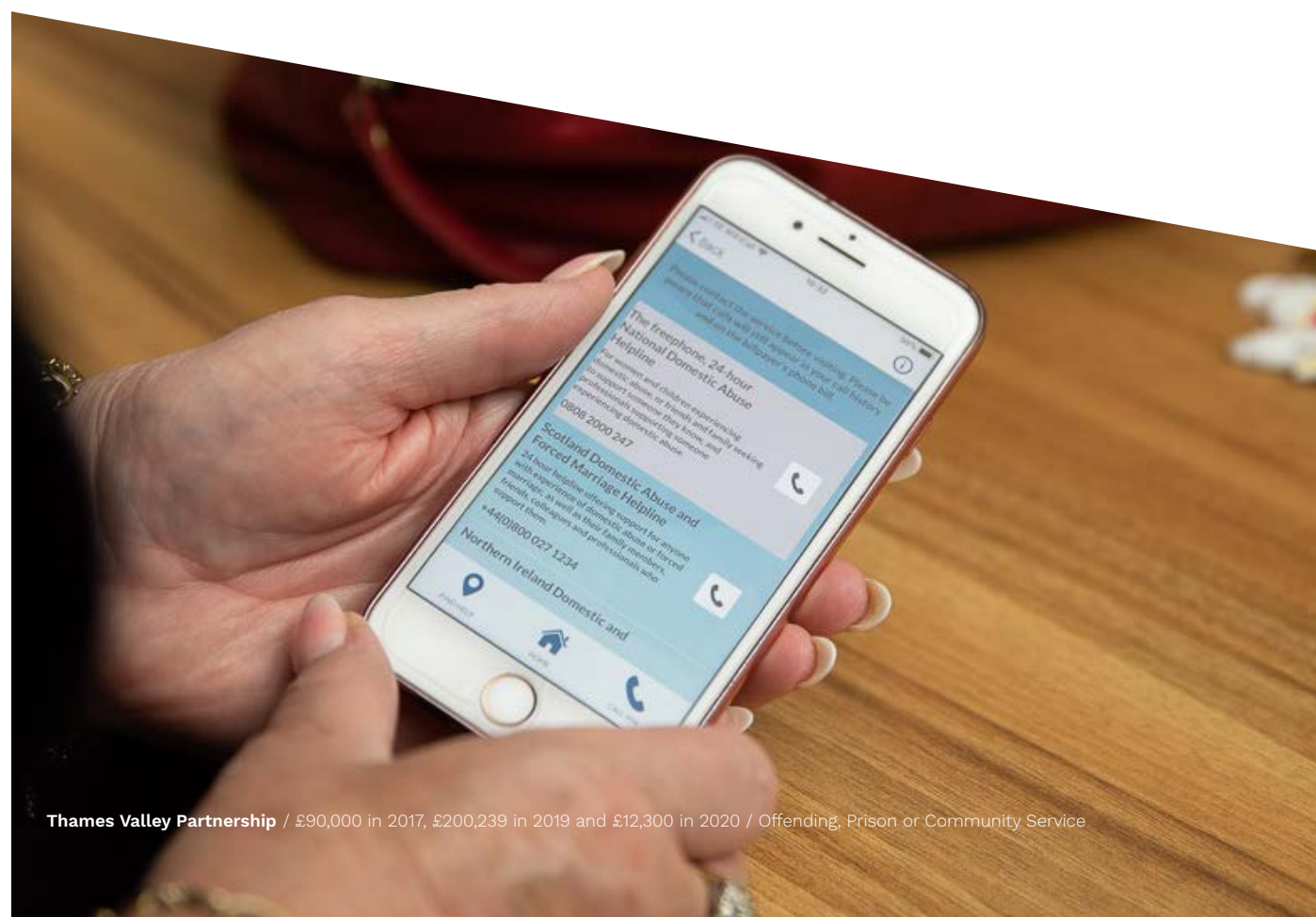
Lockdown has further intensified the challenge of domestic abuse and alongside supporting frontline specialist services, we have pushed for change to improve responses and funding for services. We continued to support Women's Aid Federation of England to work across the sector to influence the Domestic Abuse Bill, and have engaged directly with MPs alongside Lloyds Banking Group and specialist services.

We have connected the specialist charities addressing domestic abuse that we fund with Lloyds Banking Group's Domestic and Financial Abuse Helpline, bringing together the expertise of frontline charities and the Group to improve support to customers who have experienced abuse.



Domestic and economic abuse is a key business issue for us; with 30 million customers and around 65,000 colleagues, that means that at any one time a number of our customers and colleagues will be living in a domestic abuse situation... Through the Domestic and Financial Abuse team, we play a key role in offering practical support and guidance to victims and survivors to help them regain control.

Fiona Cannon, Group Sustainable Business Director, Lloyds Banking Group



Thames Valley Partnership / £90,000 in 2017, £200,239 in 2019 and £12,300 in 2020 / Offending, Prison or Community Service

National Programmes Funding

Infrastructure organisations have been central to effective responses to the pandemic. They have helped coordinate, provide essential services, mobilise volunteers and others who wanted to help. Yet they too have been hard hit by the pandemic, seeing shrinking income streams and fewer avenues of funding. We launched an open grants programme to support local infrastructure charities with core cost funding. Through this Infrastructure programme we awarded £450,000 of funding to 15 local infrastructure charities to support a strong local ecosystem.



Shama Womens' Centre / £73,797

£450k / **15**
awarded in funding to local infrastructure charities

During the pandemic, challenges facing the welfare system have intensified. Record numbers of people are claiming Universal Credit and food banks have seen a rise in the number of people needing emergency support. Our Welfare programme offered funding to 9 charities to focus on influencing change in the welfare system, through policy, research and campaigning.

£336k / **9**
awarded in funding to charities influencing change in the welfare system

The Coordinated Community Support Programme, which we support, could not have come at a more important time. The programme brings together local councils in four pilot areas – Swansea, Oldham, Tower Hamlets and Norfolk – with local charities to better coordinate support for those facing financial crisis. This coordination, led by The Children's Society, has enabled these areas to respond quickly to the needs in their communities – whether improving support for those with no recourse to public funds or joining up food banks with advice services.

With a crisis raging in British prisons, the criminal justice system is under mounting pressure from staff shortages, dangerous overcrowding, record self-harm, and high rates of reoffending. With the privatisation of probation services having failed, small charities specialising in criminal justice are facing an uphill struggle, just when their expertise and connections are



We all know who they are; those small charities in our villages, our market towns, in pockets of our cities...the unsung heroes looking after the vulnerable and holding together our social fabric.

Rishi Sunak, Chancellor of the Exchequer



most needed. Our Reform Justice Programme, launched in 2019, has supported 17 specialist charities and partnerships to influence for change in the criminal justice system, particularly to improve outcomes for women, young people and those for black, Asian and minority ethnic communities. Whilst Covid-19 has put immense challenges on the criminal justice system, prisons and those inside, our funding has enabled specialist charities to have the capacity to advocate and work with prisons and the Government to improve conditions at this critical time.

Flexible monitoring

In March 2020, we were proud to be one the founding grantmakers to have signed up to IVAR's Principles for Better Reporting – an approach co-produced in collaboration with other funders and charities to make monitoring and evaluation a shared, more meaningful experience for both grantmakers and grantees.

In response to the onset of the COVID-19 pandemic, the Foundation introduced flexible monitoring for all grantees. As one of the first signatories of the Funder sector solidarity statement co-ordinated by London Funders, we recognised the crisis meant adapting reporting deadlines to allow charities to focus on responding to the needs of their communities.

Whilst continuing to listen, respond, and share the issues raised by grantees, we invested in an independent evaluation of our major projects and strategic grants, including through a learning partner for the work of our Development Team.



2020 Objective
Monitoring impact

The Young Women's Justice Project

A year into the Reform Justice Programme, we've already seen a number of eye-opening findings, including alarming research into how the criminal justice system is experienced by young adult women. The Young Women's Justice Project is run in partnership by Agenda and the Standing Committee for Youth Justice and funded by a two-year, £80,942 grant from the Foundation. The project identified a 'limited evidence-base around the experiences of young adult women' and aims to 'shine a light on the experiences of young women aged 17–25 in contact with the criminal justice system'. Their key findings so far include:

- Young women (16–21) in custody are **more likely to have been in statutory care** than their male counterparts – two thirds of young women, compared to just under half of young men.
- There is **greater prevalence of mental health issues** amongst young adult women, including higher rates of suicide compared to young adult men and older adult women.
- Young adult women (18–21) are also **more likely than older women to report an alcohol problem** on arrival at prison and to feel that they might have an alcohol problem on release.
- Between three quarters and 90% of young women may have **experienced abuse** from a family member or someone they trusted.
- Racist stereotyping informs how criminal justice agencies respond to Black and minoritised young adult women, meaning they face a 'double disadvantage' as **gender intersects with race**.

These findings help shine a light on large gaps in data and knowledge. This work will help identify challenges young adult women face and how to improve services they use.

Young women in contact with the criminal justice system are too often ignored, misunderstood, or misrepresented. Overlooked in policy, little is known about their experiences and there is limited specialist provision. Responses to challenges they face often come too late or can be re-traumatising. Lloyds' funding has allowed us to shine a light on young women's experiences whilst in contact with the criminal justice system, continuing to advocate for gender- and age-informed policy and practice into 2021.

Maggie Bridge, Agenda



2021, our objectives



We'll fund

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

Youth Concern / £153,425 / Homeless and Vulnerably Housed



We'll develop

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

Maundy Relief Trust / £102,720 / Mental Health



We'll influence

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

Ashiana Community Project / £97,000 / Domestic Abuse

New funding

Make grants to over 150 new charities

Racial equity

Award at least 25% of our unrestricted grants in 2021 to charities that are led by and support Black, Asian and minority ethnic communities

More giving

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

Greater control

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

New ways to grow

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

Reimagining communities

Work deeper locally in six communities in England and Wales to strengthen the whole system and improve services for the people that use them over the long-term

Organisational resilience

Develop resources and support models to help charities improve their organisational resilience

New ways to help

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

Champion charities

Champion the role, value and needs of small and local charities with national and local government and commissioners through the pandemic response and recovery

Supporting infrastructure

Support local infrastructure charities to advocate for and raise the voice of small and local charities, particularly supporting Black, Asian and minority ethnic-led infrastructure charities

Social security

Help charities to influence change so that people facing complex social issues can access the welfare support they need

Domestic and sexual violence

Support charities to ensure legislation and policies enable specialist services to support victims and survivors

Trustees' report

Financial review

Overview

In this section, our Trustees outline our principal funding source in the year ended 31 December 2020 and how we used these resources to support our key objectives. Full details can be found in the financial statements that follow this Trustees' Report (page 50 onwards).

Where our money comes from

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

In 2020 we received £18.4m (2019: £18.2m) from Lloyds Banking Group under the Covenant. The Group have confirmed that funding for 2021 will be £18.4m even though their profits will be lower due to the impact of the COVID-19 pandemic.

In response to the pandemic, the Foundation received grants of £4.6m from the Department of Culture Media & Sport and £500,000 from the Health Foundation. This income was applied to the Recovery and React grant programmes in 2020. The Foundation also received £250k from partners in the LocalMotion project which is developing strategies for regeneration in deprived areas.

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

How we spend our money

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

The Foundation planned to spend £23.3m in grants in 2020. As the implications of the pandemic became clear the Foundation needed to respond to the expectation that its income from Lloyds Banking Group would be lower in future years.

All the funds budgeted for new core and national grant funds were utilised but the Foundation changed its grant making approach, emphasising more immediate funding to support charities. The practise of three-year grants with an extension for a further three years was ended with extensions limited to one year. The Foundation responded with two new grant programmes;

- React programme which provided immediate funding of up to £33,000 to charities affected by the pandemic in July 2020.
- Recovery programme which supports charities after the immediate health crisis providing grants of up to £50,000.

The change in approach to grant extensions reduced expenditure in 2020 by £1.8m.

Matched Giving, where the Foundation matches the fundraising efforts of Lloyds Banking Group staff was also significantly lower in 2020 as many regular fundraising activities could not take place; this reduced expenditure by £1.7m from the expected level.

These two elements along with savings in other areas including overheads (£0.7m lower) meant that expenditure would have been almost £5.0m lower to enable the Foundation to maintain support to charities in future years in the event that Lloyds Banking Group income fell. However, the Foundation secured additional funds from the Department of Digital, Culture, Media and Sport (DCMS) of £4.6m and £500k from the Health Foundation. The DCMS funding was part of the government's Community Match Challenge programme to support charities impacted by the pandemic and the Foundation was one of the Foundations selected to ensure that funds were applied quickly and effectively to charities in need.

As a result, grant expenditure was £24.1m (2019: £25.0m), higher than the original plan for the year with the majority of charities receiving a single payment made immediately following the grant award.

The overall result was a deficit on unrestricted funds of £3.6m (2019: £9.4m) before investment gains of £1.0m (2019: £3.6m).

The Foundation is currently able to spend more than the annual income from Lloyds Banking Group as in 2017 it received a significant gift of shares which were sold realising £38.6 million. The Foundation will continue to incur a deficit from 2021 and beyond but will align its spending with annual income once the additional funding from the share proceeds has been utilised which it expects to be in 2025.

Investment policy

The overarching investment objective is to maintain sufficient liquidity of funds and their overall value in order to finance the planned deficits arising from the excess of expenditure over income which is expected in the short-term under the current strategy. This objective has previously been met by applying three levels of investment strategy - bank deposits, short-term funds and long-term funds. During the year, a medium-term fund was established to more closely align investments with cash flow and reserves requirements.

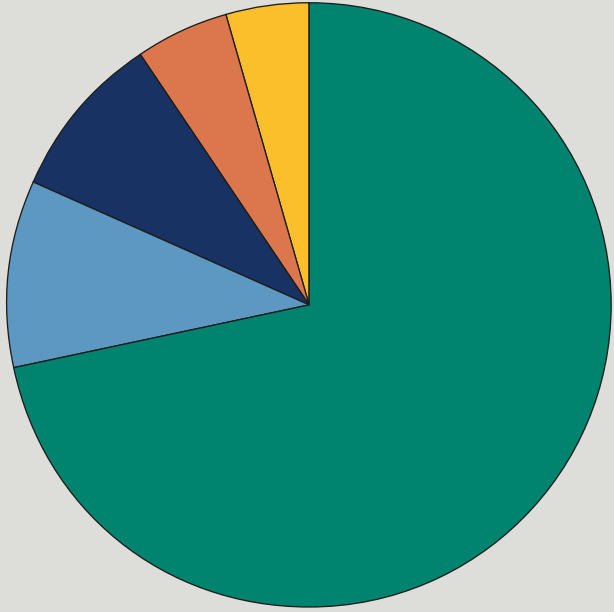
The Foundation aims to hold a minimum of £5m of immediately accessible cash to meet grant payments and operating costs. As at 31 December 2020, the Foundation had cash in hand of £6.9m (2019: £5.9m).

Financial investments of the Foundation comprise £10m of Treasury deposits and investments of £37.6m (2019: £42.3m) are managed by Sarasin & Partners LLP within agreed parameters. The investment funds are divided into short, medium and long-term portfolios. The investment in the long-term and medium-term funds are regarded as Level 2 investments in accordance with Section 34 of FRS 102.

	2020	2020	2019	2019
	Asset value	Return	Asset value	Return
	£'m	%	£'m	%
Long-term portfolio	13.5	10.6	23.2	19.9
Medium-term portfolio	4.1	3.1	-	-
Short-term portfolio	20.0	0.8	19.1	1.4
Total	37.6		42.3	

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

Expenditure 2020



- Long-term funding: £20.1m
- Direct costs of charitable activity: £2.8m
- Developmental support: £2.5m
- Influencing, Policy and Practice: £1.4m
- Central support costs: £1.2m

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

The Long-term portfolio is recognised at its market value of £13.5m (2019: £23.2m). During the year the investments performed strongly generating a return of 10.6%, reflecting the strong recovery of financial markets in the later part of the year and outperformance by the fund managers compared to the benchmark of 6.8%.

During the year the trustees reduced the amount held in the Long-term portfolio to closely align the Long-term portfolio to the expected level of reserves over the next five years. The Long-term portfolio was reduced in value by £11m of which £4m was used to establish a Medium-term portfolio and the balance transferred to the Short-term portfolio.

Investment by asset class at 31 December	2020	2019
Long-term portfolio	£’m	£’m
Equities	9.8	16.2
Bonds	2.0	3.0
Property	0.2	2.0
Alternative investments	1.1	1.0
Cash	0.4	1.0
Total	13.5	23.2

The Medium-term portfolio, which was established in August 2020, is recognised at its market value of £4.1m (2019 - £nil). The return for the five-month period to 31 December 2020 was 3.1% compared to the benchmark of 2.9%.

Investment by asset class at 31 December	2020	2019
Medium-term portfolio	£’m	£’m
Equities	1.0	-
Bonds	2.7	-
Alternative investments	0.3	-
Liquid assets	0.1	-
Total	4.1	-

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

The Short-term portfolio is recognised at its market value of £20.0m (2019 - £19.1m). The fall in value of the fund reflects the cash flow requirements of the Foundation. The return for the year was 0.8% compared to the benchmark of 0.2%.

Investment by asset class at 31 December	2020	2019
Short-term portfolio	£’m	£’m
Non-government bonds	9.1	14.0
Floating rate notes	-	1.3
Liquid assets	10.9	3.8
Total	20.0	19.1

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

Financial risk management

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

Market risk

Exposure

The portfolio is well diversified with holdings in a wide range of asset classes. The Long-term portfolio is invested in the Sarasin Climate Active Endowment Fund in which the largest holding of any share is 3.3% of the fund.

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

Sensitivity

The largest market risk is a fall in the value of equity markets. Based on the position at 31 December 2020, in the event that there was a general 10% fall in equity markets there would be a reduction in net income of £1m. In February and May 2020, the Foundation transferred £3.8m and £3.2m respectively from the Long-term to the Short-term portfolio and in July £4m from the Long-term portfolio to establish a Medium-term portfolio to reduce the exposure to market risk.

Currency

The long and medium-term portfolios are denominated in GBP. The currency exposure of the fund at 31 December was as follows;

	Long-term		Medium-term		Short-term	
	2020	2019	2020	2019	2020	2019
	%	%	%	%	%	%
Sterling	59.7	43.8	89.8	-	100.0	100.0
US Dollar	24.6	35.7	5.6	-	-	-
Euro	4.0	6.7	1.2	-	-	-
Japanese Yen	2.4	2.9	0.7	-	-	-
Other	9.4	10.9	2.7	-	-	-
Total	100.0	100.0	100.0	-	100.0	100.0

Credit risk

The credit risk of the Foundation’s investment at 31 December was as follows;

	Long-term portfolio	Medium-term portfolio	Short-term portfolio
Value of bond investments	£2.0m	£2.7m	£9.1m
Value of non-government bonds	£1.3m	£0.7m	£9.1m
Credit rating of BBB+ or better	76.3%	74.9%	79.9%
Average duration of non-government bonds	10.3 years	9.3 years	0.7 years

Term deposits of £10 million at 31 December 2020 were invested with two banks – different institutions to the bank in which the Foundation’s current and deposit accounts are held with a limit of £5 million with each bank.

Liquidity risk

The Long-term portfolio is invested in the Sarasin Climate Active Endowment Fund and the Medium-term portfolio is invested in the Sarasin Income & Reserves Fund both of which have daily dealing which would allow the Foundation to realise cash if this were required.

55% of the Short-term portfolio is invested in liquid assets and 45% in bonds with a very short duration.

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

Reserves

Currently the balance of total reserves held by the Foundation stands at £32.7m (2019: £35.2m) of which the free reserves are £32.0m (2019: £34.4m). Reserves were enhanced by £38.6m in 2017 with the conversion of Limited Voting Shares to Ordinary Shares in Lloyds Banking Group.

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

During 2019 the Foundation’s operational reserves policy was to retain sufficient funds to cover six months non-grant expenditure. The Trustees recognised that there is a significant risk around the Foundation having one primary income source, being Lloyds Banking Group and that the current uncertain economic environment directly affects the profitability of the Group and required a reserve of £20m to be maintained for strategic purposes.

In February 2020 the reserves policy was revised to require 12 months total expenditure less the minimum payment under the Lloyds Banking Group covenant with a tolerance level of 5% below the target before action is required. At 31 December 2020 this represented a level of £16.9m. At £32.0m (2019: £34.4m), the level of reserves stands well in excess of this requirement. The higher level of reserves will enable the Foundation to make a higher level of grant awards than would be possible from its annual income from Lloyds Banking Group which is likely to fall as a result of the impact of the Covid-19 pandemic on the Banks profits.

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

The Foundation also has a number of designated and restricted funds. There are designated funds to provide for awards expected to be made in 2021 from 2020 programmes and in respect of funds invested in Fixed Assets.

Restricted Funds represent funds received from partners for joint projects.

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

Risk

How we manage our risk

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

The framework of governance, risk management and internal control is designed to minimise rather than eliminate the risk of failure to achieve the Foundation’s objectives and cannot provide absolute assurance against the material risks that we face.

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

Principal risk around a single source of income

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

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

An Appropriate and Proportionate Risk Assurance Framework

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

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

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

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

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

Fundraising Activities

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

COVID-19

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

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

The potential for falls in investment markets is a continuing risk and to mitigate this the level of funds invested in the Long-term portfolio was reduced by around 25% with the funds transferred to the less risky Medium and Short-term portfolios.

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

As stated earlier we are able to take a long-term view of our investments and the covenant with the Lloyds Banking Group provides a significant degree of protection. Despite the impact of Covid on the Bank’s profits, funding for 2021 has been held at the same level as 2020 and has been received in full. For future years the agreement, which requires nine years notice to be given, provides for a minimum payment of £10.8m is paid each year and the actual sum paid is based on the profits of the three prior years. The Trustees are confident that they are able to continue their operations and grant funding activities as planned for the remainder of the year and throughout 2022.

Youth Concern / £153,425 / Homeless and Vulnerably Housed



Governance

Constitution

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

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

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

The Foundation applies and follows the Charity Governance Code (for large charities) which was issued in July 2017 and updated in 2020.

Organisational structure

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



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

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

Board of Trustees

As noted on page 51, the principal governing body of the Foundation is the Board of Trustees, whose names are listed on page 76. The Board is responsible for the strategic direction of the Foundation and normally meets quarterly together with the Executive to review progress and to ensure that the Foundation is on track to meet its objectives. In 2020 the issues created by the pandemic meant that the Board of Trustees met a total of seven times.

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

Audit, Investment and RiskCommittee

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

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

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

The Committee meets quarterly.

Remuneration Committee

Monitors remuneration and benefits for Foundation staff

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

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

The Committee meets annually.

Nomination Committee

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

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

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

The Committee meets as required.

Grants Panel

Approves grant applications for the grant making programme

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

The various Panels meet regularly throughout the year as necessary.

Our people

Our staff

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

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

The Foundation does not offer performance related bonuses.

Our Trustees

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

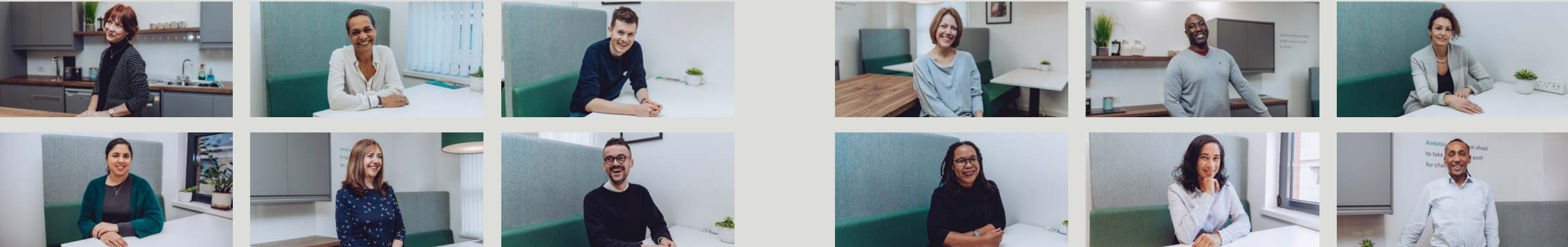
Newly appointed Trustees follow an induction programme including:

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

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

Trustees typically serve a three-year term, although this may be extended for a maximum of a further three years. The term of the Chair, Baroness Irene Fritchie has been extended for one further year to avoid undertaking the recruitment process during the pandemic. Trustees are fully engaged with the work of the Foundation and get to know our grantees as well as strategic priorities through regularly visiting our charities and learning about the organisation from the Chair and Senior Leadership Team.

More details about our Trustees can be found [here](#).





Statement of Trustees' Responsibilities

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

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

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

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

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

In so far as the Trustees are aware:

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

Independent auditors

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

This report was approved by the Board of Trustees on 12 May 2021 and signed on their behalf by:



Irene Fritchie

Baroness Irene Fritchie DBE
Chair of the Board of Trustees

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure, and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Trustees' Report and Financial Statements 2020 (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2020; the Statement of Financial Activities (incorporating an income and expenditure statement), and Cash Flow statement for the year then ended; and the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Trustees’ Report and Financial Review

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

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

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

Auditors’ responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the charitable company, we identified that the principal risks of non-compliance with laws and regulations related to Charities Act 2011 and relevant regulations made or having an effect thereunder, including The Charities (Accounts and Reports) Regulations 2008, and Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements. We evaluated management’s incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals to manipulate financial results or conceal the misappropriation of assets and potential management bias in accounting estimates. Audit procedures performed included:

- identifying and testing journal entries, in particular journal entries posted with unusual account combinations to income or expenditure accounts;
- obtaining independent confirmations of cash balances and material investment valuations at the year-end;
- testing the recognition of grant expenditure in line with terms of the grant, the valuation of gifts in kind, and the valuation of accruals and provisions;
- enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- reading minutes of meetings of those charged with governance; and
- testing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations or through collusion.

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

Use of this report

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

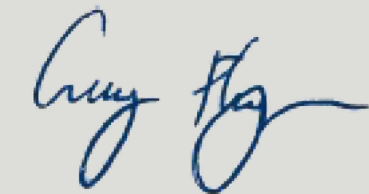
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Guy Flynn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 26 May 2021



Financial statements

Statement of Financial Activities

(incorporating an Income and Expenditure account)

Year ended 31 December 2020

	Note	Unrestricted	Restricted	Total Funds 2020	Unrestricted	Restricted	Total Funds 2019
		£'000	£'000	£'000	£'000	£'000	£'000
Income from:							
Donations	3	18,491	5,372	23,863	18,292	706	18,998
Investment income	10	735	-	735	889	-	889
Other income	4	10	-	10	14	-	14
Total		19,236	5,372	24,608	19,195	706	19,901
Expenditure on:							
Charitable activities	5a	(22,713)	(5,355)	(28,068)	(28,451)	(423)	(28,874)
Investment fees		(136)	-	(136)	(147)	-	(147)
Total		(22,849)	(5,355)	(28,204)	(28,598)	(423)	(29,021)
Net (expenditure)/income before gain/(loss) on investments		(3,613)	17	(3,596)	(9,403)	283	(9,120)
Net gain on investments	10	1,049	-	1,049	3,595	-	3,595
Net (expenditure)/income		(2,564)	17	(2,547)	(5,808)	283	(5,525)
Transfers between funds		(50)	50	-	(50)	50	-
Net movement in funds		(2,614)	66	(2,547)	(5,858)	333	(5,525)
Reconciliation of funds:							
Total funds brought forward		34,909	333	35,242	40,767	-	40,767
Total funds carried forward	15	32,295	400	32,695	34,909	333	35,242

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

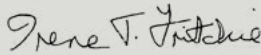
The Notes on pages 61 to 76 form part of these financial statements.

Balance sheet

As at 31 December 2020

	Note	2020	2019
		£'000	£'000
Fixed assets:			
Tangible assets	9	128	159
Investments	10	37,610	42,272
Total fixed assets		37,738	42,431
Current assets:			
Debtors	11	3,435	170
Investments	10	10,000	10,000
Cash at bank and in hand		6,908	5,892
Total current assets		20,343	16,062
Creditors: Amounts falling due within one year	12	(19,603)	(14,644)
Net current assets		740	1,418
Total assets less current liabilities		38,478	43,849
Creditors: Amounts falling due after more than one year	13	(4,301)	(7,122)
Provision for liabilities and charges	14	(1,482)	(1,485)
Total net assets		32,695	35,242
The funds of the charity			
Unrestricted funds:	15		
General fund		31,924	34,395
Designated funds		371	514
Total unrestricted funds		32,295	34,909
Restricted funds	15	400	333
Total charity funds		32,695	35,242

The financial statements including the notes on pages 61 to 76 were approved by the Trustees on 12 May 2021 and signed on their behalf by:



Baroness Irene Fritchie DBE
Chair of the Board of Trustees

Statement of cash flows

Year ended 31 December 2020

	Note	2020	2019
		£'000	£'000
Cash flows from operating activities			
Net cash used in operating activities	(A)	(5,294)	(4,820)
Cash flows from investing activities:			
Dividends and interest from investments		60	148
Purchase of property, plant and equipment		-	(94)
Proceeds from sale of investments		6,250	6,250
Purchase of current asset investments		-	(6,979)
Net cash provided by/(used in) investing activities		6,310	(675)
Change in cash and cash equivalents in the reporting year		1,016	(5,495)
Cash and cash equivalents at the beginning of the reporting year		5,892	11,387
Cash and cash equivalents at the end of the reporting year	(B)	6,908	5,892

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

	2020	2019
	£'000	£'000
Net (expendit.) for the reporting year	(2,547)	(5,525)
Adjustments for:		
Depreciation charges	31	16
Loss on disposal of fixed assets	-	2
Income from investments	(735)	(889)
(Increase)/decrease in debtors	(3,265)	7
Increase in creditors	2,138	5,205
(Decrease) in provisions	(3)	(188)
(Gain) on investments	(1,049)	(3,595)
Investment management fees	136	147
Net cash used in operating activities	(5,294)	(4,820)

(B) Analysis of cash and cash equivalents

	2020	2019
	£'000	£'000
Cash in hand	6,908	5,892
Total cash and cash equivalents	6,908	5,892

The Notes on pages 61 to 76 form part of these financial statements.

Notes to the Financial Statements

1. Accounting policies

Basis of preparation

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

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

Fund accounting

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

Unrestricted funds

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

Designated funds

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

Restricted funds

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

Investments

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

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

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

Income

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

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

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

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

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

Resources expended

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

Grant cost

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

Provisions

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

Enhance provisions

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

Releases of grant commitments

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

Allocation of expenditure

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

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

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

Tangible assets

Tangible assets are included at historic cost less accumulated depreciation.

Capitalisation and Depreciation

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

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

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

Pension costs

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

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

Redundancy payments

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

Operating leases

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

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

Irrecoverable VAT

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

Tax

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

2. Critical accounting judgements and sources of estimation uncertainty

(a) Multi-year grants

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

Maggs Day Centre / £99,000 / Homeless and Vulnerably Housed



3. Donations

	Unrestricted	Restricted	Total 2020	Unrestricted	Restricted	Total 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Donations from Lloyds Banking Group						
Covenant income	18,426	-	18,426	18,218	-	18,218
Mental Health funding	-	-	-	-	360	360
Donated services – Chief Financial Officer	-	-	-	22	-	22
External audit services	33	-	33	32	-	32
Other donations						
Department of Digital, Culture, Media and Sport	-	4,622	4,622	-	-	-
The Health Foundation	-	500	500	-	-	-
LocalMotion	-	250	250	-	250	250
Big Lottery Fund	-	-	-	-	96	96
Donated services	32	-	32	20	-	20
Total	18,491	5,372	23,863	18,292	706	18,998

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

The Department for Digital, Culture, Media and Sport gave £4.6m and the Health Foundation to provide additional grant funds for the Foundation’s Recovery grant programmes.

LocalMotion - The Foundation receives funding from five other Foundations (Esme Fairbairn, Paul Hamlyn, City Bridge Trust, Tudor Trust and Lankelly Chase Foundation) for a development project working in deprived areas – the Foundation is also supporting this with £50k from its own funds in 2019 and 2020.

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

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

4. Other income

	2020	2019
	£'000	£'000
Administration support to Lloyds Bank Foundation for the Channel Islands	8	8
HBOS Community Foundation	-	3
Other income	2	3
Total	10	14

5. Analysis of grant expenditure

5a. Charitable activities

Year ended 31 December 2020

	Grant Awards	Direct staff Costs	Other direct Costs	Support Costs	Total
	£'000	£'000	£'000	£'000	£'000
Long term funding	20,127	1,127	179	940	22,373
Developmental support	2,545	437	243	141	3,366
Influencing Policy and Practice	1,390	569	272	98	2,329
Total	24,062	2,133	694	1,179	28,068

Year ended 31 December 2019

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

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

Manna House / £110,510 / Homeless and Vulnerably Housed



5b. Grant awards

	2020		2019	
	No.	£'000	No.	£'000
Long-term funding				
Core grant programme	781	18,903	178	15,224
Matched Giving	–	1,305	–	2,655
Total	781	20,208	178	17,879
Developmental support				
Enable grant programme	–	–	113	1,662
Enhance and Development Partner Support	–	2,899	–	2,058
Development funding	11	106	2	64
Total	11	3,005	115	3,784
Influencing Policy and Practice				
National grant programme	48	1,390	43	4,038
Total grants awarded in the year	840	24,603	336	25,701
Less grants cancelled in the year		(541)		(659)
Grants payable (note 5c)		24,062		25,042

A full list of the grants approved in 2020 can be found on our website [here](#).

MK Snap / £33,000 / Learning Disabilities



5c. Grants payable

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

Reconciliation of grants payable

	2020	2019
	£'000	£'000
Amount outstanding at 1 January	22,980	17,898
Grants approved/cancelled in year		
Grants approved	24,603	25,701
Grants cancelled or recovered	(541)	(659)
Grants payable for the year	24,062	25,042
Grants paid during the year	(22,358)	(19,960)
Amounts outstanding at 31 December	24,684	22,980
Amounts outstanding at 31 December split between:		
Due within one year (Note 12)	18,901	14,373
Due after more than one year (Note 13)	4,301	7,122
Provision for liabilities and charges (Note 14)	1,482	1,485
Amounts outstanding at 31 December	24,684	22,980

5d. Support costs

	2020	2019
	£'000	£'000
Finance	230	232
Human Resources	107	187
Facilities	433	370
IT	130	97
Executive	273	274
Trustees	6	47
Total	1,179	1,207

6. Analysis of non-grant expenditure

	2020	2019
	£'000	£'000
Staff costs	2,712	2,455
Governance costs	66	109
Other costs	1,364	1,414
Total	4,142	3,978

7. Staff costs

	2020	2019
	£'000	£'000
Wages and salaries	2,185	1,932
Social security costs	240	210
Pension costs	236	207
Donated services – Chief Financial Officer	-	23
Other staff costs	29	7
Agency staff costs	22	76
Total	2,712	2,455

The average number of persons employed by the Foundation was 47 (2019: 43) of which full-time employees is 44 (2019: 40) and part time is 3 (2019: 3).

Included in wages and salaries in 2019 was £13k related to contractual redundancy pay. No amount was outstanding at 31 December 2020 (2019: £nil).

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

	2020	2019
	No.	No.
£60,001 - £70,000	1	-
£80,001 - £90,000	3	3
£150,001 - £160,000*	1	1
Total	5	4

Total remuneration received by the Executive Team was £534k (2019: £520k**).

*Excludes an amount of 13% of salary paid in lieu of pension for one employee.
**Excludes the cost of the Chief Financial and Operating Officer in 2019 only (£22,500).

Pension costs

	2020	2019
	£'000	£'000
Defined benefit scheme	-	3
Defined contribution scheme	236	204
Total	236	207

Lloyds Banking Group defined benefit schemes

All contributions to defined benefit schemes ended on 31 March 2019. The were no contributions due to the scheme in 2020 (2019: £3k).

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

Lloyds Banking Group Defined Contribution schemes

Prior to April the Foundation operated two defined contribution schemes:

- Employees of the Foundation from January 1996 to June 2010 were entitled to join the defined contribution scheme. The contributions made to the scheme was £Nil (2019: £5k).
- New employees joining the Foundation from July 2010 were automatically enrolled in the ‘Your Tomorrow’ defined contribution scheme. The contributions made to the scheme were £Nil (2019: £38k).

Since 1 April 2019, the Foundation’s defined contribution pension scheme arrangements are provided under a Group Personal Pension arrangement with Scottish Widows. The contributions made to the scheme were £236k (2019: £161).

8. Governance costs

	2020	2019
	£'000	£'000
Company Secretarial services	5	3
External audit fee (Donated service)	33	32
Reimbursed trustee costs	3	13
Trustee recruitment costs	2	32
Other trustee costs	-	2
Legal fees	23	27
Total	66	109

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

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

Four Trustees received reimbursed expenses principally relating to travel and subsistence totalling £3k (2019: £13k, four Trustees).

9. Tangible assets

	Furniture and office equipment	Computer equipment	2020 Total	2019 Total
	£'000	£'000	£'000	£'000
Cost				
At beginning of the year	103	251	354	263
Additions	-	-	-	94
Disposals	-	-	-	(3)
At end of the year	103	251	354	354
Accumulated Depreciation				
At beginning of the year	46	149	195	181
Charge for the year	7	24	31	16
Disposals	-	-	-	(2)
At end of the year	53	173	226	195
Net book value at beginning of the year	57	102	159	82
Net book value at end of the year	50	78	128	159

Additions in 2019 includes £93,219 of development costs of grants database which was brought into use in 2020.

Trinity Winchester / £106,420 / Homeless and Vulnerably Housed



10. Investments

Fixed and current asset investments

	2020	2019
	£'000	£'000
Fixed asset investments	37,610	42,272
Current asset investments	10,000	10,000
Total	47,610	52,272
Movement in a year		
As at 1 January	52,272	47,354
Dividend income reinvested	675	741
Disposal of fixed asset investments	(6,250)	(6,250)
Net gain on investments	1,049	3,595
Management fees less rebates	(136)	(147)
Movement in cash deposits	-	6,979
As at 31 December	47,610	52,272

Breakdown of Sarasin investments (excluding short-term deposits)

	2020		2019	
	£'000	% of portfolio	£'000	% of portfolio
Cash and other liquid assets				
Cash	2,700	7	116	0
Corporate bonds	9,060	24	15,290	36
Institutional Liquidity Funds	8,258	22	3,703	9
Sub-total	20,018	53	19,109	45
Multi asset fund	17,592	47	23,163	55
Total	37,610	100	42,272	100

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

	2020	2019
	£'000	£'000
Investment income		
Dividend income	675	741
Bank interest	60	148
Total	735	889



11. Debtors

	2020	2019
	£'000	£'000
Other debtors	3,329	13
Prepayments and accrued income	105	157
Total	3,434	170

12. Creditors: Amounts falling due within one year

	2020	2019
	£'000	£'000
Grants payable (Note 5c)	18,901	14,373
Trade creditors	23	18
Other creditors	197	83
Accruals and deferred income	482	170
Total	19,603	14,644

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

	2020	2019
	£'000	£'000
Grants payable (Note 5c)	4,301	7,122
Total	4,301	7,122

14. Provision for liabilities and charges

	2020	2019
	£'000	£'000
Balance brought forward	1,485	1,672
Additions	2,061	1,923
Cancellations in the year	(413)	(618)
Utilised during the year	(1,651)	(1,492)
Balance carried forward	1,482	1,485

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

15. Movement in funds

	Balance at 1 Jan	Total incoming resources	Total resources expended	Change in market value of investments	Transfers	Balance at 31 Dec
2020	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:						
General fund	34,395	19,236	(22,849)	1,049	93	31,924
Designated funds:						
Fixed asset funds	160	-	-	-	(31)	129
Criminal Justice Funds	150	-	-	-	(150)	-
Development funding	-	-	-	-	108	108
Enhance projects	-	-	-	-	11	11
Grant funds carried forward	204	-	-	-	(81)	123
Total designated	514	-	-	-	(143)	371
Restricted funds:						
DCMS	-	4,622	(4,622)	-	-	-
Health Foundation	-	500	(500)	-	-	-
Big Lottery Fund -Diagnostics Project	77	-	(76)	-	-	1
LocalMotion	256	250	(157)	-	50	399
Total restricted	333	5,372	(5,355)	-	50	400
Total funds	35,242	24,608	(28,204)	1,049	-	32,695

2019						
Unrestricted funds	40,767	19,195	(28,598)	3,595	(564)	34,395
Restricted funds:						
Mental Health fund	-	361	(361)	-	-	-
Big Lottery Fund - Diagnostics Project	-	95	(18)	-	-	77
LocalMotion	-	250	(44)	-	50	256
Total restricted	-	706	(423)	-	50	333
Total funds	40,767	19,901	(29,021)	3,595	-	35,242

Designated Funds

Fixed asset Funds

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

Criminal Justice Funds

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



Development funding

Comprises funds set aside from development grant programmes.

Enhance projects

Comprises funds to support core grant holders through training and guidance materials.

Grant funds carried forward

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

Restricted Funds

Mental Health fund

For donations received from Lloyds Banking Group to provide support to charities whose primary objective is to help people affected by mental illness. The funding was fully utilised in 2019.

Big Lottery Fund – Diagnostics Project

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

LocalMotion

The fund was established in 2018 by the Foundation with five partner organisations Esme Fairbairn, Paul Hamlyn, City Bridge Trust, Tudor Trust and Lankelly Chase Foundation with the aim developing strategies for regeneration in deprived areas. Each Foundation contributed £50,000 in 2019 towards the project which is administered by the Lloyds Bank Foundation who have employed a Project Director. The six partners including the Lloyds Bank Foundation contributed a further £50,000 in 2020.

16. Guarantee Company

The Foundation is a company limited by guarantee not having share capital. The liability of the members is limited by the Memorandum of Association to £1 each. The number of Trustees (including the Chair) who are also members at 31 December 2020 was 12 (2019: 11).

17. Partnership funding

The Foundation entered an agreement with the Big Lottery Fund to pilot a collaborative funding arrangement in 2017. At 31 December 2020 the joint funds had been dispersed (2019 balance of £334).

18. Related party transactions

18 a Connected Foundations

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

Bank of Scotland Foundation

The Mound
Edinburgh
EH1 1YZ

There were no transactions with the Bank of Scotland Foundation in 2020 or 2019.

Halifax Foundation for Northern Ireland

Clifton House Heritage Centre
2 North Queen Street
Belfast BT15 1ES

In 2019 The Foundation received a contribution of £1,715 from the Halifax Foundation for Northern Ireland towards the cost of developing IT systems for use in grant administration by both charities. There were no transactions with HFNI in 2020.

Lloyds Bank Foundation for the Channel Islands

Pentagon House
52-54 Southwark Street
London SE1 1UN

The Foundation received £8,442 (2019: £8,200) from the Lloyds Bank Foundation for the Channel Islands in respect of time spent by the Chief Executive and his staff on Lloyds Bank Foundation for the Channel Islands business. In addition in 2020 the Foundation received £1,715 towards the cost of developing IT systems for use in grant administration by both charities (2019: £4,500).

18 b Related company

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

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

The Foundation received income of £18,426k (2019: £18,218k) as income, and £76k (2019: £76k) bank interest was received due to the Foundation using Lloyds Banking Group plc as one of its bankers.

The Foundation received a one-off donation of £361k in 2019 as income to provide support to charities whose primary objective is to help people affected by mental illness from Lloyds Banking Group plc. There were no one-off donations in 2020.

At 31 December 2020 a balance of £6,853k is in two accounts with Lloyds Banking Group plc (2019: £5,858k).

18 c Transactions

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

Trustee Joanna Harris works as a Coach and Advisor for **Women Acting in Today’s Society (WAITS)**. During the year ended 31 December 2019 the Foundation awarded a grant of £99,000 to WAITS over three years, of which £33,000 was paid in 2020 (2019 £33,000) and £33,000 is outstanding (2019 £66,000). During the year ended 31 December 2020 a React grant of £11,604 was awarded and paid. WAITS also received £70 from Matched Giving programme (2019: Nil).

Trustees Gillian Morgan and former trustee Hilary Armstrong are Trustees of Against Violence and Abuse. During the year ended 31 December 2019 the Foundation made a grant of £39,600 to Against Violence and Abuse over two years of which £18,500 was paid in 2020 and £21,100 in 2019. At 31 December 2020 £nil is outstanding (2019 £18,500 outstanding).

Trustee Ruth Sutherland was Chief Executive of Samaritans. During the year ended 31 December 2020 Samaritans received £4,833 under the Matched Giving Scheme (2019: £5,498).

Chair Irene Fritchie is a Patron of Winston’s Wish and also undertook some pro-bono work for **The Door Youth Project**. During the year ended 31 December 2020 the Foundation gave a grant of £32,300 to the Door Youth Project - no donation was paid in 2019. During the year ended 31 December 2019 the Foundation made a donation in relation to the Matched Giving Scheme of £184 – no donations were paid in 2020.

Director of Policy, Communications and Research, Duncan Shrubsole is Chair of The Switchback Initiative. During 2019 the Foundation made a grant of £75,000 to Switchback of which £25,000 was paid in both 2020 and 2019 with £25,000 outstanding at 31 December 2020 (2019 £50,000).

Head of Grants South, Oliver Williams, is a trustee of Luton Town FC Community Trust. During the year ended 31 December 2020 LTFCCCT was paid £500 under the Matched Giving Scheme (2019: £Nil).

Head of Research, Alex Van Vliet, is a member of the charity 360 Giving’s Open Data Standard Stewardship Committee. During the year ended 31 December 2019 the Foundation awarded a grant of £60,000 of which £30,000 was paid in 2019 and £30,000 in 2020. There was no amount outstanding at 31 December 2020 (2019: £30,000).

Manager for North East, Neil Shashoua is and a Trustee of North East law Centre (NELC). In the year ended 31 December 2019 a grant of £100,000 was awarded to NELC of which £33,333 was paid in both 2019 and 2020 with a balance of £33,334 outstanding at 31 December 2020 (2019; £66,667). In the year ended 31 December 2020 a React grant of £8,710 was awarded and paid.

19. Lease commitments

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

	Buildings		Other	
	2020	2019	2020	2019
	£’000	£’000	£’000	£’000
Within one year	200	200	4	7
Within two to five years	17	217	-	4
Total	217	417	4	11

Reference and administrative details

Registered charity number: 327114
Company Limited by Guarantee Registered Number: 1971242
Country of registration: England & Wales
Country of incorporation: United Kingdom

Registered office and operational address
Pentagon House
52-54 Southwark Street
London SE1 1UN

Bankers
Lloyds Bank PLC
10 Gresham Street
London EC2V 7AE

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

Independent Auditors
PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Investment Managers
Sarasin & Partners LLP
100 St. Paul’s Churchyard
London EC4M 8BU

Trustees and Senior Management

Trustees
Chair: Baroness Irene Fritchie DBE
Vice Chair: Dame Gillian Morgan DBE
Baroness Hilary Armstrong (until 31 January 2020)
Paul Farmer CBE (until 31 January 2020)
Catharine Cheetham
Joanna Harris
Dr Neil Wooding
Sara Weller, CBE
Akwugo Emejulu
Rebecca Shaw
Gareth Oakley
Darren Knight (from 2 February 2020)
Kamran Mallick (from 2 February 2020)
Ruth Sutherland CBE (from 2 February 2020)

Senior Management Team
Chief Executive: Paul Streets OBE
Chief Operating Officer: Elizabeth Winder
Director of Grants: Harriet Stranks
Director of Policy, Communications and Research: Duncan Shrubsole
Director of Development: Jill Baker



In September, C2C acquired a fantastic allotment plot in the Kingsthorpe area of Northampton and recruited an outdoor learning support worker, Sophie, to offer horticultural activities to service users. This tranquil area is a safe space for service users to relax and meet their support workers and other agencies. Another service user has been offered employment locally in a catering role, after talking positively at her interview about growing food at the allotment and linking it to her interest in catering.

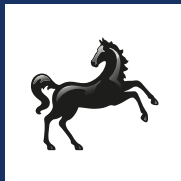
C2C Social Action, who received a £33,000 COVID-19 Recovery Fund grant, writes about the impact of their C2C Grows initiative



We really value how flexible and supportive the Foundation has been, not just in relation to this grant but more generally in the way you have supported the sector during a year of unprecedented change and uncertainty. I would like to thank the Foundation for its approach.

Revolving Doors, awarded a grant of £210,952 under our Criminal Justice grants programme

**LLOYDS BANK
FOUNDATION**
England & Wales



Lloyds Bank Foundation for England and Wales partners with small and local charities who help people overcome complex social issues. Through funding for core costs, developmental support and influencing policy and practice, the Foundation helps charities make life-changing impact.

During 2020, the Foundation awarded £24.6m to small and local charities helping people facing disadvantage. With the unprecedented circumstances of COVID-19 such charities have been never more needed. The Foundation is an independent charitable trust funded by the profits of Lloyds Banking Group.

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