

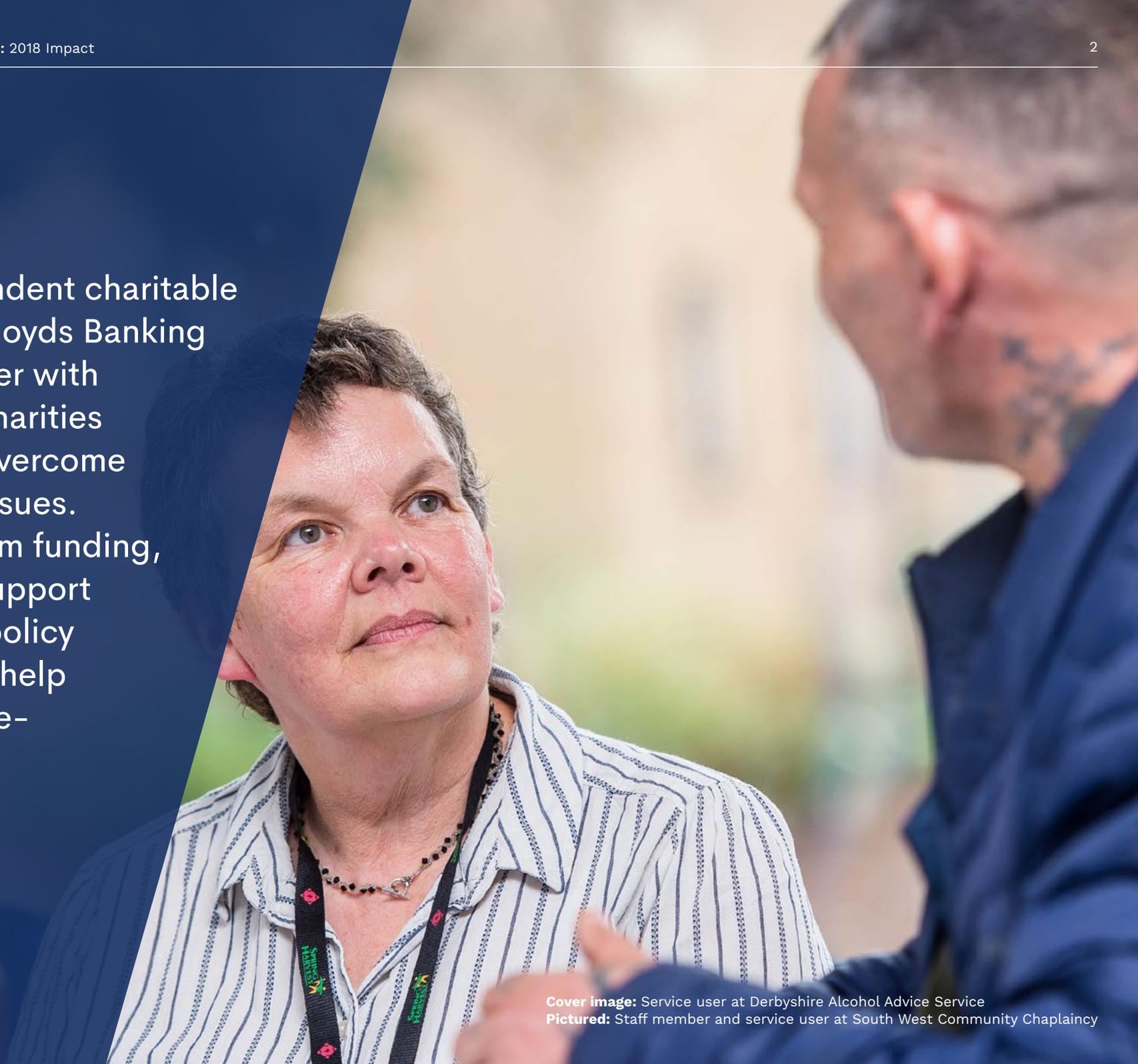
Our Impact

Trustees' Report and
Financial Statements 2018

LLOYDS BANK
FOUNDATION
England & Wales



We're an independent charitable trust funded by Lloyds Banking Group. We partner with small and local charities helping people overcome complex social issues. Through long-term funding, developmental support and influencing policy and practice, we help charities make life-changing impact.



Cover image: Service user at Derbyshire Alcohol Advice Service
Pictured: Staff member and service user at South West Community Chaplaincy

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Financial statements

Chair & Chief Executive review

Collectively this year, the energetic and tenacious charities we supported had an impact on no less than 142,000 lives. We made the final year of our four-year strategy *Breaking Disadvantage, Bettering Lives* count, investing £20m in grant funding, capacity building support, and influencing the world in which small charities operate.

As that journey draws to a close, we're proud of what we've achieved. As austerity took hold and local infrastructure disappeared, funding for small charities got ever tighter – yet demand for their services rose and became more complex. We realised we had to do more than stem the funding leak, so we took our investment in the sector upstream, focusing on charities having the deepest impact on those facing complex social issues.

In 2018 the bulk of our spending was on our charitable activity. We awarded £12.9m to 194 charities for core and delivery costs (our Invest programme, p.7), and spent £1.5m on capacity building grants to develop a further 108 charities (our Enable programme, p.7). We spent £2.4m on capacity building support to 522 charities through our Enhance programme (page 10). We continued to fund ongoing work throughout the year too; in total we partnered with 923 charities in 2018. This brings the *Breaking Disadvantage, Bettering Lives* total to 1,380 charities funded, with £73m worth of long-term grants, capacity-building support and programmes and partnerships to influence policy and practice. See more about our 2014-2018 impact on page 16.

But it hasn't just been about the statistics, and our work doesn't stop there. From the charities we meet and hear from, we know the trends that loomed in 2014 have played out starkly. Small and local charities have carried on catching people falling through society's nets, which have become ever more threadbare. These

charities are still under funded, under pressure and too often ignored, (see p.16, *Demand is Rising*) so in 2018 we set out to redouble our efforts. We launched *Reaching Further*, a five-year strategy in which we've committed to lean into – not away from – the challenges ahead for small and local charities and the people they help. We'll fund them for longer and more flexibly, help them develop more deeply, and influence policy changes more effectively to help build a society where everyone can access the support they need.

This starts with our own practice, but this will also be about leveraging what we do, know and learn to shape and challenge practice across the sector. We know we can't achieve long-term change in isolation, so in 2018 we geared up for five years of better partnerships with charities, commissioners, Government and sector influencers by putting in place the building blocks. We refreshed our vision and values to check we were still focusing on the right goals and going about that in the right way. We built a solid, irrefutable case for why investment in small charities makes sense for others too, publishing independent research showcasing 'The Value of Small' charities and highlighting the 'Quiet Crisis' affecting communities, services and charities as local authority funding gets cut. We expanded our capacity and launched a Development team to allow us to deepen our approach in smaller charities' sustainability. As we reflect, and as we look to the year ahead, we are proud to work with Lloyds Banking Group, whose ongoing partnership allows us to achieve so much.

You'll see in the pages that follow that 2018 was the end of an era, in which we're immensely proud of everything our small charities achieved. But it was also the start of another, in which we hope we can count on you as our partner on a mission that holds small and local charities, and the people they serve, at its heart.



Paul R. Streets

Paul Streets OBE
Chief Executive

Baroness Irene Fritchie

Baroness Irene Fritchie
Chair Lloyds Bank Foundation

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Our work is based on trust and relationships, so it takes months or even years. Other funders often want to see transformation within 12 months, but life isn't like that. When we meet our service users they're in crisis or survival mode, just looking for clean needles, condoms and food. They aren't ready to talk about change immediately. It takes years to deal with a lifetime of abuse, trauma and addiction and rebuild lives. We're very fortunate that Lloyds Bank Foundation understands that and is willing to fund it all.

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Rosie Hart, Director, Kairos Women Working Together

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I've had issues with my daughter's father and I've been meeting with domestic abuse agencies, but he lives close to us, so I don't like going out of my house on my own. Ian meets me at my house and walks me to every appointment, then walks me back afterwards, so I don't have to face it by myself.

//

Chloe, service user, XTRAX

2018: Our impact at a glance

£20m

through new and existing grants. In total during the year we supported 923 charities which helped 142,000 people experiencing disadvantage.

2017: £20m

£12.9m

as 194 new Invest grants (for core or delivery costs).

2017: £11.5m

£1.5m

as 108 new Enable grants (for developing charities or their services).

2017: £1.8m

£2.4m

on capacity building work through our Enhance programme for 522 charities. We commissioned consultants, paid for membership or licenses, and funded 522 charities to join local support networks and national programmes.

2017: £1.7m

£2.9m

distributed to 1,728 charities through matching the fundraising and volunteering efforts of 6,984 Lloyds Banking Group staff.

2017: £3m

£0.3m

on national programmes and influencing work investing in addressing some of the longer term, sector wide problems charities face.

This is a lower amount than we usually spend, because we are scoping out plans in line with our new strategic aims. (see p.17)

2017: £2.5m

In 2018 we delivered on our objectives to tackle disadvantage through small and local charities.

We funded charities to deliver programmes and to keep them running effectively through our Invest and Enable programmes. (p.7)

We helped charities develop into strong and effective organisations through our Enhance capacity building programme. (p.10)

We influenced the landscape for small charities, publishing new research that shows the true social and financial difference that small charities make to our communities. (p.13)

We maximised our impact on commissioning, policy and practice including our work around domestic and sexual abuse by supporting, contributing to, and overseeing the delivery & evaluation of the Drive, Transform and Sustainability projects we're funding. (p.13)

We strengthened our strategic partnership with Lloyds Banking Group, helping them deliver on their commitment to being a Responsible Business. (p.11)

We finalised, prepared, and launched our 2018-2022 strategy, equipping ourselves with the people and capabilities to deliver it. (p.17)

We funded

Our aim

To make grants to hundreds of small and local charities, investing in their work helping people overcome complex social issues across England and Wales.

We achieved this by providing long-term funding for charities with a proven track record of helping people achieve positive change through deep, person centred and holistic support. We also took risks on charities that didn't always look perfect on paper, but which had great potential or were the only service provider of their kind.

In 2018 we supported in total 923 small and local charities helping people overcome complex social issues in communities right across England and Wales. We awarded new grants during the year from our Invest and Enable programmes to 302 of these charities totalling £14.4m.



A funder who gets what we do as a grassroots charity is really refreshing. It's not about education or employment from day one, it's about keeping those women surviving life – and I don't know how we'd do it without Lloyds Bank Foundation.



Suzi Heybourne,
Chief Executive, The Magdalene Group



We funded

In 2018 we made 302 new grants to charities to contribute to their core and service costs (Invest grants) or to help them develop their capabilities and capacities (Enable grants). These 302 charities helped people to overcome a range of complex social issues in their lives.

57

grants helping people facing domestic violence or abuse

2017: 46

44

grants helping people facing long term unemployment

2017: 50

20

grants helping older people stay independent

2017: 14

12

grants helping people facing dependency

2017: 16

12

grants helping people facing trafficking or sexual exploitation

2017: 9

25

grants addressing mental health issues

2017: 34

9

grants helping Young parents

2017: 6

30

grants helping refugee and asylum seekers

2017: 25

21

grants helping people leaving prison or serving a community sentence

2017: 22

6

grants helping young people leaving care

2017: 14

40

grants helping homeless people

2017: 37

22

grants helping carers

2017: 24

4

grants helping people with learning disabilities

2017: 12

Lives we helped change in 2018

We monitor the impact of our grants and charities told us that in 2018 with the support of our funding they helped people:

To become safe & independent
42,657

2017: 39,411

To avoid re-offending
5,420

2017: 4,424

Into work
4,227

2017: 4,039



To find safe and suitable accommodation
15,256

2017: 12,312



To take up volunteering opportunities
6,343

2017: 5,679

To achieve qualifications
4,778

2017: 4,519

Into education
8,092

2017: 8,034



To develop increased basic skills
19,146

2017: 17,359

To improve mental health
23,210

2017: 21,685



To safely manage dependencies
5,077

2017: 4,827

To live independently
7,877

2017: 7,903



We funded

Case study: Asylum Link Merseyside

Ewan Roberts is the Centre Manager at Asylum Link Merseyside, based in Liverpool. They're one of 78 asylum seeker and refugee charities we fund and are currently in the second year of a £75,000 three-year grant, which contributes to salary costs for the Centre Manager.

Ewan says: "When someone in Liverpool tries to seek asylum, they're told they have to go to Croydon, but most of them don't know where that is, let alone how to get there. They aren't even given a map. So a lot of people see us as the default place for help; even the Home Office refer people to us.

"The process usually starts with a tea and a welcome in the kitchen – it's the beating heart of this place. We provide support, advice and a meal, whether you've just arrived, you're stuck in the system or you're destitute having been kicked out the other end. We deal with issues from the start of the asylum process to the very end.

"The deficit in the asylum system is that nobody wants you and you're prohibited from working, which takes away your purpose. We've tried to challenge that, so of our 130 volunteers, around 50 are asylum seekers. It allows people to showcase the skills they've got and bring their taste of home with them, especially for the kitchen volunteers. Being able to share something like that and give a bit of yourself to others is such a

powerful thing. We all need to feel useful and loved or appreciated.

"The people who rely on us are terrified at the thought of us not being here. Most asylum seekers don't have a safe place to go – but the people who come here do.

"That's why receiving core funding from Lloyds Bank Foundation has been so vital for us. It doesn't cover all our costs, but it gives us a base to work from. Often people like to fund new projects, new ideas and actually you struggle to cover the basics. Core costs are fundamental to what we do, and the Foundation recognises that.

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

Wilson Mukerjee is an asylum seeker from Pakistan. He's been visiting and volunteering at Asylum Link Merseyside since 2014 with his wife Ruth. Wilson says:

"Everybody at Asylum Link has welcomed us like a family. Each and every visitor, staff member and volunteer – we're all part of the family.

"I've been coming here for five and a half years – I started volunteering on the reception and I've moved around. Now I work in the food store helping manage the supplies.

"In April I spent seven days in Yarlswood Detention Centre with my wife and son. We went for a meeting and they just took us away. Every day the staff here were fighting to get us out. Someone called every half an hour to check in until we were released.

"Without them here I'd be in hell. They have done so much for me and so many others – so many people have been helped all over the country."

Wilson received support from Asylum Link Merseyside after seeking asylum. He now volunteers in their Food Store to support others.



We developed

Our aim

To help charities develop into strong and effective organisations through our Enhance programme.

In 2018 we honed and grew our capacity building support offer to charities, building partnerships with new consultants, working with more charities, and reviewing and learning from our practice and the feedback of our grantees.

Through 'Enhance', our flagship funder-plus programme, we provided £2.4m of capacity-building support to 522 charities in 2018. We continued to provide a wide range of developmental support, including training, consultancy and mentoring, building confidence and expertise among charity leaders, helping them thrive far beyond the life of their grant and equipping them to be stronger and more sustainable.

Our Grant Managers built relationships with new charities and continued to review progress with those already receiving grants, to help them identify challenges and work with partner organisations to deliver solutions.

- 43% of our requests for support are fulfilled by local consultants, 57% by our national providers.
- The majority (53%) of charities access only one or two forms of support, but a quarter (25%) access four or more over the life of their grant.



Effective services



Sustainable finance & fundraising



Stronger governance



Excellent leadership



Clear strategy & planning



Effective communications & marketing



Skilled staff & volunteers



Robust systems & processes



Excellent leadership

Areas of support offered through our **Enhance** capacity building programme

We developed

We matched 122 new charities and mentors

In partnership with Lloyds Banking Group, 122 charities were newly matched to Bank staff mentors, bringing the total to 524 since we started the programme. Many mentors got their teams involved in providing further support too.

We produced new resources

With the help of colleagues from Lloyds Banking Group, we developed new downloadable resources to share relevant expertise from our corporate partners with small and local charities:

- Two Trustee guides: a handbook for Bank colleagues becoming trustees, and a guide to recruitment, selection and induction for charities, produced in partnership with the Foundation for Social Improvement
- Risk management toolkit
- Skills Exchange toolkit



We introduced new programmes

We grew our development offer, building a new Development Directorate to allow us to test and learn new collaborative and innovative approaches to addressing complex social issues.

Small and local charities told us they struggle to attract trustees that bring suitable experience, skills and perspectives, so we partnered with Lloyds Banking Group to introduce suitably skilled and motivated Bank employees to charities seeking trustees.

We also introduced Digital Mentors to our mentor programme, recognising the challenges our grantees faced around using digital transformation and the need to set them up for the future.

We concluded ongoing pilots

Our **Income Diversification Programme (IDP)**, conducted in partnership with Resonance, the specialist social investment intermediary, delivered consultancy to 17 charities on financial skills, business modelling, enterprise and fundraising. The study then evaluated the benefits of this approach for other grantees, revealing when and how smaller charities could best benefit from income diversification strategies. In 2019 we'll continue to support charities around developing alternative income streams, introducing an Income and Enterprise post in the Development team.

Our **Grow** programme delivered capacity-building development support to ten 'micro' charities – those smaller than our usual grantees, with less than £75,000 turnover - in two areas of high demand; Redcar & Cleveland and Neath Port Talbot. 2019 will see the recruitment of a new post, a Local Implementation Lead, to build on our learning from Grow.

Towards the end of 2018, five years into delivering funder-plus development support, we commissioned an independent evaluation. We'll be sharing the findings, **5 Years of Funder Plus**, in early 2019, striving to keep improving our own offer and providing a resource for the sector as funder-plus support becomes more popular.



As a charity that uses visual arts to support people with mental ill health, you'd think we'd use social media with creative confidence and flair – but small charities like ours struggle to find the time. Working with Dan [Digital Charity Mentor] has made us realise that we can have fun with it. Dan's helping us develop a two-way dialogue with people we might never meet in person but it's still valuable human contact that can help save lives.



Lorella Medici, Director, Arty Folks, which provides art therapy to people struggling with mental illhealth.



Case study: Hijinx Theatre

Clare Williams is the Chief Executive of Hijinx, a Cardiff-based charity that wants to “make it commonplace to see actors with learning disabilities and autism on our stages and screens.” She describes her role as “pursuing opportunities that will ensure an actor with a learning disability wins an Oscar by 2030” – and she’s only half joking.

In 2018 we awarded Hijinx with £75,000 over three years to deliver training and job creation programme for actors with learning difficulties. Hijinx is one of 367 charities that received developmental support alongside their grant from us in 2018; support that Clare describes as “utterly lifechanging.” She says:

“Hijinx is my life – I live and breathe it. But after five years of working obsessively on expanding and growing the charity, I was on the verge of a breakdown. In May 2018 I realised it was completely and utterly unsustainable to continue in this way, and that’s when our Lloyds Bank Foundation Grant Manager, Mike Lewis, stepped in.

“Mike invited me to meet Deri Llewellyn-Davies, a fantastic business strategist who made me realise that my 67-page business plan needed to go straight in the bin. He told me I should try to write a business plan on a page... So I took the largest piece of paper I could find. When I still couldn’t do it, I realised Hijinx had become too big for me to manage single-handedly. By October 2018 I had decided to carve up Hijinx into five workstreams, each with their own strategy and plans, each part of the whole. I have a brilliant, determined and talented team, and I gave responsibility for each area to a different person.

“I had previously been lucky enough to go on a six-month School for Social Entrepreneurs (SSE) course funded by Lloyds Bank Foundation, which was absolutely transformative. It was an opportunity to re-assess what we were doing and see how we could generate more income, raise our profile and make our organisation more resilient, and I could also look at how to become a better leader and a more effective manager. So when the time came for me to take some of the weight off my own shoulders, I had the knowledge to pass on – and what I learnt from Deri helped me plan how to do that.

“Lloyds Bank Foundation funded some of my investment in staff training around PR, fundraising, finance, HR and monitoring and evaluation. As a result, I now have 16 brilliant leaders who are excited to be running Hijinx. It’s a huge weight off my shoulders and I feel miles away from the overstressed, overworked Chief Executive I was a few months ago. For example, I used to do 100% of the fundraising by myself; now each strand is responsible for their own area and I bring it all together. No one has to carry the burden of sole responsibility any more.

“I think the progress we’ve made as an organisation is entirely due to what Mike offered us as an organisation and me as an individual. He has an uncanny ability to see what we need and where Lloyds Bank Foundation can offer support.

“Deri, the SSE course and Mike’s ongoing support jointly gave me the courage to be hugely ambitious for the organisation. Before Lloyds Bank Foundation started supporting Hijinx, we had four staff members, worked with seven actors and had a turnover of £250,000; now we have 16 staff, 70 actors in full-time training and a turnover reaching almost £1 million, not to mention exciting plans for growth across Wales and even international programmes in the pipeline. Most importantly, we know our success is sustainable thanks to the developmental support from Lloyds Bank Foundation that supported me and strengthened Hijinx.”

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It was an opportunity to re-assess what we were doing and see how we could generate more income, raise our profile and make our organisation more resilient, and I could also look at how to become a better leader and a more effective manager.

Clare Williams, Chief Executive,
Hijinx Theatre

”

Actor Andrew Tadd, featured in a Hijinx Theatre production. Photograph by Kirsten McTiernan



We influenced

Our aim

To influence the landscape for small charities, publishing new research determining the true social and financial difference that small charities make to our communities.

Domestic Abuse

We have continued to invest in changes to policy and practice in the domestic and sexual abuse sectors, tackling domestic abuse at source through Drive, a pilot approach to change the behaviour of domestic abuse perpetrators, and seeking to improve the system more broadly. This has included helping coordinate the sector's ability to influence the Domestic Violence and Abuse Bill so that it reflects the experience of specialist services and survivors. In 2018 many of the 16 projects funded through our Transform programme have also been actively influencing policy and practice nationally and locally. These projects, helping small charities to influence positive change, have benefited from further support through events to share learning with each other and gain insight from guest speakers including journalist and campaigner, Amelia Gentleman and James Melley, a producer from the BBC's Victoria Derbyshire show.

Homeshare

We concluded our involvement with Homeshare – a national pilot involving a range of partners, in which we invested more than £1m over four years to grow and develop a model in which older people and young people share homes. This programme is helping to alleviate challenges around loneliness and unaffordable housing by bringing people together. In 2018 we launched the programme evaluation at an event, gathering sector experts, local councils and decision-makers, and the media, to mark its success. Homeshare is now going from strength to strength, helping more people, and available in more areas of the UK.

The Value of Small

“The workshop on how to use the research in the funding applications was very useful and I feel renewed confidence in approaching and if necessary, challenging the funders.” – *Value of Small Leeds* attendee

We published *The Value of Small* and *A Quiet Crisis*, which each made the case around the challenges facing small charities. We also strengthened our relationships with Government and helped shape its civil society strategy.

“The workshop on how to use the research in the funding applications was very useful and I feel a renewed confidence in approaching and if necessary, challenging the funders.” – *Value of Small Leeds* attendee

As part of our ambition to champion small and local charities, we commissioned *The Value of Small*; ‘an independent study led by Sheffield Hallam University and involving Sheffield Business School (SBS), the Centre for Voluntary Sector Leadership (CVSL) at the Open University, and the Institute for Voluntary Action Research (IVAR). This provided robust independent evidence for how smaller charities are distinctive in what they do, for who, how they do it and where they sit in the broader system. They bring:

1. **A distinctive service offer, creating spaces where people feel safe & respected**
2. **A distinctive approach, building trusting relationships and person-centred services**
3. **A distinctive position, often providing the glue that holds different service together**

A Quiet Crisis

We ran three events across England and Wales to share this research, arming charities with the facts and arguments to influence decision-makers and taking these findings directly to Government, promoting the role of small and local charities and highlighting the challenges they face. We were pleased to see Government's Civil Society Strategy reflect many of the challenges we have raised, while our work with Locality and Capacity: the Public Services Lab is developing practical approaches to relationships, commissioning and services.

“Without change, councils and people most at risk face a bleak future” – *A Quiet Crisis, report summary 2018*

In championing small charities we have consistently called for reforms to commissioning and how money is spent, yet we know that the amount of money available for local services is equally important. We commissioned an independent report by New Policy Institute to understand how local authorities' funding for services supporting people facing disadvantage in England are changing. With the biggest cuts in the poorest areas, where demand is likely to be highest, and big shifts from prevention to crisis spending, the research identifies worrying trends that we've used to call for re-evaluation of how local authorities are funded so it better reflects the services that are most needed.

Case study: Latin American Women's Rights Service



The Transform programme gave us the tools to run a successful campaign. The training and support from Lloyds Bank Foundation helped us develop a strategy and Theory of Change, breaking down what we want to achieve and how to do it.



Illary Valenzuela Oblitas,
Violence Against Women and Girls Coordinator, Latin American Women's Rights Service

Illary Valenzuela Oblitas is the Violence Against Women and Girls Policy Coordinator at Latin American Women's Rights Service (LAWRS). The charity runs one of 16 projects we've helped fund through Transform: our grants programme for strengthening the domestic and sexual abuse sectors.

With the help of our grant and support around influencing, LAWRS were able to develop their campaign, *Step Up Migrant Women*. Illary says:

"Step Up Migrant Women was born from the need to highlight the experiences of migrant women in the UK who are survivors of abuse and exploitation.

"In November 2017 a migrant woman, a victim of trafficking and rape, went to the NHS for help. They reported her to the police and the Home Office, and she was arrested and interrogated that same day.

"Reporting domestic abuse should not be more dangerous than staying with the perpetrator. Our campaign aims to establish a firewall between support services and immigration control, so no woman is questioned over her immigration status before she can access safety and support.

"The Transform programme gave us the tools to run a successful campaign. The training and support from Lloyds Bank Foundation helped us develop a strategy and Theory of Change, breaking down what we want to achieve and how to do it.

"Lloyds Bank Foundation's funding meant we could finance research with King's College London, interviewing 50 survivors of abuse with insecure immigration status. Two thirds felt the police wouldn't believe them because of their legal status and more than half had been threatened with deportation by their perpetrators if they went to the police.

"We used this evidence to persuade local and national policymakers of the need for better protections for migrant women in policy and practice. For example, in August the Mayor of London asked the Home Secretary to protect migrant victims of crime; in December the National Police Chiefs Council launched a new policy recognising the vulnerability of migrant women reporting to the police.

"We also logged our first ever super-complaint to the Independent Office for Police Conduct, in partnership with Liberty and Southall Black Sisters, based on dozens of cases we collected of women being discriminated against because of data sharing between the police and the Home Office.

"Our campaign has even facilitated migrant women survivors speaking on TV and in Parliament and featured in mainstream newspapers as part of International Women's Day.

"We're proud of what *Step Up Migrant Women* has achieved so far. We know women are not vulnerable, we are made vulnerable by anti-migrant policies and lack of avenues of support, and we'll keep campaigning until we've ensured equal protection for all the migrant and refugee women who are suffering in silence."



Staff and service users at Latin American Women's Rights Service stand up for the rights of migrant women to be protected from abuse

Breaking Disadvantage, Bettering Lives: 2014-2018

Our strategy summed up:



£73m invested in 1,380 small and local charities who helped 400,000 people facing multiple disadvantage.



Our average core cost grants grew from £24,000 to £66,000 as we funded charities for longer and in areas of high deprivation.

We developed national partnerships and programmes to better tackle domestic and sexual abuse.



We researched the challenges small charities face and took the results to Government.

Over 500 charities had personalised support from a Lloyds Banking Group Charity Mentor.

We marked our 30th Anniversary in 2015 with the Charity Achievement Awards and Charity Mentoring reception to celebrate and strengthen those we support.

81% of funded charities told independent researchers we're more approachable than other funders. (2017 grantee perception survey)



71% of all grantees accessed capacity-building support under Enhance between 2014-2018 – we invested almost £6m.

2018: We agreed there was more to do.

Recognising that demand is rising and resources are scarcer than ever, we launched our plan, **Reaching Further**, to help build a society where people dealing with complex social issues get the help they need to overcome them. (p.18)

Demand is rising:

14.3m

people in the UK are living in poverty.¹

79%

of women seeking refuge were unable to find suitable refuge spaces.²

90,500

rise in levels of rough sleeping in England since 2010.³

The charities we fund tell us many more people need their help to overcome social issues, like homelessness, domestic abuse, mental health and addiction, and that the support they need is getting more complex.

Yet charities are under pressure:

81%

of charities in the north of England say they would “not be able to keep going” without volunteers.⁴

75%

of small charities reported experienced a recent increase in demand and 85% predict a further increase over the coming year – but just 14% of those groups feel sufficiently resourced to meet this demand.⁵

64%

of charities delivering public sector contracts rely on other sources of income to fulfil these contracts.⁶

”

Things have changed. People are coming in with more complex needs, so we need to offer more intensive support. Those with straightforward needs are housed quickly and we're left with a group that everyone else views as almost unhousable – but we work with them.

”

Kerrie Eastman,
CEO, Streets2Homes

1 JRF Poverty Report 2018

2 Women's Aid: No Woman Turned Away 2018

3 Mental Health Services Monthly Statistics Nov 2018

4 IPPR: The Value of Volunteering in the North 2018

5 Local Giving Sustainability Report 2017/2018

6 New Philanthropy Capital: State of the Sector Report

Our five year commitments:

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.

Over the next five years we'll fund at least 700 charities at any one time:

...**for longer**, funding more charities for up to six years, focusing on those making significant impact for people and their local area

...**with more money**, increasing the size of our main grants up to £200,000 over six years

...**more flexibly**, with fewer restrictions on when and how charities spend our grant, because we trust their judgement on how to best achieve the greatest impact

...**with a promise** of high quality grant management and monitoring that works for them.

We'll Develop

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

Over the next five years we'll develop charities we fund by:

...**becoming more systematic** in how we help them identify and overcome organisational challenges

...**using data effectively** to measure and adapt our support based on what works

...**providing access to wider ranging expertise** to help them become more effective and sustainable, through income diversification, fundraising, impact measurement and digital

... **strengthening charities we can't fund** as well as those we can, to help build a more resilient sector and help unsuccessful applicants get funded in future

...**developing better partnerships with others**, including funders, the public sector and others

...**working with staff at Lloyds Banking Group**, building the Charity Mentoring Programme, offering consultancy and fundraising support to charities, and linking local businesses with local charities.

We'll Influence

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

Over the next five years we'll influence policy and practice by:

...**voicing the value of small charities** nationally, regionally and locally, using research and the evidence we gather from those we work with

...**pushing for changes** to government policy and commissioning to make it work for small and local charities

...**developing and delivering national programmes** around the root social issues affecting charities and the people they serve - focusing on improving the criminal justice and welfare systems

...**creating learning opportunities** for charities through local and regional networks

...**growing charities' capabilities**, capacity and confidence to influence and campaign for themselves.

Against everything we do we'll set clear, measurable targets and goals for ourselves. Take a look at our plans for the year ahead. (p.19)

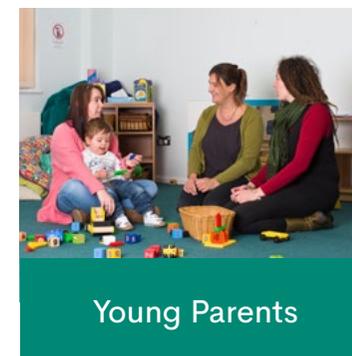
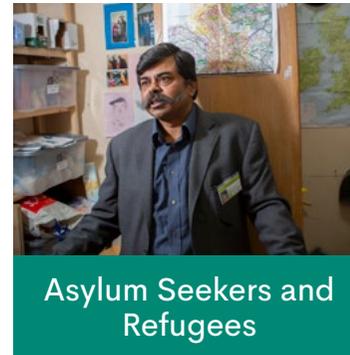
Helping address society's complex social issues

We work with hundreds of small and local charities helping people dealing with complex social issues that don't have simple solutions. Problems such as poor mental health, homelessness, abuse, addiction.

It's not easy work - it can be messy and challenging. That's why we're passionate about supporting these charities - because we know that though they're small, they can make a vital impact where other organisations can't. Yet too many lack the funding, support and representation they need to thrive.

Our new strategy promises to provide charities with more money for longer under our new strategy, so we've had to make tough decisions about which work to fund. We've moved away from funding 'transition points' to funding charities addressing 11 of the 'complex social issues' that people are facing. We believe this will make a long-lasting impact.

Those 11 complex social issues are:



How we'll measure success in 2019

In everything we do we'll measure our performance against the aims and objectives in our strategic and operating plans, doing our best for people facing complex social issues through our work to:

We'll fund

- Make grants to 250 new charities under our new strategic framework up to £100k over three years (with the option to extend for a further three years) with greater flexibility and freedom for grantees on how they spend and report
- Target some of our investments on charities that are particularly important and effective at what they do but may have some development needs
- Review and improve our approach to providing capacity building grants and support, based on evaluation of the first five years of our experiences
- Work with other funders to streamline the assessment and reporting processes for overstretched charities

We'll develop

- Grow our range of development support including piloting 'whole system' change work in four specific locations across England and Wales
- Develop new approaches to supporting charities to be stronger around enterprise and income diversification
- Work with other funders through our "LocalMotion" pilot to develop new approaches to better supporting local charities
- Work with other funders through "LocalMotion" to explore how we can use our resources, experience and strengths to make a greater difference locally



Ian Gallagher, Senior Project Coordinator from Xtrax

We'll Influence

- Engage with Government, national and local commissioners and other partners to secure change for small charities in policy and practice around commissioning, grants and social value
- Ensure the concerns of small charities are reflected in policy across government
- Wrap-up our major investments in domestic and sexual abuse to ensure we leave a strong legacy of change and improved policy and practice
- Launch new national programmes committing to improve the Criminal Justice and Welfare systems and address underlying drivers of disadvantage
- Develop a range of tools to help small and local charities to influence more effectively themselves

To achieve these ambitions we will develop our people, systems, processes, capabilities and partnerships to deliver more effectively and efficiently particularly to:

- Develop our partnership with Lloyds Banking Group, improving how staff volunteer and share their expertise, the awareness they have of our work and the operation of the Matched Giving programme
- Build and implement a new database and website that improves the experience for our grantees and improves the efficiency and effectiveness of our own work
- Review our approach towards equality, diversity and inclusion to embed it across everything we do
- Review our accounting systems and processes to ensure they are fit for purpose



Volunteer in the clothes stores at Asylum Link Merseyside

Financial Review



Service user at Top Church Training's community café supporting disengaged and vulnerable young people

Overview

In this section, we outline our principal funding sources for the year ended 31 December 2018 and how we used these resources to support our key objectives. Full details can be found in the Financial Statements on page 34 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 17b for further details of our connection with this related party).

In 2018 we received £13m (2017: £10.8m) from Lloyds Banking Group under the Covenant. The anticipated 2019 funding from the Group is higher at £18.2m, reflecting the improved results of the Group in recent years.

We received a one-off donation of £1.2m from Lloyds Banking Group in 2018 to support charities whose primary objective is to help people affected by mental illness (accordingly this income has been treated as restricted see note 2).

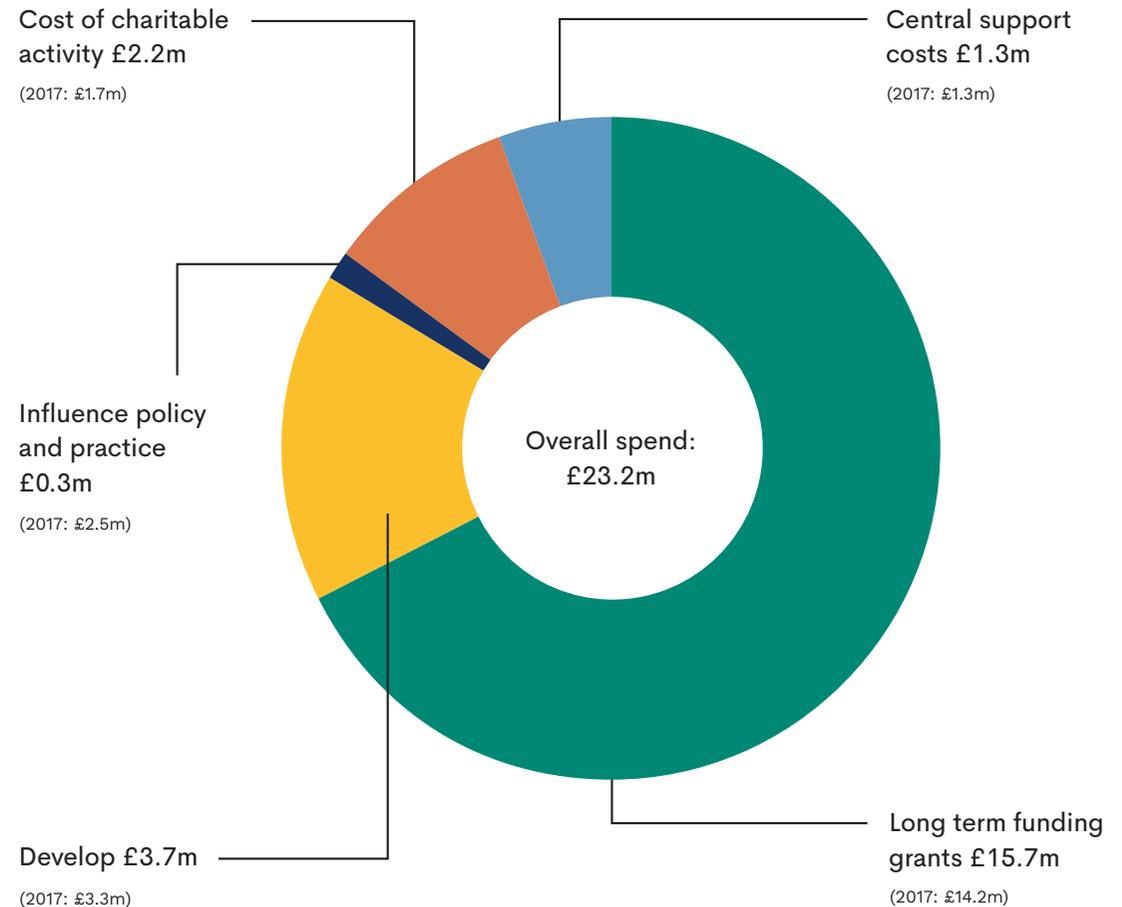
In 2017, Lloyds Banking Group converted the shares held by the Foundation into ordinary shares which generated additional income of £38.6m (see note 17c for full details).

The Foundation does not raise any funds from the public nor enter into any 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.

Overall we spent £23.2m (2017: £23.1m) this year. In line with our plans to increase the amount of money we invest in charities through grants, our long-term funding and developmental support has increased by more than 10% to £19.4m (2017: £17.5m).



Cost of charitable activity – costs attributed to providing a benefit to charities, including salaries, programme costs, development costs and software systems.

Central support cost – overheads including central support functions, rent, legal and professional costs.

Investment policy

The Foundation has wide investment powers.

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

The Foundation aims to hold a minimum of £5m of immediately accessible cash to meet grant payments and operating costs. As at 31 December 2018, the Foundation had cash in hand of £11.3m (2017: £11.8m).

Financial investments of the Foundation to the value of £44.3m (2017: £49m) are managed by Sarasin & Partners LLP within agreed parameters. The short and long-term investment funds are diversified and financial risk mitigated by holding no more than 50% or £5m direct investment (i.e. excluding managed funds) in any one institution.

The investment strategy in relation to the Foundation's Short Term Fund is deliberately cautious. It is focussed on delivering a premium to cash deposit rates with limited volatility in value. The portfolio is invested in a diversified range of short dated government and corporate bonds, floating rate notes, certificates of deposit and cash deposits.

As at 31 December 2018, the Short Term Fund managed by Sarasin & Partners LLP was valued at £25m (2017: £49m) (see note 9 to the Financial Statements).

During the year, the Trustees decided to invest £20m into a Long Term Fund and the remaining balance was largely invested in pooled managed funds reflecting some uncertainty as to the future requirements from the portfolio. As a result, the total net return was slightly subdued at 0.2% (2017: 0.4%).

As any short-term shortfall in income is adequately reserved for within the Short Term Fund, during 2018 the Trustees decided to invest £20m (2017: nil) for the long term (5+ years)

with the aim of providing a good flow of income and protection against inflation. The Long Term Fund is invested in the Sarasin Endowment Fund. This pooled managed fund seeks a combined income and capital return over the long term of 4.5% above inflation. When deciding where to invest, Trustees took into consideration that the Sarasin Endowment Fund is a global multi-asset portfolio with an integrated socially responsible investment policy.

The Long Term Fund is recognised in the balance sheet at its current market value of £19.3m (2017: nil). Trustees are aware that the valuation of the investment could go down as well as up. Due to volatility in the prevailing markets, we experienced an unrealised loss of £846k, 1.9% (2017: a gain of £180k) on our investment during the year. However as the investment is for the long term (over five years) no action was deemed necessary in reaction to this early fall in value.

Full details of the investments managed by Sarasin & Partners LLP are included at note 9.

Reserves

Currently the balance of reserves held by the Foundation stands at £40.8m (2017: £50m). Reserves were enhanced by £38.6m in 2017 with the conversion of Limited Voting Shares to Ordinary Shares in Lloyds Banking Group (see note 17c for further detail). The Foundation holds reserves for both operational and strategic purposes in light of the main risks to the organisation.

The Trustees have an operational reserves policy of retaining sufficient funds at year end to cover six months non-grant expenditure. At £40.8m, the level of reserves stands well in excess of this operational requirement (£1.7m being six months non-grant expenditure).

The Trustees recognise that there is a significant risk around the Foundation having one primary income source, being Lloyds Banking Group. The current uncertain economic environment directly affects the profitability of the

Group. With reserves currently standing at £40.8m, the current strategy includes running at a yearly deficit in the short term which will be funded by those reserves. In order to mitigate against a significant drop in profitability of Lloyds Banking Group in the medium term, the Trustees are reassured to maintain a reserve for strategic purposes of £20m.

Under the relevant accounting policy, grants (including multi-year grants) are recognised in the financial statements as liabilities when they are approved. As such the amounts are already set aside and do not need to be taken into account when considering reserves for operational or strategic purposes (see note 1 for the full grant accounting policy).



Lloyds Bank Foundation staff and grantees workshop how to use our 'Value of Small' evidence to influence decision makers

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 or not 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 and Investment Committee plays a crucial role in supporting the Board of Trustees to meet these assurance obligations.

Principal risk around a single source of income in this period of economic uncertainty

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 17b 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.
- Medium and longer-term risk to our strategy is addressed by our strategic reserves policy (see Reserves section on page 23 for details).

An appropriate and proportionate risk assurance framework

In 2018 the Foundation reviewed its formal Risk Policy and Assurance Framework and Trustees agreed to adopt a simplified approach which ensures that risks are managed effectively but also efficiently.

Under the simplified Risk Assurance Framework, the Trustees have defined five headline strategic risks.

- Impact – are we making the desired impact and can we evidence it?
- Financial sustainability – are we managing finances to ensure we can continue to make an impact in the medium to long term?
- Compliance – are we meeting regulatory, accounting and legal compliance requirements and expectations through adequate and effective policies and procedures?
- Reputation – are we able to respond effectively to any incident that could affect our reputation?
- Other - are our partnerships with Lloyds Banking Group and others having the desired impact?

The key strategic risks together with the current controls and methods of management (our assurance activity) and actions to improve management or mitigate risks are documented in a strategic risk summary. In order to actively manage our strategic risk, that summary is used as a tool by the Executive and at each of the quarterly Audit and Investment 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 (with the intention of covering all five areas each year).



Staff and service users cook together at Asylum Link Merseyside

Governance



Postcards

Shelley Davies from Welsh Government posts her comments at our 'Value of Small' event

Constitution

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

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

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

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

Organisational structure

The Foundation is organised and governed under an agreed strategic framework as summarised 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 Executive 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 p.26, the governing body of the Foundation is the Board of Trustees, whose names are listed on p.48. The Board is responsible for the strategic direction of the Foundation and meets quarterly, together with the Executive Team to review progress and to ensure that the Foundation is on track to meet its objectives.

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

Audit and Investment Committee

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

Audit and Investment Committee

The main responsibilities of the Audit and Investment 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 accounts 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.

Nominations Committee

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

Nominations Committee

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 ratify the appointments at their own Nominations Committee (as required under the governing document of the Foundation - its Articles of Association).

The Committee meets as required.

Remuneration Committee

Monitors remuneration and benefits for Foundation staff

Remuneration Committee

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

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.

Grant Panels

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

Grant Panels

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 staff

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

Salaries are reviewed annually in line with performance, subject to an internal calibration process. Proposed pay increases are presented to our Remuneration Committee for approval.

Proposals take into consideration the market as assessed by Croner, an external salary benchmark provider specialising in the charity sector. The Foundation does not offer performance related bonuses.



Our trustees

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

Newly appointed Trustees follow an induction programme including:

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

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

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

More details about our Trustees can be found on page 48.

Statement of Trustees' Responsibilities

The Trustees (who are also directors of Lloyds Bank Foundation for England & Wales for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulation

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2015);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable

company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

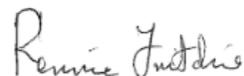
In so far as the Trustees are aware:

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

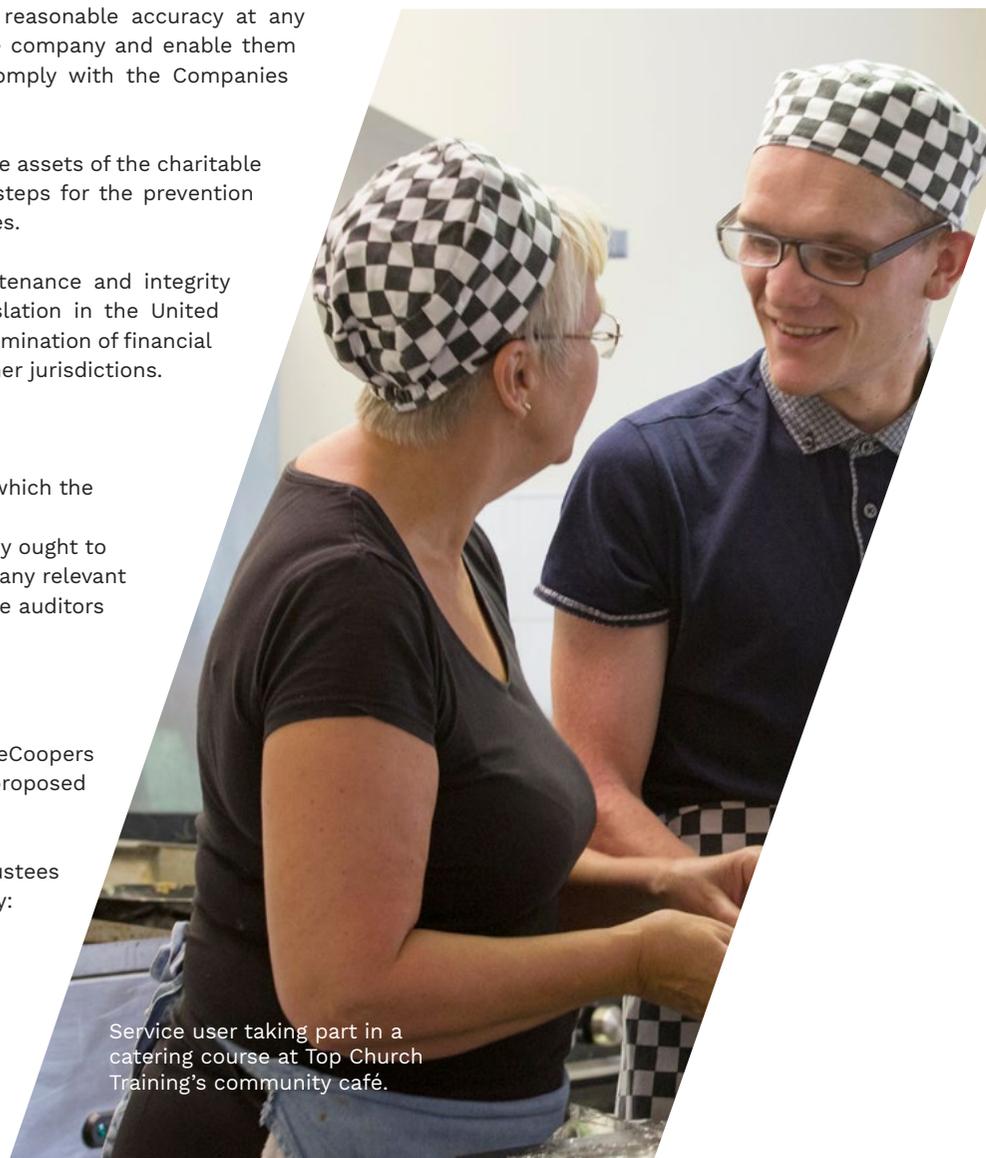
Independent auditors

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

This report was approved by the Board of Trustees on 22 May 2019 and signed on their behalf by:



Baroness Irene Fritchie DBE
Chair of Trustees



Service user taking part in a catering course at Top Church Training's community café.

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



Participants in the Novus Homeshare scheme, part of a national partnership programme we funded over three years to expand Homeshare to more areas

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 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 2018 (the "Annual Report"), which comprise: balance sheet as at 31 December 2018; statement of financial activities, statement of cash flows for the year then ended; the accounting policies; and the notes to the financial statements.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the charitable company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the charitable company's activities, beneficiaries, suppliers and the wider economy.

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 Strategic Review

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Report and Strategic Review for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Trustees' Report and Strategic 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 Strategic 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 set out on page 30, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Guy Flynn
Senior Statutory Auditor

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
22 May 2019

Financial Statements



Staff and service users from Reaching Higher, which supports vulnerable young people to be the 'leaders of their own lives' through mentoring and support.

Statement of Financial Activities

Year ended 31 December 2018

	Note	Unrestricted £'000	Restricted £'000	Total Funds 2018 £'000	Total Funds* 2017 £'000
Income from:					
Donations	2	13,134	1,186	14,320	51,509
Investment income	9	408	-	408	586
Other income	3	14	-	14	8
Total		13,556	1,186	14,742	52,103
Expenditure on:					
Charitable activities	4a	(21,972)	(1,186)	(23,158)	(23,058)
Total		(21,972)	(1,186)	(23,158)	(23,058)
Net (expenditure)/income before (loss)/gain on investment		(8,416)	-	(8,416)	29,045
Net (loss)/gain on investment	9	(846)	-	(846)	180
Net (expenditure)/income		(9,262)	-	(9,262)	29,225
Net movement in funds		(9,262)	-	(9,262)	29,225
Reconciliation of funds					
Total funds brought forward		50,029	-	50,029	20,804
Total funds carried forward	14	40,767	-	40,767	50,029

*All funds received in 2017 were unrestricted

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.

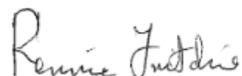
The Notes on pages 38 to 47 form part of these financial statements.

Balance sheet

As at 31 December 2018

	Note	2018 £'000	2017 £'000
Fixed assets:			
Tangible assets	8	82	19
Investments	9	44,333	48,993
Total fixed assets		44,415	49,012
Current assets:			
Debtors	10	176	157
Investments	9	3,021	7,920
Cash at bank and in hand		11,387	11,825
Total current assets		14,584	19,902
Creditors: Amounts falling due within one year	9	(9,305)	(11,097)
Net current assets		5,279	8,805
Total assets less current liabilities		49,694	57,817
Creditors: Amounts falling due after more than one year	12	(7,255)	(6,521)
Provision for liabilities and charges	13	(1,672)	(1,267)
Total net assets		40,767	50,029
The funds of the charity			
Unrestricted funds		40,767	50,029
Restricted funds		–	–
Total charity funds	14	40,767	50,029

The financial statements including the notes on pages 38 to 47 were approved by the Trustees on 22 May 2019 and signed on their behalf by:



Baroness Irene Fritchie DBE
Chair of Trustees

Company registration: 1971242

Statement of cash flows

As at 31 December 2018

Cash flows from operating activities	Note	2018 £'000	2017 £'000
Net cash used in operating activities	(A)	(9,411)	(8,262)
Cash flows from investing activities:			
Interest from investments		75	28
Purchase of property, plant and equipment		(81)	(3)
Disinvestment of fixed asset investment		12,000	7,000
Purchase of current asset investments		(3,021)	-
Net cash provided by investing activities		8,973	7,025
Change in cash and cash equivalents in the reporting year		(438)	(1,237)
Cash and cash equivalents at the beginning of the reporting year		11,825	13,062
Cash and cash equivalents at the end of the reporting year	(B)	11,387	11,825

(A) Net cash flows from operating activities	2018 £'000	2017 £'000
Net (expenditure)/income for the reporting year	(9,262)	29,225
Adjustments for:		
Depreciation	18	25
Non-cash donations	-	(38,605)
Income from investments	(408)	(586)
Increase in debtors	(19)	(11)
(Decrease)/increase in creditors	(1,058)	1,240
Increase in provisions	405	575
Loss/(gain) on investments	846	(180)
Investment management fees	67	55
Net cash used in operating activities	(9,411)	(8,262)

(B) Analysis of cash and cash equivalents	2018 £'000	2017 £'000
Cash in hand	11,387	11,825
Total cash and cash equivalents	11,387	11,825

The Notes on pages 38-47 form part of these 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 Statement of Recommended Practice - Accounting and Reporting by Charities 2015 (SORP 2015), FRS 102 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 unless otherwise stated in the relevant accounting policy note.

Fund accounting

Restricted and unrestricted funds are separately disclosed as set out in note 14. The different funds are 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

- **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.

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 costs

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 by the Trustees, 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 recipient that they will receive the grant.

Enhance support is recognised on a provision basis (see Enhance Provisions, below) where the Foundation has a constructive obligation to pay but the amount and timing is subject to uncertainty.

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 is recognised as a provision on approval. The grantee is informed of the approved intervention but not the value (see Note 13).

Release of grant commitments

There are occasions when it becomes necessary to withdraw or cancel 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.

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

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

Redundancy payments

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

Operating leases

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

Irrecoverable VAT

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

Tax

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

2. Donations

	Unrestricted £'000	Restricted £'000	2018 £'000	2017 £'000
Donations from Lloyds Banking Group				
Covenant income	13,014	-	13,014	10,818
Mental Health funding	-	1,186	1,186	-
Donated services – Chief Financial Officer	90	-	90	88
Ordinary Shares of Lloyds Banking Group	-	-	-	38,605
Operating costs contribution	-	-	-	1,970
Donated services				
PricewaterhouseCoopers LLP	30	-	30	28
Total	13,134	1,186	14,320	51,509

The Mental Health funding was a one-off donation received from Lloyds Banking Group to provide support to charities whose primary objective is to help people affected by mental illness. This restricted funding of £1,186k (2017: nil) was fully utilised in the year.

3. Other income

	2018 £'000	2017 £'000
Administration support to Lloyds Bank Foundation for the Channel Islands	8	8
HBOS Community Foundation	6	-
Total	14	8

4. Analysis of expenditure

4a Charitable activities	Grant Awards	Cost of charitable activity	Central Support Costs	Total
	£'000	£'000	£'000	£'000
Year ended 31 December 2018				
Long term funding	15,663	1,113	998	17,774
Developmental support	3,738	371	239	4,348
Influencing policy and practice	317	697	22	1,036
	19,718	2,181	1,259	23,158
Year ended 31 December 2017				
Long term funding	14,197	1,284	904	16,385
Developmental support	3,323	108	200	3,631
Influencing policy and practice	2,529	345	168	3,042
	20,049	1,737	1,272	23,058

Central support costs have been allocated on the basis of the value of each programme's grant awards.

The expenditure reported in the 2017 accounts has been adjusted to include £55k investment management fees previously netted off against the gain on the investments held.

4b Grant awards	No.	2018 £'000	No.	2017 £'000
Long term funding				
Invest grant programme	194	12,934	184	11,499
Matched Giving		2,928		3,004
		15,862		14,503
Developmental support				
Enable grant programme	108	1,532	125	1,759
Enhance Support		2,442		1,705
	302	3,974	309	3,464
Influencing policy and practice				
National grant programme	10	317	26	2,529
Total grants awarded in the year		20,153		20,495
Less grants cancelled in the year		(435)		(446)
Grants payable (Note 4c)		19,718		20,049

A full list of the grants approved in 2018 (excluding Matched Giving) can be found on our website: <https://www.lloydsbankfoundation.org.uk/ourimpact/what-funding/>

4c Grants payable

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

Reconciliation of grants payable	2018	2017
	£'000	£'000
Amount outstanding at 1 January	18,430	16,160
Grants approved/cancelled in year		
Grants approved	20,153	20,495
Grants cancelled or recovered	(435)	(446)
Grants payable for the year	19,718	20,049
Grants paid during the year	(20,250)	(17,779)
Amounts outstanding at 31 December	(17,898)	(18,430)

Amounts outstanding at 31 December split between:

Due within one year (Note 11)	8,971	10,642
Due within more than one year (Note 12)	7,255	6,521
Provision for liabilities and charges (Note 13)	1,672	1,267
Total	17,898	18,430

Further detail in relation to Approved Grants for 2018 is set out in Note 4b.

5. Analysis of non-grant expenditure

	2018	2017
	£'000	£'000
Staff costs	2,286	2,257
Governance costs	91	48
Other costs	1,063	704
	3,440	3,009

The expenditure reported in the 2017 accounts has been adjusted to include £55k investment management fees previously netted off against the gain on the investments held and £123k of programme costs.

6. Staff costs

	2018	2017
	£'000	£'000
Wages and salaries	1,617	1,608
Social security costs	174	154
Pension costs	182	163
Other staff costs	313	332
	2,286	2,257

The average number of persons employed by the Foundation was 35 (2017: 32) of which full-time employees is 30 (2017: 28) and part time is 5 (2017: 4).

Included in wages and salaries is an amount of £53k (2017: £241k) related to contractual redundancy pay. No amount was outstanding at 31 December 2018 (2017: £nil).

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

	2018	2017
£60,000 - £70,000	-	2
£70,001 - £80,000	-	1
£80,001 - £90,000	3	1
£140,001 - £150,000*	-	2
£150,001 - £160,000*	1	-
	4	6

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

Total remuneration received by the Executive Team excluding the Chief Financial Officer (the cost of these donated services from Lloyds Banking Group has been included in Incoming Resources and Other staff costs) was £505k (2017: £411k).

Pension costs

	2018	2017
	£'000	£'000
Defined benefit scheme	19	44
Defined contribution scheme	163	119
	182	163

Lloyds Banking Group defined benefit schemes

The contribution due to the schemes was £19k (2017: £44k), of which £Nil was accrued (2017: £Nil). The contribution rates in 2018 were as follows:

	Scheme 1	Scheme 2
Contribution Rate	30.7%	28.0%

For both the No. 1 and No. 2 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. The latest full valuations were carried out as at 31 December 2016 by qualified independent actuaries. More information on the funding of the Group's pensions schemes can be found in the latest Report and Financial Statements of Lloyds Banking Group.

Lloyds Banking Group Defined Contribution schemes

The Foundation has two defined contribution schemes:

1. Employees of the Foundation from January 1996 to June 2010 were entitled to join the defined contribution scheme. The contribution made to the scheme was £21k (2017: £21k). The employer rate is determined by the member's contributions and the maximum rate of contribution payable by the Foundation is 13%.
2. New employees joining the Foundation from July 2010 are automatically enrolled in the 'Your Tomorrow' defined contribution scheme. The contributions made to the scheme were £142k (2017: £98k). The employer rate is determined by the member's contributions and the maximum rate of contribution payable by the Foundation is 13%.

From 1 April 2019, the Foundation's defined contribution pension scheme arrangements will be provided under a Group Personal Pension arrangement with Scottish Widows. All staff including the one remaining member in the defined benefit will be transferred to the new scheme.

7. Governance Costs

	2018 £'000	2017 £'000
Company Secretary	20	12
Audit fee (Donated service)	30	28
Reimbursed Trustee costs	9	6
Trustee training	-	2
Trustee recruitment costs	28	-
Other Trustee costs	2	-
Legal fees	2	-
	91	48

The auditors are appointed by Lloyds Banking Group and provide the service on an honorary basis. They are remunerated by the Group the value of which is included in Incoming Resources as a donated service and as Audit fee in Governance costs.

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

Four Trustees received reimbursed expenses relating to travel and subsistence totalling £9k (2017: £6k, five Trustees).

8. Tangible Assets

	Furniture and office equipment £'000	Computer equipment £'000	2018 Total £'000	2017 Total £'000
Cost				
At beginning of the year	44	138	182	179
Additions	62	19	81	3
At end of the year	106	157	263	182
Accumulated Depreciation				
At beginning of the year	36	127	163	138
Charge for the year	5	13	18	25
At end of the year	41	140	181	163
Net book value at beginning of the year	8	11	19	41
Net book value at end of the year	65	17	82	19

9. Investments

Fixed and current asset investments

	2018 £'000	2017 £'000
Fixed asset investments	44,333	48,993
Current asset investments	3,021	7,920
Total	47,354	56,913

Movement in year		
As at 1 January	56,913	29,625
Limited Voting Shares conversion	-	38,605
Dividend income	-	234
Disinvestment of fixed asset investments	(12,000)	(12,000)
Reinvested income	333	324
Net (loss)/gain on investments	(846)	180
Management fees less rebates	(67)	(55)
Investment in notice deposit	3,021	-
As at 31 December	47,354	56,913

The historical cost of fixed asset investments at 31 December 2018 was £45,418k (2017: £49,149k).

The investment movement is broken down as follows:

Disinvestment of fixed asset investments	(12,000)	(7,000)
Maturity of Short-term deposits	-	(5,000)
As at 31 December	(12,000)	(12,000)

Investment fund manager fees £86k (2017: £55k) and rebates of £19k (2017: £Nil) are receipted/ (paid) out of the funds.

	2018 £'000	2018 % of portfolio	2017 £'000	2017 % of portfolio
Breakdown of Sarasin investments				
Investments (including bonds and notes)	3,264	7	7,189	15
Cash and other liquid assets				
- Cash	1,921	4	1,304	2
- ICS-INS Sterl Liq-Heritage (Blackrock)	11,731	27	23,000	47
- MS Liquid Sterling LQ-INST-CNAV	8,090	18	17,500	36
Sub-total	25,006	56	48,993	100
Multi asset fund (Sarasin Endowment fund)	19,327	44	-	-
Total	44,333	100	48,993	100

	2018 £'000	2017 £'000
Investment income		
Reinvested income	333	324
Bank interest	75	28
Dividends	-	234
Total	408	586

10. Debtors

	2018	2017
	£'000	£'000
Other debtors	22	26
Prepayments and accrued income	154	131
Total	176	157

11. Creditors: Amounts falling due within one year

	2018	2017
	£'000	£'000
Grants payable (Note 4c)	8,971	10,642
Other creditors	138	139
Accruals and deferred income	196	316
Total	9,305	11,097

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

	2018	2017
	£'000	£'000
Grants payable (Note 4c)	7,255	6,521
Total	7,255	6,521

13. Provisions for liabilities and charges

	2018	2017
	£'000	£'000
Balance brought forward	1,267	692
Additions	2,159	1,361
Cancellations in the year	236	141
Utilised during the year	(1,990)	(927)
Balance carried forward	1,672	1,267

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

14. Movement in funds

	Balance at 1 Jan 2018	Total incoming resources	Total resources expended	Change in Market Value of investments	Balance at 31 Dec 2018
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds	50,029	13,556	(21,972)	(846)	40,767
Restricted funds					
Mental Health fund	-	1,186	(1,186)	-	-
Total	50,029	14,742	(23,158)	(846)	40,767

	Balance at 1 Jan 2017	Total incoming resources	Total resources expended	Change in Market Value of investments	Balance at 31 Dec 2017
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds	20,804	52,103	(23,058)	180	50,029
Total	20,804	52,103	(23,058)	180	50,029

15. Guarantee Company

The Foundation is a company limited by guarantee not having share capital. The liability of the members is limited by the Memorandum of Association to £1 each. The number of Trustees (including the Chair) who are also members at 31 December 2018 was 12 (2017: 11).

16. Partnership funding

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

At 31 December 2018 the Foundation holds funds as agent totalling £89k (2017: £712k) in a designated bank account operated by the Foundation, which are payable to third parties (grantees). The bank balance and an equivalent amount payable to third parties have not been recognised in these financial statements.

17. Related party transactions

17 a Connected Foundations

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

Halifax Foundation for Northern Ireland

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

Lloyds Bank Foundation for the Channel Islands

Pentagon House
52-54 Southwark Street
London SE1 1UN

The Foundation received £8k (2017: £8k) from the Lloyds Bank Foundation for the Channel Islands in respect of time spent for the Chief Executive and his staff on Lloyds Bank Foundation for the Channel Islands business.

Bank of Scotland Foundation

The Mound
Edinburgh
EH1 1YZ

Corra Foundation (Lloyds TSB Foundation for Scotland)

Riverside House
502 Gorgie Road
Edinburgh EH11 3AF

In 2010, the Corra Foundation (Lloyds TSB Foundation for Scotland) gave notice to Lloyds Banking Group on the agreement and the final payment was received in February 2018.

17 b Related company

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

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

- The Foundation received as income £13,014k (2017: £12,718k) as income, and £58k (2017: £17k) bank interest was received due to the Foundation using Lloyds Banking Group as one of its bankers.
- The Foundation received a one-off donation of £1,186k (2017: £Nil) as income to provide support to charities whose primary objective is to help people affected by mental illness from Lloyds Banking Group.
- At 31 December 2018 a balance of £11,385k is in a current account with Lloyds Banking Group (2017: £8,815k).

17 c Conversion of Limited Voting Shares (LVS) in 2017

The Foundation held 58,360,263 LVS of 10p each in Lloyds Banking Group at 1 January 2017. The Foundation could not sell the shares in the open market and as a result the shares were valued at nil market value.

During 2017, Lloyds Banking Group agreed to covert the LVS to ordinary shares (which can be sold on the open market) with no impact on the Covenant and the 58,360,263 LVS were converted. The shares were recognised at that date as a donation at the prevailing market value of 66.15p per share.

The Board of Trustees agreed to minimise the risk of holding a large number of shares in Lloyds Banking Group by selling those shares (over a six month period). The remaining ordinary shares were disposed of in January 2018 such that as at 31 December 2018, the Foundation held Nil ordinary shares in Lloyds Banking Group (2017: 11,680,263) with a value of £Nil (2017: £7,920k).

17 d Transactions

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

Trustee Joanna Harris is a Charity Mentor. During the year ended 31 December 2016 the Foundation made a grant of £34,000 to Women Acting in Today's Society over two years, of which £17,000 was paid in 2018 and £Nil is outstanding. In addition, the Foundation made a donation in relation to the Matched Giving Scheme of £206 to Women in Acting in Today's Society.

Trustees Hilary Armstrong and Gillian Morgan are the Chair and a Trustee of Against Violence and Abuse. Trustees Hilary Armstrong and Gillian Morgan have been the Chair and a Commissioner respectively of the National Commission into Domestic and Sexual Violence and Multiple Disadvantage jointly run by the charities Against Violence and Abuse (AVA) and Agenda. During the year ended 31 December 2017 the Foundation made a grant of £96,320 over two years as part of the Foundation's Transform Programme to AVA on behalf of the Commission to meet its costs. The second payment of £51,410 was paid in 2018 and £Nil is outstanding.

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

Duncan Shrubsole is the Foundation's Director of Policy, Communications and Research and became a Trustee of The Switchback Initiative in February 2017. During the year ended 31 December 2016 the Foundation made a grant of £75,000 over three years, of which £25,000 was paid in 2018 and £Nil is outstanding.

During the year ended 31 December 2018 the Foundation paid the following invoices:

- £1,956 for training courses to GovNet Communications. Trustee Hilary Armstrong is a member of the advisory board at GovNet Communications.
- £15,501 to Association of Charitable Foundations (ACF) for annual membership fees and conferences. Grant Manager Gary Beharrell is a Trustee of ACF.

Trustee Paul Farmer was the Chair of ACEVO (until July 2018). During the year ended 31 December 2018 the Foundation paid the following invoices:

- £725 for annual Foundation membership fees and £6,506 for annual membership for 25 grantees to Association of Chief Executives of Voluntary Organisations (ACEVO).

Trustee Paul Farmer, CEO of National Mind.

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

Charity	Year awarded	Amount awarded	Paid in 2018	Outstanding
		£	£	£
MIND Aberconwy	2018	73,380	23,945	49,435
Mind in Bradford	2018	75,000	Nil	75,000
Washington Mind	2018	73,176	23,891	49,285
Mind Aberystwyth	2017	71,400	23,800	23,800
Ystradgynlais Mind	2017	75,000	25,000	25,000
Mind in Haringey	2017	74,982	24,994	24,994
Doncaster Mind	2017	14,868	7,434	Nil
Islington Mind	2017	75,000	25,000	50,000
Redcar and Cleveland Mind	2017	75,000	25,000	50,000
Merthyr and the Valleys Mind	2017	75,000	25,000	50,000
Buckinghamshire Mind	2016	73,740	24,825	Nil
MIND – Darlington Limited	2016	56,970	21,281	Nil
Shropshire Mind	2016	54,000	18,000	Nil
Tyneside and Northumberland Mind	2016	74,210	24,961	Nil
West Norfolk Mind	2016	75,000	25,000	Nil
Carlisle Eden Mind	2016	70,740	23,577	20,048

Matched Giving scheme

Charity	Amount (£)
MIND -The National Association for Mental Health	16,361
Oxfordshire MIND	5,875
Corby Mind	2,500
Somerset Mind	2,500
Hull and East Yorkshire Mind	921
Buckinghamshire Mind	707
Maidstone and Mid Kent Mind	689
York Mind	619
Cardiff Mind	500
Lancashire Mind	500
Mind in Harrogate District	500
MIND Pembrokeshire Ltd	500
Scarborough Whitby & Ryedale Mind	500
Springfield Mind	500
Washington Mind	500
MIND (Neath Port Talbot Branch)	458
Bassetlaw Mind	315
Richmond Borough Mind	200
Tyneside and Northumberland Mind	150
Mind in Taunton & West Somerset	77
Newport MIND	75
Mind in Brighton & Hove	55
Mind Herts	50

18. Office lease commitments

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

	Buildings		Other	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Within one year	200	194	7	7
Within two to five years	417	598	11	18
Total	617	792	18	25

Trustee and Administrative Details

Baroness Irene Fritchie DBE
Chair

Professor Patricia Broadfoot CBE
Vice Chair until November 2018

Dame Gillian Morgan
Vice Chair from December 2018

Baroness Hilary Armstrong

Catharine Cheetham

Helen Edwards, CB CBE
Retired November 2018

Akwugo Emejulu
Appointed December 2018

Paul Farmer, CBE

James Garvey
Retired July 2018

Joanna Harris

Lesley King-Lewis

Gareth Oakley
Appointed December 2018

Rebecca Shaw
Appointed December 2018

Sara Weller, CBE
Appointed February 2018

Dr Neil Wooding

Executive Team

Paul Streets, OBE
Chief Executive

Jill Baker
Director of Development

Ciara Plunkett
Chief Financial Officer

Duncan Shrubsole
Director of Policy, Communications
and Research

Harriet Stranks
Director of Grants

Elizabeth Winder
Chief Operating Officer

Reference and Administrative Details

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

Registered office and operational address

Pentagon House
52-54 Southwark Street
London SE1 1UN

Bankers

Lloyds Banking Group
10 Gresham Street
London EC2V 7AE

Solicitors

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

Independent Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Investment managers

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

The Foundation Story

1810



Reverend Henry Duncan created the 'Trustee Savings Bank' initiative, offering the first support of its kind to people living in poverty.

1985



The TSB Foundations were established, with the aim of 'contributing to the life of the community by assisting local needs.'

1995



TSB Group merged with Lloyds Banking Group, and the Foundation became a major grant-making trust. Regional Grant Managers were appointed to make sure grant-making was locally focused.

1992



We launched Matched Giving in support of Lloyds Banking Group employees' fundraising and volunteering activities.

2006



Following a strategic review we streamlined our processes around grant-making to giving through three programmes, each designed to tackle different challenges in society.

2014



We launched our strategy, *Breaking Disadvantage, Bettering Lives*, reviewing how we supported the 'hardest to reach' in society.

2018



We launched our new strategy, **Reaching Further**, committing to help build a society where people dealing with complex social issues get the help they need to overcome them.

Press coverage

The Guardian

England's devolution plans leave local charities out in the cold

Voluntary sector leaders warn of missed opportunity to reach into communities and make new structures fully representative



CIVILSOCIETY

Paul Streets: 'Some of the stuff we fund is really unglamorous'

02 Jul 2018 In-depth

As the Lloyds Bank Foundation for England and Wales launches a new strategy, Rob Preston talks to Paul Streets about the grant-maker's plans to help small charities.

Daily Mail

That's one way to save on rent! London student moves in with a 95-year-old widow who was 'bored to tears' of living alone - and she pays just £199 a month



THE SUNDAY TIMES

A better future built on many small ideas and one big vision



The Guardian

Almost all cuts to social care in England are in the poorest areas

Study finds biggest cuts to care for families, children and the homeless are in the most economically deprived areas



**LLOYDS BANK
FOUNDATION**
England & Wales



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

www.lloydsbankfoundation.org.uk

 @LBFEW

Contact Us:

Pentagon House
52-54 Southwark Street
London SE1 1UN

enquiries@lloydsbankfoundation.org.uk

Registered Charity No. 327114
Company Limited by Guarantee
Registered in England and Wales
Company No. 1971242