The LankellyChase Foundation

Annual report and financial statements for the year ended 31 March 2020

The LankellyChase Foundation is a registered company limited by guarantee number 5309739
Registered charity number 1107583

Table of Contents

Statutory information **2**
Legal and administrative information **2**
Report of the Trustees **5**
Purpose and aims **20**
Review of grant activity **23**
Independent auditor's report to the members of The LankellyChase Foundation **35**
Statement of financial activities for the year ended 31 March 2020 ..... **39**
Balance sheet as at 31 March 2020 ..... **40**
Statement of cash flows for the year ended 31 March 2020 ..... **41**
Notes to the financial statements for the year ended 31 March 2020 ..... **42**

Statutory information

The LankellyChase Foundation ('the Foundation') is a charitable company limited by guarantee and is incorporated in the United Kingdom (no. 5309739). The registered office address is Greenworks, Dog & Duck Yard, Princeton Street, London WC1R 4BH.

Legal and administrative information

The Foundation is governed by its Memorandum and Articles of Association and registered as a charity (no. 1107583). The Directors of the Charitable Company are the Trustees of the charity for the purposes of charity law and throughout this report are referred to as the Trustees.

The following details are for the year ended 31 March 2020 and are accurate at that date and up to the date of signing.

Trustees	Myron Rogers (I)	Chair
	Morag Burnett (I,R)	Vice Chair
	Hilary Berg (L)	
	Jake Hayman (I)	
	Jane Millar (L)	
	Darren Murinas (L)	
	Simon Tucker (I,L,R)	
	Robin Tuddenham (L,R)	
Co-optees	Andrea Marmolejo (I)	
	Jeremy Rogers (I)	

(I) indicates member of the Investment Committee
(L) indicates member of the Learning and Communications Committee
(R) indicates member of the Resources and Risk Committee

Any individual Trustee has the right to attend any Learning and Communications Committee meeting.

Staff team	Julian Corner*	Chief Executive
	Yasmin Belgrave	Office and Finance Assistant
	Dominic Burke*	Investment Director (from 1st July 2019)
	Lisa Clarke*	Director (parental leave cover until 31st Oct 2019)
	Jessica Cordingly*	Director (on parental leave until 30th Sept 2019)
	Karen Crompton	Office and HR Manager
	Renee Davis	Communications Officer
	Joe Doran	Programme Manager
	Alice Evans*	Deputy Chief Executive
	Oliver French	Programme Manager
	Carrina Gaffney	Communications Manager
	Ania Jeleniewska-Kaczmarczyk	Finance Manager (on parental leave until 15th July 2019)
	Robert McLaurin	Interim Finance Director
	Habiba Nabatu	Programme Manager
	Jenny Oppenheimer	Programme Manager
	Cathy Stancer*	Director
	Elizabeth Walsh	Finance Manager (parental leave cover until 7th Aug 2019)
	Mary Ward	Executive Assistant
Key management personnel	Although in such a small staff team every member is considered to be key, for the purposes of the Statement of Recommended Practice (SORP 2015), those team members marked * have been designated as key management personnel.	

The LankellyChase Foundation

Principle office and registered office	Greenworks, Dog and Duck Yard Princeton Street London WC1R 4BH
Telephone	020 3747 9930
Website	www.lankellychase.org.uk
Company registration number	5309739
Country of registration	England and Wales
Country of incorporation	United Kingdom
Charity registration number	1107583
Auditor	Sayer Vincent LLP Invicta House 108-114 Golden Lane London EC1Y 0TL
Bankers	The Royal Bank of Scotland Group 1st Floor, Houblon House 62-63 Threadneedle Street London EC2R 8HP Lloyds TSB Bank plc Market Place, Didcot Oxfordshire OX11 7LQ
Legal advisors	Bates Wells 10 Queen Street Place London EC4R 1BE
Investment managers	Cazenove Capital Management 12 Moorgate London EC2R 6DA CCLA Investment Management Senator House, 85 Queen Victoria Street London EC4V 4ET Ruffer LLP 80 Victoria Street London SW1E 5JL Sarasin and Partners LLP Juxon House, 100 St Paul's Churchyard London EC4M 8BU

Report of the Trustees

The Trustees present their report together with the accounts of The LankellyChase Foundation for the year ended 31 March 2020. The legal and administrative information on pages 2-4 forms part of this report.

Introduction

Lankelly Chase works to tackle the vicious cycle between inequity and harms damaging many lives in the UK today. This is the way that inequity (or unfairness or injustice) puts people at much greater risk of harms such as homelessness, drug misuse, mental distress and violence, which significantly worsens the inequity they experience, and so the cycle continues. We do not have a predetermined plan for how to do this. We are guided by a set of principles that are our best understanding of what a world would look like where this cycle had been effectively disrupted. We call these principles 'system behaviours', because they describe how people would be behaving in health promoting systems:

- People view themselves as part of an interconnected whole
- People are viewed as resourceful and bringing strengths
- People share a vision
- Power is shared, and equality of voice actively promoted
- Decision-making is devolved
- Accountability is mutual
- Open, trusting relationships enable effective dialogue
- Leadership is collaborative and promoted at every level
- Feedback and collective learning drive adaptation

These behaviours were not created solely by us, but rather through hundreds of conversations with, and the work of, partners across the UK.

2019-20 has seen some important changes emerging at Lankelly Chase, all of which reflect a different understanding of our place in the world. We have made great strides in our investment work, particularly in shifting the relationship between our endowment and the climate crisis that threatens our place on this planet. We have striven to reform our governance to reflect issues of power, access and justice, and we have new Trustees coming on board soon and a co-design process about to commence. Our place-based work has moved to more devolved decision-making and participatory methods, helping us to redistribute power more equitably, and to create a greater sense of mutual accountability between us and the places in which we work. Through our 'Connected' series, we have published a number of reports exploring the nature of severe and multiple disadvantage, and how it is experienced by different marginalised communities across the UK. And most recently, we have focused on our commitment to becoming an effective anti-racist organisation.

As we all continue to navigate the choppy seas of the COVID-19 pandemic, it has become ever-more apparent that as a society, we might all be crossing the same ocean, but we are definitely not all in the same boat. This has reaffirmed our long-held perspective on systems change: that the issues faced by many are complex (and that some face greater challenges than others) and involve everything from individual psychologies through to family and

community relationships, from the actions of statutory services through to global financial and political systems. COVID-19 has demonstrated that no-one has the answer to how we change systems, and no-one has full control over it. It has also shown that none of us can sail our boat without a committed crew pulling together. Based on this understanding, and the changes at Lankelly Chase, as our strategy continues to evolve, we remain passionate about changing the systems that perpetuate severe and multiple disadvantage.

Casting the net wide

Place-based working

Our place-based work has followed exciting paths this year, and we share some key learnings here. We work with six places (Greater Manchester, Barking and Dagenham, York, Gateshead, Oxford and Barrow), with each place considering the question: *how do we change the systems that perpetuate severe and multiple disadvantage?* With this one common question in mind, the work itself has manifested in a multitude of ways and at a very different pace depending on the place. Different pieces of work feel established, with others just setting sail.

To provide some wider context to the question of why work in 'places', we have noticed that the systems approach cannot be taken within the boundary of one organisation – it has to go much wider. Convening people and focusing on the relationships and interconnections between them is crucial, as it has become apparent that disadvantage and inequity are not the business of any one organisation or sector. Whilst we do not have a model or a 'one size fits all' way of doing things and continue to learn, we do have some key ingredients for our place-based work:

- we believe that one of the biggest challenges we face is how we shift human relationships, and therefore we value work that invests in building these connections and supports learning about how we might need to work together in order to reach our objectives;
- we develop action inquiries into the changes that are needed, with one overall question alongside the acknowledgement that our partners in places will have their own sub questions; and
- we recognise that changing complex systems requires the ability to adapt and change because the context which enables interventions to 'work' is constantly changing.

Our learning partner for the work in places – Northumbria University – has created a Place inquiry map, and we also regularly publish blogs sharing learning here: https://medium.com/@LankellyChase.

We have realised that much of Lankelly Chase's work can be characterised as supporting people so they 'want to, are free to and know how to' make systemic change. Whilst there will always be people who do not want to, there are plenty of people who do, and being 'free to' is key. The stories collected by one of our partners – Arts at the Old Fire Station in Oxford – about the shared characteristics and values of change-makers have shown us that there is a recognisable 'type' of person who is primed to do this work. How do we learn how to resource people so they can create new spaces and step into them? And how do we find more of those who do want to and connect them to each other, utilising the convening and connecting role we are able to occupy? Our work with the network in York has also

demonstrated what happens when everyone is unsure who is leading – if everyone thinks it is somebody else, how does the work move forwards?

Understanding who we are as a funder in relation to the people working locally has been a core, and is continual, learning for us. This year, we've focused on establishing core local teams where Lankelly Chase is in the minority – to determine where the work goes and to decide how to resource it. We've learnt that having a collective support mechanism provides an anchor for people when the work is twisting and turning.

Here we, Lankelly Chase, share some of the work that we've been doing alongside partners in the individual areas. It becomes difficult to discern who the 'we' is as Lankelly Chase moves to becoming the minority partner in some places and is guided by others across all places. Therefore the "we" that is used under each place is very much us acting in response to what has been identified. It is not us acting alone.

Barking and Dagenham

We have worked alongside partners from a range of backgrounds and settings to broaden engagement with the inquiry, and there are ongoing experiments with participatory grantmaking and wider methods of engaging the community in decision-making, supported by an Associate (Lisa Clarke). We acknowledged the strong foundation in terms of participatory methodology that was already in existence with Participatory City, and partners highlighted that there were potentially greater opportunities to involve the voice of those with lived experiences of issues of homelessness, mental distress, poverty, violence and abuse, substance misuse or criminal justice in the work. There are a number of questions we are holding through the experiments, centring around how (and if) participatory methodologies can create conditions that allow trust, agency and mutual accountability to arise, and how the lived experience of the community can be revalued in their role and contribution to change. As this work has progressed, some big issues around power, racism and sexism have surfaced and are being actively addressed.

In addition to this work, we have also contracted Avril McIntyre, a local network leader, in a 'weaver' role to help bring together the various strands of activity underway in the Borough and to support learning across different organisations and groups.

Gateshead

Over the course of the year we have been supporting thinking, learning and experimentation spaces for groups of people to work out what change needs to happen and what their role is in supporting it. We have also worked to create 'backbone' infrastructure to connect these initiatives.

The first of these spaces involved funding Collaborate to support the senior team at Gateshead Council as they work to embed the learning taken from the experimental work that Mark Smith (public service reform lead) had undertaken, testing out new ways of working with residents to meet their needs. This was the work that initially focused on people who could not pay their council tax.

The second space is within grassroots community organisations, and has seen a group of those organisations in the Bensham area come together – with coordination capacity from

Jigsaw Recovery Project – to embark on a 'systemic action inquiry'. This is a piece of peer research and analysis, which will include action as they test out different approaches, and is being supported by the Institute of Development Studies at Sussex University. These organisations work with those facing extreme marginalisation, including refugees and asylum seekers.

The third (and so far final) space is a wider view across Gateshead. In 2019 we commissioned the Collective Impact Agency to help us understand what's needed in terms of places where people can come together from across Gateshead to learn from the various change initiatives going on. They interviewed more than 50 people in organisations across the area, and this work culminated in an event called 'Learning is a Luxury' at the end of January 2020. More than 70 people attended from the council, other statutory agencies, local charities and community organisations and universities. Several cross-organisational groups formed there, and several strands of work were collectively decided on, including on commissioning, data sharing, leadership for learning and a 'guerrilla network' of change-makers.

We continue to work with Andy Crosbie from CIA as a locally-based Associate. His role includes supporting what happens as a result of Learning is a Luxury and to facilitate meaningful connections between people, support common agendas and create and support spaces for learning across Gateshead.

A Coordination team has recently been established (June 2020) which will be made up of Lankelly Chase staff and external partners from across the Gateshead system. One of the considerations for this team will be how to make decisions – both financial and otherwise – and there is more on this devolved process later in the report.

Greater Manchester

One of the offshoots of the Elephants' Trail (2016-2017) has been a new initiative called Our Agency, which Lankelly Chase has been part of from late 2019. This is a collaborative of people who make a living in the city's homelessness/criminal justice/health/substance misuse services as representing 'lived experience' in different ways. They have long harboured an ambition to do something on their own terms which embodies different power dynamics and – crucially – enables people facing disadvantage to gain direct control over the resources which have been allocated for their benefit. They are now working to devise new infrastructure to enable people facing the most extreme marginalisation to be and do the things they want, on their own terms, free from poverty and without an 'industry' of relatively well paid professionals acting as intermediaries. This involves a membership structure and income guarantee, plus elements of mutual support and collective decision-making.

A group of five has formed to steward the development of the work. Lankelly Chase has devolved £65,000 to the group in the first instance, with one of Lankelly Chase's Directors joining as an equal member. The development phase of the work will conclude in 2020.

In addition, a Coordination team has been established which includes Lankelly Chase members and external partners. Like the team in Gateshead, the members are working through both strategic and process questions, including how to be together, where the focus

of the work should be, and how to tackle traditional dynamics of power that are inevitably at play.

York

Over the course of the year we have continued to support a widening inquiry into how to change the systems that perpetuate severe and multiple disadvantage in York. The main vehicle for this is the 'Multiple and Complex Needs network', which brings together interested people from across the York system. We have resourced network coordination (working with associates Catherine Scott and Kelly Cunningham), research about lived experience of severe and multiple disadvantage and research into non-commissioned groups in York. We also ran a round of the 'Systems Changers' programme for frontline workers. All this work was showcased at a network event in November 2019 and following on from that, network members voted on some priority areas and formed working groups to take these forward. These included work on commissioning, resourcing lived experience leadership and the role of the creative arts. Lankelly Chase committed to resourcing the work of these groups.

We also began to build a partnership with the locally-based Two Ridings Community Foundation. With them, we will establish a fund through which we will experiment with more locally-based, democratic control of foundation resources. The actual decision-making process for the allocation of funds will be co-designed with the MCN network.

We will also work with Two Ridings and the Institute for Development Studies at Sussex University on a new action inquiry in York focusing on the experience of children and young people.

Oxford

Lankelly Chase's place-based work in Oxford is relatively new, emerging from many years of support of individual projects and organisations within the city. We are still working to understand how we can best build a place approach that enables the systems behaviours to emerge.

In March 2019, we explored the subject of participatory grant making at the local social impact festival Marmalade, hosted by our anchor organisation in Oxford, Arts at the Old Fire Station. Working with different communities at this event led to the CEO of Oxford Hub, a local volunteering agency, Sara Fernandez joining us as an Associate in summer 2019 to explore participatory grantmaking (PGM) with families in the Community Impact Zone in East Oxford. This experiment looks at how attitudes held about and within the communities living in the zone could be changed through the power shifts coming from PGM. Alongside this, we supported an evaluation of the Oxford Open House project so that the Transition by Design team could determine where to go next with this radical work. Over the course of 2019, our Associate Simon Johnson also worked with colleagues in the Oxford City Council Housing and Homelessness team to understand this system from the perspective of a person seeking help, exploring how this system could be redesigned.

These various threads of work started to coalesce over the year and in autumn 2019 Lankelly Chase staff and representatives of our partners formed a core team to oversee the work. We are now working to expand this further and to create a wider learning group which can own

and drive the work, bringing in different voices and ultimately unseating any fixed and unhelpful power dynamics.

Since the COVID-19 pandemic and lockdown took hold, much of our planned work in Oxford paused. However Arts at the Old Fire Station and Oxford Hub became the key instigators of Oxford's community mutual aid response, establishing Oxford Together and hosting emergency hubs for the city. The experience of Oxford Together has given opportunities to shine a light on how many social systems are working or failing in Oxford, and how they could be reimagined. This time of immense suffering has led to hugely creative responses to the crisis which we hope to help build in the rest of 2020.

Scotland

We have continued to support the place-based work led by the Corra Foundation across many communities in Scotland. This has helped build the capacity, capability and resources of local communities that have previously struggled to access necessary funding. This work has resulted in many inspiring local initiatives, and yet there is a still a gap between the aspirations of local communities and the decision-making of statutory authorities. We have been exploring with Corra how we might build on the community development approach to equip people with the knowledge and skills to engage the wider systems of decision-making, funding and commissioning. These plans have been delayed by COVID-19, but we still intend to offer support to one or two areas to build networks similar to those in the other places where we work. In the meantime, our funding has been used to help Corra continue its community development work.

Cross-place working

We renewed our relationship with Northumbria University as Place learning partners who help us with our own learning about our work in place, gather and analyse patterns of activity across all places, and help us to sense-make and pattern-spot, part of which includes sharing our learning as we go. It became apparent to us as our place work evolved that there was critical learning which was applicable to all the places, including how we find the means by which to navigate without conventional outcomes and targets.

We ran two retreats for people in our place networks in 2019/20. The second, immediately before the lockdown in March, was organised and hosted by our partners, Arts at the Old Fire Station and Oxford Hub, in Oxford. We were delighted to hand on the baton for hosting these retreats to people in our network and we hope this will continue once we can meet again in person.

At the end of 2020 we hope to publish a range of materials reflecting on our experiences of place-based working over the last three years.

Knowledge and research

We continue to explore questions of how knowledge about severe and multiple disadvantage is created, interpreted and used, and for what purpose. We have developed a particular focus on participatory methods and the principles of equality and democracy in how knowledge is created and used. A key example of this in practice was when we published Hard Edges Scotland (carried out by partners at Heriot-Watt University with the involvement of Glasgow

Homelessness Network). This research led by academics was published, and was accompanied by a grants programme which enabled a range of community groups to reflect and interpret the report's key findings according to their own experiences and local priorities. Hard Edges Scotland is perhaps one of the most transparent ways in which we are utilising participatory methods to help us redistribute decision-making.

We have continued to build on the success of the original Hard Edges statistical profile, but have complemented this with a greater range of qualitative research and emphasised the question of 'who's missing?'. This has included publishing further reports which look at severe social harm through the prisms of gender, ethnicity, sexuality, politics and the media. We also undertook some developmental work with the Centre for the Evaluation of Complexity at the University of Surrey, which has helped us to explore evaluation methods (a key feature of the 'market' for knowledge) which fit our belief in complexity and interconnectedness as useful frameworks for how we understand and respond to disadvantage and inequality.

Aside from the publication of particular outputs, our work has also been focused on the broad 'knowledge' theme as something which is showing up (alongside power) in our wider work. We want to continue developing a critique of how knowledge currently operates with some practical examples and partnerships in 2020/21.

The Power Inquiry

From 2017 we had a specific focus on power in our work, which formed an action inquiry asking how power could be shifted or shared in systems. This inquiry has moved from an individual line of work to something which we see showing up everywhere, both in our own work, as well as that of our partners and networks. It has become clear to us that, much the same as racism and systems of oppression, power cannot be seen as a side issue that only a few people should be concerned with. One of the ways this was expressed was through a series of workshops and events centred on the future of user-led organisations where we brought together members of those organisations, funders, commissioners and academics to work out the inherent power dynamics within the relationships between those different groups.

The Power Inquiry was also the bedrock for exploring the practicalities of participatory grantmaking. In April 2019 we ran a session at the Marmalade conference in Oxford exploring the relationship between power and money using participatory grantmaking. We requested ideas of how to spend £1,000 to enhance relationships in the city in the weeks beforehand and then facilitated a workshop that brought together interested parties to collectively work out a process to administer the funds, decide on criteria to "judge" proposals on and a way to make it all happen. We then also began learning relationships with Edge Fund and Fund Action around participatory grantmaking – two different groups and approaches giving us different insights into mechanics, processes, value, reasoning and viability. These elements, among others, have allowed us to build our muscles on participatory methodologies, which is now showing up in our place-based work.

As the Power Inquiry drew to a formal close, we shared some of the key learnings of this phase of the work here. The Power Inquiry naturally led us to the next phases of work looking at exploring governance and organising for change in the realm of public and good and participatory grantmaking.

Sustainability and climate

In the face of a once-in-a-planet threat, Lankelly Chase is scoping a major commitment to tackling the climate crisis. We are convinced that many of the systems creating multiple disadvantages are also those fuelling the climate catastrophe. And it is becoming increasingly clear that without urgent and radical change, the social problems we face will soon be of a wholly different order of magnitude. Arguably, the climate obligations on a foundation such as ours are pretty compelling given that our endowment has grown (in part) thanks to investments in carbon intensive industries, and given that those with our degree of freedom to act should be using that freedom.

In addition to our investment activity described in the ***Steering the ship*** section of this report which follows, we were founding signatories to the Funder Commitment on Climate Change, which was launched during the year. We established an internal team to progress our commitment, leading initially to two new grant relationships with Platform London and the Women's Environmental Network, chosen because of their focus on voices that are typically marginalised in the climate movement. We've also taken steps to lower the carbon intensity of our internal operations, including catering and travel.

Systemic governance experiments

Building on our Power Inquiry, we have an increased focus on governance in its widest form across sectors, collaborations and organisations. As we have increased our focus externally, so have we internally. We explore what we're doing on internal governance later on. Something we have learnt is that many organisations or movements want to explore different ways to govern themselves, but are not always able to do so. It is difficult to find the time to step back and look at overarching governance when you are in the midst of it. We are therefore undertaking an experimental journey to see how we can resource and support some of these organisations to do just that. This journey will run on a parallel path to our own governance work, and we should see organic learning emerging. What we learn from all this will be collated and shared as a free data source for others to access.

As part of this governance work we have funded Hackney CVS and Camerados to look at governance structures, and we are working with DemSoc, York CVS, Black Thrive and Dark Matter Labs on an inquiry into systemic governance and decision making. This will include holding conversations with lots of partners and other funders.

Networks

In recent years we have noted that much of our work now can actually be categorised as supporting networks, rather than funding individual organisations. We have also moved into a space where we frequently find ourselves holding the role of 'network convenor'.

Towards the end of 2019 we hosted a two-day workshop on the theory and practice of developing communities of practice (CoP) with the intention to start to develop a CoP of systems change pollinators and networks. Some outcomes of this were regular webinars, the start of a social learning experiment to collect learning stories from participants, and a commitment to hold another convening in six months.

The team was also introduced to KUMU, a network mapping software. Network maps are useful in charting a social landscape and in plotting the ways that people and organisations travel through it and gather together, and can be used by organisations to trace patterns of existing collaborations and to explore future possible collaborations. The network of individuals and organisations involved in tackling issues of multiple and complex needs in York were supported to build a social map of its network, with participants joining a one-day event where they were asked to cite the people and organisations they worked with and the closeness and strength of that relationship. This was fed into the KUMU network mapping program and the resulting map projected onto the wall during the afternoon sessions. This map is useful in the short-term as it can be used to analyse the pattern of connections and relationships, to reveal potential for collaboration and to help with thinking about who is missing. There are plans to build the map further in the long-term.

There are a number of longer-term grants held by the networks team which include: Making Every Adult Matter (MEAM), NEON, School of Systems Change and The Children's Society. There have been some interesting developments with these grants: MEAM recently received feedback on the common themes and systems barriers that they are seeing across all the areas in which they operate, and will be updating these regularly; NEON has reported lots of learning from running a sector-specific movement building programme (something significant being that trusted relationships were identified as the single most important ingredient for success in a place); the co-inquiry meetings with School for Systems Change continue, with more cross-over in our work happening; and finally, we have agreed with The Children's Society that they use the remaining portion of a previous grant to build a network in Nottingham.

One of our major funding commitments held by the Networks team – with connections to the Knowledge work – is a grant of £450,000 to the Centre for Knowledge Equity (CfKE), a ground-breaking UK-wide infrastructure body celebrating, connecting and elevating community expertise for social impact and systems-level change. CfKE will move knowledge equity into action by generating pioneering and innovative learning, partnership and network development activities that meaningfully and equitably value all forms of human wisdom in solution design to tackle pressing issues of our time.

Communications

There are five of the system behaviours that underpin the 'Networked Communications Strategy':

- People see themselves as part of an interconnected whole
- People are viewed as resourceful and bringing strengths
- There is shared purpose and vision
- Power is shared and equality of voice actively promoted
- Feedback and collective learning drive adaptation

With all of the communications work we do, we aim to reflect them in the planning, process and products we produce. Over the last year our work has included launching a series of reports featured in our Connected series (also referred to in the Knowledge section of this report), continuing with amplifying the voices of people often missed from conversations via our Twitter Takeovers and beginning the process of creating a new website.

The Connected series included Hard Edges Scotland, *'Telling A Different Story'* – understanding news media coverage of SMD and *'Gender Matters'*, which looks at how gender shapes the experience of disadvantage. We were also heavily involved in supporting BAC-IN to design and launch their report, *'Cultural, Connection and Belonging'*, a study of addiction and recovery in Nottingham's BAME community. We also supported The Fabian Society to publish *'People not Problems: Politicians respond to five experiences of SMD*', and finally the LGBT Foundation published their report on LBGT people's experiences of SMD called *'You make your own family'*. All of these reports have contributed to a deeper understanding of how people experience and face SMD, and in particular Hard Edges Scotland has been referenced numerous times in the Scottish government.

Photography has been a key part of both Hard Edges Scotland and Gender Matters. We commissioned Michael Thomas Jones and Henry/Bragg artists to co-design and co-create a participatory photography process with people with lived experience of SMD and who wanted to explore their own creative outlet. This also included the editing process to determine which images were included in the final reports. We have been super impressed with how the process went and also the final products which have also resulted in two photography exhibitions emerging from this work.

We have also continued to work with a few core communications partners, including Alliance Magazine, Bureau Local, Expert Citizens' Insight Awards and SoundDelivery with their spokespersons network. This sits alongside the work we do supporting various other partners across Lankelly Chase, including providing a platform for people to share their insights and stories via our Twitter Takeovers.

We have begun a Place strategic communications process to support our place-based work whilst also supporting people in places to share insights and activity which, amongst other things, has included supporting the production of a newspaper in York.

As the Lankelly Chase networked communications strategy is four years old now, it has also felt like a good time to work through our own strategic review. This has felt particularly pertinent as we reflect on the role of communications both internally and externally, including how we share what we are learning across all of our work and what key messages we prioritise. There will be more work to do on this as we move towards devolved decision-making.

After the decision was made to refresh our website, we commissioned Sail Creative to work with us on the redesign. It is a very participatory process with workshops being held with the staff team to learn what it is Lankelly Chase needs from its website, and conversations with several our partners across all aspects of our work. We look forward to sharing more in next year's annual report.

Steering the ship

Portfolio Teams

2019 has seen us shift from our Action Inquiries as the defining structure for our work, although we have not abandoned action inquiry as the underpinning methodology of learning and doing. The individual Action Inquiries were in danger of becoming siloes or even funding programmes, and we needed a more agile way of working – with different members of the

team in the lead at different points. As a result, in the summer of 2019 we made the decision to create Portfolio Teams around different areas of our work: for example, a Portfolio Team has been created for each of the places in which we work. This approach has allowed us to start bringing in people from outside Lankelly Chase as integral parts of the team, with equal voting rights, so that we have access to much more expertise and insights. Some of the teams are task and finish groups, allowing our structure to evolve with the work. We are still learning our way into this process, and we don't always get it right. We have had to tighten up our recording processes to ensure that all grants and contracts made by individual teams are accounted for correctly. The current Portfolio Teams are: *Governance, Sustainability & Climate, National & Policy, Knowledge, Networks, Core Skills, Anti-Oppression, Place, Barrow-in-Furness, Barking & Dagenham, Oxford, Gateshead, York, Greater Manchester, Resourcing.*

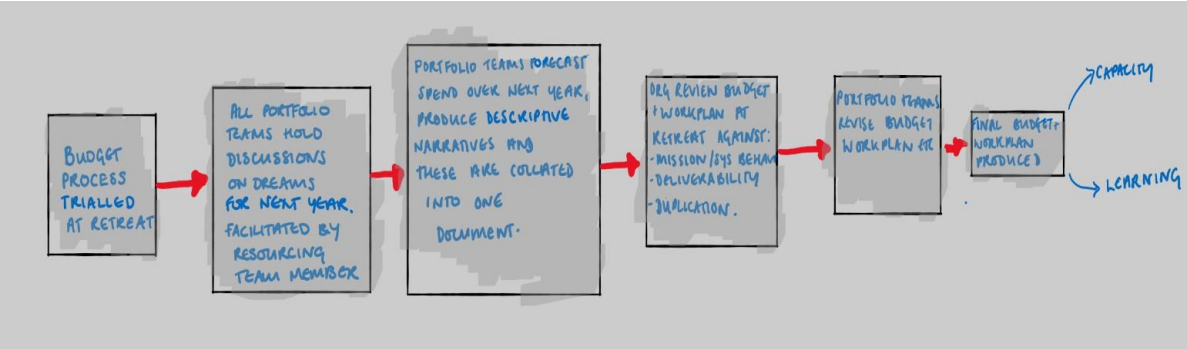
Staff Learning Residentials

Another big change for us this year has been the introduction of staff learning residentials. Once a quarter we meet away from the office to spend time together analysing our work. We review the work of Portfolio Teams and their budgets and spend, we review (and adapt) our problem statement, and we step back to look at the wider picture – to spot patterns and see where the 'green shoots of change' are present. We explore the work using different methodologies, such as the Three Horizons, in order to gain new perspectives and challenge and scrutinise our plans, and our start-of-year residential focuses on annual budgeting. The January 2020 residential was spent digging deep into the devolved budgeting process that each Portfolio Team had undertaken; there's more on that below.

Delegated budgeting

As we moved to Portfolio Team working, we have questioned how we could live our system behaviours through our budget and resourcing decisions. In October, the Board approved delegated decision-making to the Portfolio Teams, and thus we began trialling a very different way of setting the programme budget.

A Resourcing Portfolio Team was established – as the 'guardian' of internal processes and procedures relating to resourcing – and set about creating the budget setting process shown in the image below:



This is now a very collaborative process, with everyone within Portfolio Teams having a say in setting the budget and the opportunity to challenge and question the workplan. We have

a sense of greater clarity now on the purpose and mandates of the individual teams, which leads to greater confidence in allocating resources to people externally.

This change however has NOT changed what Trustees have to sign off on in the budgeting process. Trustees still sign off the overall figure, and the nominal allocation per Portfolio Team. Alongside this we have revised the core budget which has followed a more traditional approach.

Internal governance

Our governance work has also progressed; in November we brought together a group of 'critical friends' to help us explore what good governance looks like for an organisation working in systems change. This group was initially drawn from our wider networks, and we also asked them to recommend other people who could be part of this conversation. The result was a real mix of people from different backgrounds, all grappling with questions of power and equity, both in governance itself and wider. We are now in a process of bringing some of these individuals on to our Board, as well as working out how others could act as 'critical friends'. We look forward to sharing more on this as the year unfolds, and in next year's annual report.

Anti-oppression work

As an organisation committed to systems change, we have always been clear that we have to change ourselves in order to help change systems. This year has surfaced more evidence of the degree to which we are part of the systems we are trying to change.

Questions about power, equity and justice have surfaced strongly, within our work, in the team and through our governance work. It has become increasingly obvious that Lankelly Chase has a lot of work to do to become an effective anti-racist, anti-oppression organisation. This work includes (but isn't limited to): the structure and culture of our team, the way we frame and understand harm, disadvantage and marginalisation, our understanding of the power, position and privilege that comes with our endowment, the impact of our investment decisions on the system of colonialized exploitation, the voices that we are and aren't able or willing to hear, and the degree to which we can be challenged and held to account.

Most urgently, we have sought to resource more networks and organisations led by people of colour, but we have also committed to working on our own mindsets, culture and practices. This began this year with anti-racism training, which has revealed that we have a lot of work to do. We hope that by committing to this work, we will become more effective at centring equity and justice in our systems approach.

Investments

Our deepening understanding of how Lankelly Chase's endowment is interconnected with the wider systems we are trying to change has caused us to re-examine our investments. We appointed Dominic Burke, our first Investment Director, to explore how our investments can help transform (rather than sustain) the systems which perpetuate severe and multiple disadvantage.

One of our first actions was to sell all direct fossil fuel investments from our portfolio. Meanwhile, we are updating our investment strategy to reflect this new holistic and systemic objective, as well as reviewing current and potential external investment managers to help us implement it. We shared our beliefs about the responsibilities of charitable investors in an open letter to the Charity Commission.

We provided multi-year core grant funding to ShareAction, the responsible investment charity, and partnered with them and others to file a shareholder resolution at the Annual General Meeting of Barclays Plc.

While the resolution (which required Barclays to phase out all financing of fossil fuels in order to contribute to the goals of the Paris Agreement) did not receive sufficient shareholder support to pass, it sent a clear message to which the Bank has committed to respond. Our direct engagement with the Bank's Board and prominent media coverage of our efforts taught us that we can punch above our weight as an investor.

We also initiated a number of engagements with investment managers, often alongside fellow charitable investors, covering systemic racism as well as to ensure that, in responding to COVID-19, the companies we invest in do not perpetuate inequity and severe disadvantage.

Navigating troubled waters

As has been the case for everyone, the months since March have brought in new ways of working as we adapt to the changing landscape. We have made changes to our internal processes, established emergency funds and contributed to pooled funds. The entire staff team has moved to remote working and support is provided on an ongoing basis as people adjust to this.

COVID-19 response team

A Portfolio Team was created to manage the Foundation's response, and it currently oversees two emergency funds – Cashflow and Response – which distribute funding to current partners. These funds were agreed by the Board at its additional meeting in May. In many respects our emergency response has seen us step into the role of traditional grantmaker – people ask for money, we give it. However, there have also been elements of the rapid response process that we can learn from such as acting quickly, and experimenting with a different mandate. Three years ago decision-making on grants was devolved to the Executive Team, but three Directors needed to be present to approve grants above £5,000. Now it is one Director.

In the COVID-19 response, a Director no longer needs to be present in the meeting for decisions to be made. This has created a greater sense of collaboration and ownership amongst the non-Directors in the team.

London Community Response Fund

As the COVID-19 pandemic took hold a number of funder collaborations surfaced. The team and the Board discussed these, and concluded that a balance between supporting emergency relief funds and shaping our own offering was crucial. We asked ourselves and

our partners where our money was best spent, and there was an acknowledgment that holding fast to our commitment to supporting systems change was what we were best placed to do. Emergency funding is crucial, but there will also be a real need to keep our collective eye on the underlying systems that contributed to this crisis. As a result, the Board agreed to act as an 'interested party' for the London Community Response Fund. Rather than directly contribute a lump sum, we have maintained a watchful presence over funding requests that have come in from all over London via that. To date we have chosen to provide funding to just one organisation – an organisation called EachOther who bring together storytellers, journalists and creatives to promote and increase public knowledge of human rights. As further waves of funding are announced, we anticipate providing additional grants.

Racial Justice

The murders of Ahmad Aubrey, Breonna Taylor and now George Floyd in the US, and the disproportionate impact of COVID-19 on communities of colour, has heightened the pain and anger caused by ongoing failures to end centuries of oppression. As stated above, Lankelly Chase has acknowledged that it hasn't been well-placed to offer solidarity to communities of colour, and this is unacceptable for an organisation that stands for social justice. So we are centring racial justice work as an organisational priority, and are determined to play a full role in creating an equitable future. We have radically revised our problem statement to give much more visibility to these issues, and that will guide a different distribution of resources in the future. We have also started a learning partnership with Resourcing Racial Justice, which will begin with us writing an accountability plan through which we can transparently demonstrate our progress.

Communications

We have also been adjusting to new ways of working and communicating with our partners and broader networks during the COVID-19 pandemic. At the beginning of the crisis, the internal team and the wider place partners team were holding weekly / fortnightly reflection sessions, with the emerging insights published on our website and on Medium. We continued with our Twitter Takeovers, offering them to people and organisations who want to share what is happening for them. Our role has also become one of creating connections for people, for example, connecting journalists with partners, such as the Guardian's #anywherebutwestminster video team with the Elephants' Trail in Manchester.

On the horizon

As the effects of the COVID-19 pandemic continue to reverberate, Lankelly Chase is starting to look to the long-term future. Questions arise around what the mid-long-term strategy looks like, how our notions of leadership might evolve, and where our anti-racism work needs to go. We are also grappling with new constructs of governance as we bring in new Board members.

The new Board

The summer of 2020 is being spent interviewing potential new Trustees and exploring how the refreshed Board might co-design how governance will look for Lankelly Chase in the future.

Mid-long-term strategy

As Lankelly Chase's work has evolved over the years there have been a number of touchpoints at which we have reviewed our strategy and mission, cross-examined it, and made changes as needed. We are currently in one of those moments. COVID-19 has forced some of this work to the forefront as the staff team and Board consider what the future looks like. We are working on the latest iteration of our strategy, which is incorporating our new work on governance and anti-racism (as stated above), and brings those two lenses into the way we look at systems change.

Anti-oppression work

Alongside the changes set out above, we have committed to working with consultants across the whole portfolio of our work to improve our anti-oppression practice. White staff have also committed to examine issues of white supremacy and privilege together in order to improve their readiness for this work.

Devolved decision-making

Part of our work in places has been to work out how and who is best placed to make decisions, whether that is over funding or around specific pieces of work. We are realising that power imbalances are playing out everywhere, and our presence in these places is not as an equal participant in the work that is happening; for example, we continue to hold all the power over money. To try and address that we have been exploring how devolved decision-making might look. All place Portfolio Teams have as part of their mandate a commitment to '*creating the conditions for control over this work and resourcing decisions to be devolved to cross-system groups of local people (within two years)*'. There is a strong intent to move to a place where Lankelly Chase staff are not in the majority, and a Director might not be present. At the moment our team in Greater Manchester is most ready to begin working on this.

Purpose and aims

The objects of the Foundation

The Foundation's objects are to promote any charitable purposes under the law of England and Wales. The Trustees define the policies that underpin the Foundation's programmes and have agreed the following vision and mission statement. We want our values to communicate our passion and inform our everyday relationships, belief systems and attitudes across the delivery of our work.

Our vision is of a society where everyone has the opportunity to live a rewarding life.

Our mission: Lankelly Chase is an independent foundation working in partnership with people across the UK to change the systems that perpetuate severe and multiple disadvantage.

Our belief: All people can thrive in the right conditions.

Our strategic goal: Systems that are effective in responding to the interlocking nature of severe disadvantages such as homelessness, drug misuse, violence and abuse and mental ill health.

Values

Determined: real change takes tenacity, kindness and commitment. We work with humility and the knowledge that there are no simple answers.

Open: we want to build relationships based on shared humanity, kinship and respect. We are always open to new ideas and evidence and we share whatever we learn for the benefit of everyone.

Reflective: we want to find out what really works. We challenge assumptions and we use feedback as a powerful tool for learning.

History

The LankellyChase Foundation is the amalgamation of two grantmaking trusts, the Lankelly Foundation and the Chase Charity.

The Chase Charity was established on 18 May 1962 and the Lankelly Foundation on 18 March 1968. On 9 December 2004, the two Trustee bodies amalgamated the trusts and the new LankellyChase Foundation was incorporated.

Structure, governance and management

The Board of Trustees administers the Foundation. The Board appoints Trustees who then serve for four years, after which they may be re-appointed to serve one further term of up to four years. In exceptional circumstances a Trustee may, if agreed unanimously by the Board, be asked to serve an additional four-year term. The Chair is appointed by the Trustees through external competition and serves for a maximum of two three-year terms.

Periodically the Board reviews the range of skills among Trustees and may recruit new Trustees to fill any gaps in the skillset of the board. New Trustees have been recruited through external competition. Appointments are made based on the skills, values and connections that the Board decides are required to manage the Foundation and develop its work.

An induction programme is generally arranged for new Trustees. Involvement in external training (such as that offered by the Association of Charitable Foundations) is encouraged.

The full Trustee Board meets three times a year to manage the Foundation.

The day-to-day administration continues to be delegated to the Chief Executive who is supported by a staff team.

The Board of Trustees has three sub-committees (all of which meet three times a year):

- The Investment Committee to oversee the management of the Foundation's assets.
- The Resources and Risk Committee to oversee the main risk and audit requirements, and to monitor and review budgets and human resources.
- The Learning and Communications Committee to establish and oversee the learning and communications strategies.

Risk management

The Trustees are responsible for establishing and monitoring Lankelly Chase's internal control systems. The risk register is reviewed by the Resources and Risk Committee and the whole Board reviews the major strategic and operational risks at least annually. Trustees are satisfied that the system of internal controls currently in place is adequate, while recognising that it is designed to manage rather than eliminate risk. The Board have agreed to appoint an external agency to carry out an internal audit function and this process is being managed by the Resources and Risk Committee. Internal controls are reviewed as part of the day-to-day management processes within the Foundation.

The Trustees consider that the principal risk to Lankelly Chase is that it does not fulfil its core purpose to tackle severe and multiple disadvantage. In order to mitigate this, the Executive and Board review our strategy, governance and work practices regularly and seek feedback on our effectiveness through stakeholder insight reports. We also accept that the initiatives with which we work might involve more risk than other funders might be comfortable with. However, we have management processes in place to manage those risks where possible and to learn from failures as well as successes (recognising that there are no unalloyed successes or failures).

Our ability to fulfil our purpose is subject to the performance of our investments and therefore the unpredictability of the financial markets. To mitigate this risk the Trustees work with four investment management firms and review asset allocation and fund performance on a regular basis.

Public benefit requirement

The Trustees aim to meet their public benefit responsibilities, as laid out in Section 17 of the Charities Act 2011, by using the Foundation's resources to support agencies that seek to enable some of the most disadvantaged people in our society to lead full and independent lives.

Review of grant activity

In 2019-20 grant proposals were reviewed and approved by both the Executive Committee and the Portfolio Teams. The Executive Committee is held monthly, with most of the team in attendance.

The purpose of the Executive Committee is to:

- Oversee the activity set out in Lankelly Chase's Operational Plan, ensuring that it is:
  - Moving Lankelly Chase towards its goal
  - Keeping to timescales
  - Working within budget
- Approving individual items of programme spend above £5,500 and up to £328,860 (the amounts will be adjusted for inflation annually), including where a grant may be made as a loan and contracts. These figures refer to any one grant made at that moment in time, irrespective of the length of said grant. Grants below £5,500 can be made at the discretion of the Directors and the Chief Executive and will be reported to the Executive Committee meeting. The following items should be brought to the full Board for review:
  - Items over £328,860 which have not been pre-approved in the annual budget.
  - Items which are unusual in terms of risk (including any that may cause the foundation to be involved in public controversy and adverse criticism in the media) or particularly high strategic significance (see appendix for examples of grants that have been flagged to the board).

Additionally, the Executive Committee devolved decision-making to Portfolio Teams as such:

- The membership of these sub-committees will be decided by the Executive Committee. Each team will reflect the diversity of roles and experiences of the Organisation – and will include both internal and external facing Lankelly roles. The teams may include third party participants.
- The quorum for each Portfolio Team will be three members, to include one Director.
- The lead for each Portfolio Team will be responsible for convening, drafting the mandate and developing a draft budget. The budget delegated to the Portfolio Team will be agreed by the Executive Committee following a formal request from the Portfolio Team. The formal request will include purpose, proposed activity and an understanding of how learning will be captured.
- Budget spend by each Portfolio Team will be recorded by the lead following agreement by members of the Portfolio Team and reported in Executive Committee meetings. Budget spend captured will include grants, consultancy and delivery of service.
- Members of the Portfolio Team will be responsible for ensuring adequate and appropriate process e.g. proposal, tendering, and due diligence is carried out on contracts and grants.
- Third party participants may be allocated voting rights on financial allocation – provided there is no conflict of interest e.g. awarding that participant money. The ability of the third party to hold voting rights will be decided by the Executive Committee.

- As with the Executive Committee, Portfolio Teams will flag to first the Executive Committee and then, as appropriate, Trustees if the grants are deemed to be political and/ or unusual in nature of risk e.g. controversial.

Organisation	Strategic area	Description	Grant amount (£)
3 Steps Project North East CIC	Place	To engage in a collective Systemic Action Inquiry in Bensham, where six grassroots organisations are partnering with the Institute for Development Studies at Sussex Uni and LCF to understand their local context more deeply, bringing their collective experience and knowledge together to decide collective actions to improve the lives of the most marginalised residents in Bensham.	30,000
Advocacy Academy, The	Field	To develop a systems change model, in partnership with other organisations that are working to promote youth advocacy.	294,000
Agenda CIO	Knowledge	Towards the costs of parliamentary seminars to support the launch of Gender Matters.	4,800
Alliance Publishing Trust	Comms	Sponsorship work.	5,000
APPEAL (formerly Centre for Criminal Appeals)	Power	To support the work of the Women's Justice Initiative at APPEAL over a period of three years. Yr1: £59,872; Yr2: £135,941; Yr3: £140,229.	336,042
BAC-IN CIC	Knowledge	This grant is to underpin BAC-IN's operations for another 12 months, to include completing the research work, providing financial and governance support, and exploring the local commissioning environment and whether there is a place for BAC-IN within it.	145,000
Birmingham SEMH Pathfinder (Project)	Place	To provide further core funding to the project team as they work on the next stages, including ensuring security for the core team, building strong research around their work and underpinning their governance model.	300,000
Centre for Criminal Appeals	Unanticipated opportunities	For the opinion of a barrister on a particular case.	2,880
Centre for Knowledge Equity CIC	Field	To establish a UK-wide infrastructure body that will connect lived, learned and practice expertise across communities, sectors and industries to help motivate collective action to improve the lives of underserved and marginalised communities across the UK. The CfKE will centre the power of lived experience and develop the leadership and partnership capacity of lived experience leaders and their organisations nationally.	450,000
Centre for the Evaluation of Complexity Across the Nexus (CECAN)	Knowledge	To develop a partnership to promote collaboration, shared power, participation and interconnectedness in the "knowledge" we create and interpret in the form of evaluation.	23,200

The LankellyChase Foundation

Organisation	Strategic area	Description	Grant amount (£)
Collaborate CIC	Place	To fund Collaborate's work with the council to think through the learning from the first prototype.	32,000
Collective Impact Agency CIC	Place	To support the work in Gateshead as a 'weaver' across sectors, siloes and issues; to support the Gateshead PT.	59,938
Connected Launch (various organisations)	Knowledge	A funding pot to resource a distributed launch strategy for a suite of research products coming out this summer.	150,000
Corra Foundation	Knowledge	To take the principles and ideas of the Systems Changers Programme to one community in Scotland and co-design a process that will work for them.	268,900
Cyrenians (known as Changing Lives)	Place	The salary and associated costs for one of the coordinators of the Multiple and Complex Needs Network in York.	112,779
Edge Fund	Power	To explore Participatory Grantmaking methodologies as a lever for disrupting and democratising philanthropy.	70,500
Everynight Images (Henry/Bragg)	Knowledge	Part one: Gender Matters exhibition at the parliamentary roundtable; part two: Only God Can Judge Me photography exhibition in a maximum of two galleries in two cities.	15,800
Expert Citizens	Comms	To work in partnership to take the Insight Awards to the next level, and to build the organisational development to enable Expert Citizens to become the UK's premier organisation led by people with lived experience.	45,000
Fairshare Educational Foundation t/a ShareAction	Sustainability PT	To support core activities in pursuit of ShareAction's mission: to make the global investment industry accountable for its impacts, while mobilising its power to address the ecological crises, public health challenges, and deeping inequality we face	150,000
Fairshare Educational Foundation t/a ShareAction	Sustainability PT	Campaign activity relating to Barclays shareholder resolution.	17,220
Fund Action	Power	To fund an action inquiry process with Fund Action which allows us to learn: facilitation group and in action assembly, grants renew and outreach strategy.	60,000
Goldsmiths College (Open Book project)	Knowledge	To support Open Book to move beyond delivery and focus on wider system change.	320,000
Good Organisation (Social Ventures) CIC	Place	To support people who face multiple and complex disadvantage to build their own power and agency so that they are better supported in the city of York.	200,000
Hackney CVS	Power	For a systemic approach to tackle knife crime.	7,150

Organisation	Strategic area	Description	Grant amount (£)
Hackney CVS	Field	To fund Jake Ferguson's time two days p/w over two years to work to embed young black men as strategic drivers and change agents and to scope a London wide approach to disproportionality; to continue systems leadership and disruption; to share learning within systems currently engaged as well as internally at LCF; and to continue to lead and work with the black men for Change network.	60,000
Heart of Hastings	Power	To support Organization Workshop in Hastings over April and May. To support the evaluation of the event and ongoing change. To work with the HoF and partners to best communicate the learning.	35,000
Holy Cross Centre Trust	Power	To develop 15 pods to ensure sustainability.	150,000
Jigsaw Recovery Project	Gateshead PT	A project exploring if a selection of grassroots organisations are interested in working together on a 18 month systemic action inquiry.	4,325
Jigsaw Recovery Project	Place	To engage in a collective Systemic Action Inquiry in Bensham, where six grassroots organisations are partnering with the Institute for Development Studies at Sussex Uni and LCF to understand their local context more deeply, bringing their collective experience and knowledge together to decide collective actions to improve the lives of the most marginalised residents in Bensham.	106,175
Leeds GATE	Field	To provide resources for the development of a network between Leeds GATE and other Leeds-based organisations.	25,000
Leeds GATE	Place	Core funding of Leeds GATE to deliver its mission and also to provide space to reflect on and lead systems change across the region.	328,000
Lloyds TSB Foundation (LocalMotion project)	Place	To work as part of a collaboration of six foundations.	50,000
London Renters Union	Field	To core fund London Renters Union to continue and expand their work including: supporting London Organisers to build the movement, continue and expand campaigning work, build solidarity and empower renters to make change.	186,000
Love Barrow Families	Place	Part of a wider proposal to come together under a 'Barrow Hub' and use the next 24 months to explore some key questions.	236,634
Mark Leonard Trust, The	Sustainability PT	Contribution towards costs of landmark legal ruling on investment duties.	20,000
Mayday Trust	Power	Core funding to support the Alliance work and to trial a new commissioning model in Westminster.	300,000

The LankellyChase Foundation

Organisation	Strategic area	Description	Grant amount (£)
North East Young Dads and Lads Project CIO	Place	To engage in a collective Systemic Action Inquiry in Bensham, where six grassroots organisations are partnering with the Institute for Development Studies at Sussex Uni and LCF to understand their local context more deeply, bringing their collective experience and knowledge together to decide collective actions to improve the lives of the most marginalised residents in Bensham.	30,000
Our Agency	Place	A devolved budget to explore a number of ideas in partnership with Our Agency across Manchester.	65,000
Oxford Hub	Place	Participatory grant making in Oxford (Marmalade event).	3,000
Oxford Hub	Place	Participatory grant making process.	20,000
Peasholme Centre York, The	Place	To support the Hubs working group by convening a cross sector group of people to explore what is needed in York to tackle multiple needs.	40,000
Public Law Project, The	Power	To explore the use of strategic litigation and other legal approaches as tools for systems change in relation to people facing severe and multiple disadvantage.	287,918
Social Innovation Exchange (SIX)	Field	To provide core funding for SIX over the next 2 years.	70,000
Sound Delivery	Comms	To support Sound Delivery to cultivate a spokesperson network made up of leaders with lived experience of SMD.	12,000
(The) Comfrey Project CIO	Place	To engage in a collective Systemic Action Inquiry in Bensham, where six grassroots organisations are partnering with the Institute for Development Studies at Sussex Uni and LCF to understand their local context more deeply, bringing their collective experience and knowledge together to decide collective actions to improve the lives of the most marginalised residents in Bensham.	30,000
(The) Recovery College Collective Ltd	Place	To engage in a collective Systemic Action Inquiry in Bensham, where six grassroots organisations are partnering with the Institute for Development Studies at Sussex Uni and LCF to understand their local context more deeply, bringing their collective experience and knowledge together to decide collective actions to improve the lives of the most marginalised residents in Bensham.	30,000
Transition By Design Cooperative (Open House project)	Place	Working with a researcher to write up learnings.	2,860
Untold Story Voices	Comms	To allow the group of women in Hull to come together, and to enable them to buy a computer.	3,340

Organisation	Strategic area	Description	Grant amount (£)
Systems Changer programme in York	Place	13 bursaries to individual organisations, covering the backfilling of the participant's post.	35,200
Wandsworth Community Empowerment Network	National PT	To backfill the time of Malik Gul while he works full-time for six months on the Ethnicity and MH Improvement Programme at South West London and St George's MH Trust.	39,453
Women's Community Matters	Place	Part of a wider proposal to come together under a 'Barrow Hub' and use the next 24 months to explore some key questions.	127,383
York Centre for Voluntary Service	Place	Systems changers in York.	25,000
York Centre for Voluntary Service	Place	This proposal is for salary costs for a four-day-a-week post at CVS / Healthwatch.	26,350
York Centre for Voluntary Service	Place	Coordination of the Multiple Complex Needs Network (MCN) as they work out how to work systematically.	369,204
Young Women's Outreach Project	Place	To engage in a collective Systemic Action Inquiry in Bensham, where six grassroots organisations are partnering with the Institute for Development Studies at Sussex Uni and LCF to understand their local context more deeply, bringing their collective experience and knowledge together to decide collective actions to improve the lives of the most marginalised residents in Bensham.	30,000
		TOTAL GRANTS MADE	**5,848,051**

Financial report

The Trustees authorised a total budget (excluding investment management and social investment fees) for 2019/20 of £9,112k made up of:

- £7,511k programme costs
- £1,601k staff costs, governance and office costs

There was also a budget of £47k for capital expenditure.

Total expenditure, excluding investment management fees was £7,688k. This was made up of:

- £6,361k programme costs (2019: £3,669k)
- £1,327k staff costs, governance and office costs (2019: £1,320k)

£25k was spent on capital items in the year (2019: £6,000).

Income

Total incoming resources during the year was £3,979k (2019: £3,813k), which consisted of investment income of £3,888k (2019: £3,813k) and donations of £91k (2019: £nil).

Total investment income increased from £3,813k to £3,888k, the largest part of this being income from listed investments that rose from £3,688k to £3,820k. In addition, interest from funds held in the investment portfolio was £49k in the year (2019: £66k) Social investment income fell from £51k in 2019 to £8k, the fall being the impact of the reversal of capital repayments taken as income in prior years. Other interest income increased slightly from £8k to £11k.

Voluntary income, in the form of a donation from Northwood Trust was received again in the year at £50k which with tax relief made a total income of £91k in the year (2019: £nil). Receipt is dependent on the financial performance of the Northwood Trust and it is hoped that the donations will continue into 2020/21.

Fundraising practice

LankellyChase Foundation does not derive any income from fundraising. LankellyChase Foundation does not engage in public fundraising and does not use professional fundraisers or commercial participators. The Foundation nevertheless observes and complies with the relevant fundraising regulations and codes. During the year there was no non-compliance of these regulations and codes and the Foundation received no complaints relating to its fundraising practice.

Expenditure

Total expenditure during the year was £8,672k (2019: £5,975k). The increase was the result of a more active grant spending programme with programme spend increasing by £2.7m. After two to three years of consolidation whilst the new approach and strategic focus of the charity has been bedded in and partner relationships have been developed, the Foundation is in a position where it has the structures in place to increase programme spend which has been implemented during 2019/20.

Net expenditure before losses on investments, losses on investments and net expenditure for the year

As a result of higher programme spend net expenditure in the year was £4,692k (2019: £2,163k).

In the first quarter of 2020 performance of the financial markets became very volatile and uncertain, mainly caused by the COVID-19 crisis, and there were consequently sharp falls in markets during this period. In respect of the LankellyChase portfolio there were investment gains in the nine months to 31 December 2019, but between January and March 2020 the value of the fund had fell by 13% to £136.1m. The combined result of investment gains in the first three quarters of the year followed by the fall in quarter four meant that in the full year unrealised losses in the investment portfolio were £7,552k (2019: £5,623 gains).

More information on the performance of the fund is covered in the section on the performance of the investment fund.

After the net losses on investments total net expenditure for the year was £12,444k (2019: net income £3,460k)

Spending policy

Trustees and staff regularly review progress against the Foundation's strategic aims and a work plan is agreed with the staff team. Previously, the work was grouped in terms of our action inquiries: Knowledge, Power, Place, Field and Lankelly Chase. This latter strategic area was set in order to support the Foundation to be an organisation that lives by its values, models the change we want to see, develops methodologies for reaching and engaging the most promising partners and for communications.

In 2019/20, as highlighted in the Trustees' report above, Portfolio Teams were created around pieces of work, with our action inquiries folding into those teams.

The three-year rolling budget process – established in 2017/18 to facilitate and better reflect multi-year spend strategies – continued into 2019/20.

It is our strategy and mission that are the main determinants of each year's expenditure.

After some years of consolidation whilst the new philosophy was bedded in a more aggressive spending programme has been budgeted for 2020/21. Programme spend for the year was initially set at £12,803k. Following the COVID-19 crises of March 2020 an additional £1,600k of emergency funding on top of the original budget has been approved by Trustees.

Investment policy

The Foundation adopts a total return approach to investment, generating the investment return from income and capital gains or losses after deducting investment manager fees.

The Foundation seeks to produce the best financial return within an acceptable level of risk for the bulk of the assets. Trustees are in the process of expanding this objective to ensure it is also consistent with and furthers the Foundation's mission, including by contributing to a rapid and just post-carbon transition.

Trustees seek to maintain the value of the Foundation's assets at not less than £100m in real terms (revalued from a base in 2012) after fulfilling its mission-related programme. The 2012 valuation of the current valuation of the fund is £125m and so this objective is being achieved.

Investment management

The Trustees engage four investment management companies to manage a portfolio of assets on a discretionary basis. This had a value of £136m, including cash balances, at 31 March 2020 (2019: £147m). These investment managers were chosen to complement each other and reduce style bias and manager risk. As such, they employ a range of strategies to meet investment objectives and report performance against agreed benchmarks.

In addition, the Trustees measure long-term financial performance against the objective of maintaining the real value of reserves at not less than £100m (from a starting point on 31/3/13 for the indexation calculations) while being able to meet all the spending requests on projects and grants that are considered likely to help us to achieve our objectives. The underlying portfolio holdings are generally readily marketable and are either quoted on recognised exchanges or are authorised unit trusts or open-ended investment vehicles.

The Foundation expects its investment managers to deliver financial returns through active, responsible relationships with companies, where they both understand and seek to influence positively the quality of corporate governance, as well as environmental and social impacts and performance.

Earlier in this report, the section 'Steering the Ship' describes some of our activity during the year to ensure consistency between the actions of our investment managers, underlying portfolio holdings, and the Foundation's mission and values. That includes the development of an updated, mission-aligned investment strategy, which we are close to finalising, and review of current and potential investment managers best able to help us implement it.

Investment portfolio

The investment portfolio contains the bulk of the Foundation's assets. Certain restrictions apply to all investment managers such as a ban on investing directly in companies the operations of which might significantly conflict with the Foundation's mission or adversely affect our ultimate beneficiaries, people facing severe and multiple disadvantage. During the year, we added to this list any direct holdings in companies generating more than 10% of revenue from fossil fuels. Each fund manager has agreed asset allocation bands and performance benchmarks against which performance is reviewed.

The total value of the managed fund investments decreased by £11.2m, from £147.3m in 2019 to £136.1m in 2020 (2017: increase of £6.4m).

Performance

The Foundation's investment portfolio delivered a negative financial return of -4.1% (net of investment management fees) during the year, reflecting the response of financial markets to the COVID-19 pandemic in February and March. This compares to a -0.6% negative return for the aggregate benchmark which Lankelly Chase uses to contextualise the portfolio performance (70% MSCI World Index and 30% Iboxx Gilts All Stock Index). Added to cash withdrawals for operational spending, this resulted in a 7.6% annual decline in the value of the portfolio to £136.1m at 31 March 2020.

Lankelly Chase seeks to act as a long-term investor and avoid focusing unduly on short-term volatility in the value of financial assets. Since the Foundation's current investment mandates were set in 2012, the portfolio has underperformed its aggregate benchmark but generated positive real returns (i.e. taking into account inflation).

While uncertainty surrounding the pandemic – including its economic impact – persists, the value of the investment portfolio recovered by 12% in the first months of the 2020/21 financial year to the end of August 2020. After accounting for a £12.3m redemption from Sarasin &

Partners, in order to meet the Foundation's operational cash requirements, the value of the investment portfolio was £140.2m at the end of August 2020.

Through our investment managers, the Foundation has also sought to ensure that, amidst the many impacts of the pandemic, companies' decisions are responsible, just and do not perpetuate inequity and severe disadvantage. We joined 194 other investors in issuing a global statement of expectations for companies to:

1. Provide paid leave to allow workers to self-isolate and adhere to social distancing guidelines.
2. Prioritise health and safety of workers and the public.
3. Maintain employment.
4. Uphold supplier/ customer relationships.
5. Approach financial decisions ethically, including suspending shareholder distributions and cutting senior management pay in order to support workers.

Social investments

The Foundation will consider making social investments where they directly support our mission and where the financial support required is different to that needed by grantees.

Achieving the maximum financial return is not the overriding consideration in making these investments and in reviewing their success. The Trustees recognise that the returns from social investments come from a blend of social impact and the traditional investment measures of income generated and increase in capital value. Income and the maintenance of capital value is important to demonstrate that social investments can produce a financial return as well as a social return, but the primary reason for the Foundation making social investments is, as for grantmaking, to advance our charitable mission. Social investments are reviewed for both social impact and on financial measures to inform impairment considerations.

Social investments are not currently a core part of the investment strategy, and no new social investments were made in the year ended 31 March 2020.

Following further repayments of capital during the year social investments at 31 March 2020 totalled £993,201 (2019: £1,016,903).

Reserves policy

As the Foundation's endowment is expendable, it is all available for use at the discretion of the Trustees in furtherance of the charitable objects of the Foundation.

Trustees consider it prudent to have short term access to cash equal to approximately 12 months' projected expenditure. This includes grants that are payable in the next 12 months, one year's programme, staff, governance and office costs and the value of any purchases of office furniture or equipment that are anticipated within the next 12 months. Some of the cash will be held by fund managers and not under the Foundation's direct control but would be accessible within 30 days' notice.

In practical terms this equates to the free reserves being broadly equal to the financial budget set for the year, which for 2020/21 was expenditure of £14.3m. In May 2020 £12.3m was transferred from the Sarasin portfolio to provide operating cash for use during the 2020/21 financial year. Any additional cash requirements can be requested from fund managers at 30 days' notice.

Remuneration policy

The overall goal of the Foundation's remuneration policy is to ensure that staff members are remunerated fairly and in a way that ensures that the Foundation attracts and retains the right skills to have the greatest impact in delivering our charitable objectives.

Lankelly Chase aims to maintain a competitive and fair salary structure which is clearly defined and communicated to all employees with procedures that are applied consistently in a non-discriminatory manner. The Foundation benchmarks salaries against an appropriate comparative sector/set of organisations. Benchmarked bands are agreed for each post and set by the Resources and Risk Committee. A Pay Committee comprising the senior management team approves individual salary changes up to and including Director roles. The Deputy Chief Executive salary is approved by Resources and Risk and the CEO salary by the Board.

Lankelly Chase is a living wage employer and commits to paying at least the London Living Wage to all employees, including interns.

Lankelly Chase offers an Enhanced Parental Leave policy offering all new parents the same opportunity to take paid leave, regardless of gender, sexual orientation or how they became a parent (whether through birth, adoption, parental responsibility or surrogacy). This has been made available after passing probation, rather than the original requirement of 12 months of service and reflects a commitment to living the values of the Foundation.

The Foundation does not currently pay remuneration to Trustees or Co-optees.

Statement of responsibilities of the Trustees

The Trustees (who are also Directors of LankellyChase Foundation for the purposes of company law) are responsible for preparing the report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, 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 Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and statements of recommended practice 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 charity will continue in operation.

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

In so far as the Trustees are aware:

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

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

The report of the Trustees has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the Trustees on 28 October 2020 and signed on their behalf by

Myron Rogers
Chair of Trustees

Independent auditor's report to the members of The LankellyChase Foundation

Opinion

We have audited the financial statements of The LankellyChase Foundation (the 'charitable company') for the year ended 31 March 2020 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 March 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- 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.

Other information

The other information comprises the information included in the trustees' annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

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

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the

trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken

so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

16 December 2020

Jonathan Orchard (Senior statutory auditor)
for and on behalf of Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, London EC1Y 0TL

Statement of financial activities for the year ended 31 March 2020

	Note	All restricted and unrestricted funds 2020 £	All restricted and unrestricted funds 2019 £
Income from:			
Investments	2	3,888,204	3,812,660
Donations		90,909	-
Other income		201	-
Total incoming resources		**3,979,314**	**3,812,660**
Expenditure on:			
Investment management fees		983,413	986,526
Charitable activities	3	7,688,220	4,988,754
Total expenditure		**8,671,633**	**5,975,280**
Net expenditure before net gains on investments		**(4,692,319)**	**(2,162,620)**
Net (losses)/gains on investments		(7,551,786)	5,623,054
Net (expenditure)/income for the year	4	**(12,244,105)**	**3,460,434**
Reconciliation of funds:			
Total funds brought forward at 1 April		147,857,176	144,396,742
Total funds carried forward at 31 March		**135,613,071**	**147,857,176**

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 16 to the financial statements.

All income and expenditure was unrestricted in both periods.

Balance sheet as at 31 March 2020

	Note	£	2020 £	£	2019 £
Fixed assets					
Tangible assets	10		30,198		11,479
Investments					
Managed funds	11		136,132,803		147,304,226
Social investments	12		993,201		1,016,903
			137,156,202		**148,332,608**
Current assets					
Debtors	13	169,148		107,226	
Cash at bank and in hand		4,139,913		3,064,100	
		4,309,061		3,171,326	
Liabilities					
Creditors: amounts falling due within one year	14	(4,022,960)		(2,278,954)	
Net current assets			286,101		892,372
Total assets less current liabilities			**137,442,303**		**149,224,980**
Creditors: amounts falling due after one year	15		(1,829,232)		(1,367,804)
Total net assets			**135,613,071**		**147,857,176**
The funds of the charity					
Unrestricted funds	16		135,613,071		147,857,176
			135,613,071		**147,857,176**

The financial statements were approved by the Board of Trustees and authorised for issue on 28 October 2020 and are signed on its behalf by:

Myron Rogers
Chair of Trustees

Company registration number 5309739

Statement of cash flows for the year ended 31 March 2020

	Note	2020		2019	
		£	£	£	£
Cash flows from operating activities					
Net (expenditure)/income for the reporting period					
As per the statement of financial activities		(12,244,105)		3,460,434	
Depreciation charges		6,765		12,615	
(Losses)/Gains on investments		7,560,254		(5,617,937)	
Dividends and interest from investments		(3,888,204)		(3,812,660)	
Decrease/(Increase) in debtors		(61,922)		(2,017)	
Increase/(decrease) in creditors		2,205,434		(591,901)	
Net cash provided by/(used in) operating activities			(6,421,778)		(6,551,466)
Cash flows from investing activities:					
Dividends and interest from investments		3,888,204		3,812,660	
Purchase of fixed assets		(25,483)		(5,953)	
Return or impaiments of social investments		23,702		77,557	
Movement on cash within investments		(611,473)		(2,354,103)	
Proceeds from sale of investments		41,764,931		45,866,951	
Purchase of investments		(37,542,289)		(44,292,612)	
Net cash provided by investing activities			7,497,591		3,104,500
Change in cash and cash equivalents in the year			1,075,813		(3,446,966)
Cash and cash equivalents brought forward at 1 April			3,064,100		6,511,066
Cash and cash equivalents carried forward at 31 March			4,139,913		3,064,100

Notes to the financial statements for the year ended 31 March 2020

1. Accounting Policies

Basis of preparation
The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

Public benefit entity
The charitable company meets the definition of a public benefit entity under FRS 102.

Going concern
Whilst acknowledging the current volatility in the markets the trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Income
Investment income is accounted for when received by the Foundation or its agents. Social investment interest income is recognised when receivable on an accruals basis. Other income is accounted for when the amount receivable can be identified with reasonable certainty. In practical terms this is generally the date of receipt.

Expenditure
Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity heading: expenditure on charitable activities which includes the costs of programme activities and grant-making undertaken to further the purposes of the charity and their associated support costs.

Charitable activities are those costs relating to the program activities of the Foundation and include grants, governance and support costs. Grants are generally payable in instalments over a number of years. The full amount of the grant however is accounted for in the year in which the decision is made rather than the year in which payment is made. These grants fall due for payment when all conditions have been met. These conditions will vary according to the purpose and period of the grant.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Investment managers' fees are grossed up for any rebates received.

Governance costs are the costs associated with the strategic direction of the organisation and with meeting regulatory responsibilities.

Support costs are those related to all the other activities of the organisation and are apportioned on the basis set out in note 4.

Allocation of support costs
Resources expended are allocated to the activity where the cost relates directly to that activity. However, the cost of the overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the basis of the proportion of staff time attributable to each activity.

Operating lease commitments
Rental charges are charged on a straight line basis over the term of the lease.

Tangible fixed assets
Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

Leasehold improvements	over the remaining life of the lease
Office furniture and equipment	25% per annum

Investments
Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities and any excess of fair value over the historic cost of the investments will be included in unrestricted reserves in the balance sheet. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading “Net gains/(losses) on investments” in the statement of financial activities (SOFA). The Foundation does not acquire put options, derivatives or other complex financial instruments.

Social investments
Social investments are carried at fair value or impaired cost where it is not practicable to recognise at fair value. Such investments are subject to regular review and any impairment is charged to the SOFA. Investment valuations are not enhanced to more than original cost.

Debtors
Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand
Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

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

The Foundation only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Pension costs
Contributions by the Foundation to the personal, money purchase, pension schemes held in the names of the individual employees are recognised in the year in which they are payable.

Funds
As the Foundation's endowment is expendable, unrestricted funds are available for use at the discretion of the trustees in furtherance of the charitable objects of the Foundation. Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors.

2. Income from investments

	2020 £	2019 £
Listed investments	3,820,157	3,687,884
Interest on cash held as part of the investment portfolio	49,112	65,567
Bank interest	10,711	8,005
Social investment income	8,224	51,204
Total investment income	3,888,204	3,812,660

Interest on cash includes income received from Index Linked Treasury bonds that have been held during the year.

3. Expenditure on charitable activities

All expenditure on charitable activities falls under the heading of programme costs. For 2019/20 grants continue to be split into the main areas of Who, Power, Field, Place,

Communications and Learning, which it is felt is meaningful for the way that the Foundation operates.

The allocation of costs to strategic areas is not precise, as most grants cut across more than one of the strategic work areas. Also, for grants that span a number of years, the focus of the work can develop and change over time, which means that the grant may its strategic area of work over time. This is partly because the Foundation's approach is to encourage grant applicants to respond to what is needed locally rather than to restrict their work to just one strategic area.

As there is only one stream of income or expenditure to which support costs can be allocated, they are all allocated to program costs, as set out below:

	2020 £	2019 £
Programme-related costs		
Strategic areas:		
Who	992,474	499,290
Power	937,775	1,244,172
Field	1,143,707	990,883
Place	2,487,292	760,310
Grants	545,183	(310)
Comms	120,302	135,664
Learning	60,868	50,879
Grant Development	73,747	8,077
Other Social investment programmes	-	(20,000)
	6,361,348	3,668,965
Governance costs (note 5)	53,207	109,858
Support costs (note 6)	1,273,665	1,209,931
	7,688,220	**4,988,754**

4. Net income/(expenditure) for the year

This is stated after charging/(crediting):

	2020 £	2019 £
Depreciation	6,765	12,615
Operating lease rentals		
Property	86,975	75,048
Other	9,173	9,454
Auditor's remuneration (excluding VAT):		
Audit	11,700	11,400
Other Services	5,000	-
VAT on audit and other services	3,340	2,280

5. Governance costs

	2020 £	2019 £
Legal expenses	3,295	2,760
Auditor's remuneration	19,890	13,900
Membership of PRI	1,028	1,008
Trustee expenses reimbursed	2,846	5,064
Trustee training	210	-
Trustee meeting costs	13,354	12,369
Investment advisor fees	11,760	73,790
Other governance related adminstration expenses	824	968
	53,207	109,858

6. Support costs

The key elements of support costs are set out below.

	2020 £	2019 £
Staff costs (note 7)	1,032,017	971,000
Recruitment costs	-	12,885
HR-related costs	15,453	19,158
Premises costs including utilities and repairs	105,669	93,108
Legal and professional costs	13,542	10,960
Travel, subsistence and hosting of events	3,469	6,484
Training and conferences	39,085	29,800
Subscriptions and memberships	25,185	22,829
Telephone, postage, stationery and printing	15,931	18,836
Website and IT costs	15,578	11,471
Bank charges	807	734
Exchange rate differences	164	51
Depreciation	6,765	12,615
	1,273,665	1,209,931

7. Analysis of staff costs, trustee expenses and the cost of key management personnel

Staff costs were as follows:

	2020 £	2019 £
Salaries	807,140	770,572
Social security costs	82,194	67,216
Employer contribution to defined contribution pension schemes	84,472	79,130
Temporary staff	54,616	51,201
Other forms of employee benefits	3,595	2,881
	1,032,017	**971,000**

The following number of employees received benefits in excess of £60,000 (excluding employer pension costs and employer National Insurance contributions) during the year between:

	2020 No.	2019 No.
£60,001 - £70,000	2	3
£90,001 - £100,000	-	1
£100,001 - £110,001	1	-

The total employee benefits including employer pension contributions and employer National Insurance contributions of the key management personnel were £477,202 (2019: £424,367).

The Chief Executive received a gross salary after salary sacrifice of £106,668 with employer pension contributions of £17,617 (2019: £98,808 and £16,319 respectively).

The key management personnel (including the Chief Executive) received salary payments (gross salaries after sacrifice) plus employer pension contributions and other benefits in the following bands.

	2020 No.	2019 No.
£30,001 - £40,000	-	1.0
£40,001 - £50,000	2.0	-
£50,001 - £60,000	1.0	-
£60,001 - £70,000	-	1.9
£70,001 - £80,000	1.8	1.0
£80,001 - £90,000	-	1.0
£110,001-£120,000	-	1.0
Total	**5.8**	**5.9**

Trustees' expenses represent the payment or reimbursement of travel and subsistence costs totalling £12,512 (2019: £15,509) incurred by 4 members relating to attendance at meetings of the trustees (2019: 6).

The Foundation trustees were not paid nor received any other benefits from employment with the Foundation in the year (2019: £nil).

8. Staff numbers

The average monthly number of employees (head count based on number of staff employed) during the year was 16 (2019: 15).

9. Related party transactions

There were no related party transactions in the year.

10. Tangible assets

	Leasehold improvements £	Furniture & equipment £	Total £
Cost			
At 1 April 2019	133,849	76,646	210,495
Additions	10,771	14,712	25,483
At 31 March 2020	144,620	91,358	235,978
Depreciation			
At 1 April 2019	133,849	65,166	199,015
Charge for the year	865	5,900	6,765
At 31 March 2020	134,714	71,066	205,780
Net book value at 31 March 2020	**9,906**	**20,292**	**30,198**
Net book value at 31 March 2019	-	11,480	11,480

All assets are used for charitable purposes.

11. Investments – managed funds

Investments comprise:

	2020 £	2019 £
Listed investments	129,002,792	140,785,688
Cash held as part of the investment portfolio	7,130,011	6,518,538
Total market value	**136,132,803**	**147,304,226**

	2020 £	2019 £
Fair value at 1 April	140,785,688	136,742,089
Additions at cost	37,542,289	44,292,612
Disposal proceeds	(41,764,931)	(45,866,951)
Net (loss)/gain on change in fair value	(7,560,254)	5,617,938
Fair value at 31 March	**129,002,792**	**140,785,688**
Cash balances	7,130,011	6,518,538
Total Market Value	**136,132,803**	**147,304,226**
Historic cost at 31 March	**131,660,258**	**132,495,206**

The value of the investments fell by £17.7m (11.4%) in the last quarter of the financial year to £131.6m. However, this fall reversed £13.0m of gains that had been made in the first nine months of the financial year. Despite this fall and in an environment of market uncertainty the value of investments has recovered strongly since the end of the financial year. In the five months to the end of August the share portfolio recovered by £16.4m (12%) before accounting for the removal of £12.3m of cash to provide for operational cash requirements during the 2020/21 financial year. The value of the investment fund at the end of August 2020 was £140.2m.

12. Investments - social investments

The movement in social investments held by the Foundation during the year ended 31 March 2020 and the previous year are shown in the two tables below:

Year end 31 March 2020	At 1 April 2019 £	Purchases in year/ (return of capital) £	Impairment £	At 31 March 2020 £
Big Issue Invest	91,527	(13,924)	-	77,603
Charity Bank	200,000	-	-	200,000
Ethex	-	-	-	-
Social Justice and Human Rights Centre	500,000	-	-	500,000
Resonance Real Lettings Property Fund	225,376	(7,567)	-	217,809
Fair Finance	-	-	(2,210)	(2,210)
	1,016,903	**(21,492)**	**(2,210)**	**993,201**

At the year-end, the Foundation had committed to no further social investments (2019: £nil) to be made in the following year.

Year end 31 March 2019	At 1 April 2018 £	Purchases in year/ (return of capital) £	Impairment £	At 31 March 2019 £
Big Issue Invest	144,460	(52,933)	-	91,527
Charity Bank	200,000	-	-	200,000
Ethex	-	-	-	-
Social Justice and Human Rights Centre	500,000	-	-	500,000
Resonance Real Lettings Property Fund	250,000	(24,624)	-	225,376
Fair Finance	-	-	-	-
	1,094,460	**(77,557)**	**-**	**1,016,903**

13. Debtors

	2020 £	2019 £
Other debtors	115,891	66,564
Prepayments	51,365	38,336
Accrued income	1,892	2,326
	169,148	**107,226**

14. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	46,085	12,492
Grants payable within one year	3,696,912	2,004,669
Other creditors	8,540	4
Accruals	271,423	261,789
	4,022,960	**2,278,954**

Reconciliation of movement in grants creditors

	2020 £	2019 £
At 31 March 2019		
Grants falling due within one year	2,004,669	2,228,818
Grants falling due after more than one year	1,367,804	1,730,982
Total grants creditor	3,372,473	3,959,800
Prior years' grants cancelled/returned in year	-	(67,300)
New grants awarded in year	5,848,051	3,155,489
Grants paid in year	(3,694,380)	(3,675,516)
At 31 March 2020	5,526,144	3,372,473
At 31 March 2020		
Grants payable within one year	3,696,912	2,004,669
Grants payable after more than one year	1,829,232	1,367,804
Total grants creditor	**5,526,144**	**3,372,473**

15. Creditors: amounts falling due after one year

	2020 £	2019 £
Grants payable (all payable in 2-5 years)	1,829,232	1,367,804
	1,829,232	**1,367,804**

16. Movement in funds

As the Foundation's endowment is expendable, there is no distinction between the endowment and unrestricted reserves. These funds are available for use at the discretion of the trustees in furtherance of the general objectives of the Foundation.

Current year

	At 1 April 2019 £	Incoming resources & gains £	Outgoing resources & losses £	At 31 March 2020 £
Unrestricted funds	147,857,176	3,979,314	(16,223,419)	135,613,071
Restricted funds	-	-	-	-
Total funds	**147,857,176**	**3,979,314**	**(16,223,419)**	**135,613,071**

All income and expenditure in the year related to unrestricted funds.

Prior year

	At 31 March 2018 £	Incoming resources & gains £	Outgoing resources & losses £	At 31 March 2019 £
Unrestricted and total funds	144,396,742	9,435,714	(5,975,280)	147,857,176
Restricted funds	-	-	-	-
Total funds	144,396,742	9,435,714	(5,975,280)	147,857,176

17. Operating lease commitments

The Foundation's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Land and buildings		Other assets	
	2020 £	2019 £	2020 £	2019 £
Less than one year	86,705	86,705	8,927	5,291
One to five years	289,017	346,820	19,589	12,754
Over five years	-	28,902	-	-
	375,722	462,427	28,517	18,045

18. Legal status of the charity

The Foundation is a charitable company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

19. Post Balance Sheet Events

The value of the investments fell by £17.7m (11.4%) in the last quarter of the financial year reflecting uncertainty in world markets due largely to the COVID-19 virus. However, this fall reversed £13.0m of gains that had been made in the first nine months of the financial year. Despite this fall and in an environment of market uncertainty the value of investments has recovered strongly since the end of the financial year. In the five months to the end of August the share portfolio recovered by £16.4m (12%) before accounting for the removal of £12.3m of cash to provide for operational cash requirements during the 2020/21 financial year. The value of the investment fund at the end of August was £140.2m.