



power to
change

business in
community
hands



LOTTERY FUNDED

Annual report 2016

Celebrating a year of community business



Our year at a glance



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* Power to Change Trustee Limited is the sole corporate Trustee of Power to Change Trust and it is controlled by its Trustee Directors.



Our front cover photo shows local young people on an internship with **Repowering Brixton**, bringing renewable energy to their community by installing solar panels on rooftops. Funded under our **Innovation and Infrastructure Fund**.
Photo by Tim Mitchell.

Message from the Chair and Chief Executive: 2016 in review

Two years on from the launch of Power to Change, we continue to be inspired by what can be achieved when local people come together through community business to improve the places where they live.



Whether a community-run B&B in Blackpool, a community farm in London’s Stepney Green or a community bookshop in Crediton in Devon, community businesses are united by the fact that they are rooted in the places in which they are based, are driven by local people and that their trading activities benefit the wider community. This is how they make and sustain change locally.

As our activities have grown and our engagement with community businesses has deepened, we are increasingly learning how community businesses can provide a response to some of our country’s most pressing challenges.

Take the crisis in affordable housing as one example. Leeds Community Homes has a vision to create 1,000 affordable homes across Leeds, in the coming decade. We supported them to raise £360,000 in community shares, with the first £100,000 matched by Power to Change. This money will kick start their first housing development of 16 homes.

A second example can be seen in Kensal Rise in London, where local people united to prevent the permanent closure of the library as financial pressure mounted on the local authority. With support from Power to Change, they are turning the library into a broader community space, offering additional events and other activities to local people and generating income towards the long term viability of the library.

Power to Change wants to accelerate the potential of community business to address local and national challenges by substantially growing the community business sector. To do this, we expanded our programmes in 2016 beyond direct support for community businesses to develop infrastructure and strengthen the capacity and voice of the entire sector. Through our Innovation and Infrastructure Fund, our support for peer networks and our leadership programme, we intend to create a more self-sustaining sector that remains innovative and vibrant into the long term.

Overall in 2016 we invested £16.4 million across a diverse range of activities, up from £10.7 million in 2015. We helped more than 150 organisations in England, and 74 per cent of those we supported through our Community Business Fund are in the 30 per cent most deprived areas.

However, we measure our impact much more broadly than by the money we spend and the number of businesses that we help. We judge ourselves by our values and score our performance against a series of goals that we set ourselves for the year. You can read about our values on page 4 and see how we did against our goals on pages 8/9.

Power to Change wants to accelerate the potential of community business to address local and national challenges by substantially growing the community business sector.

Better places through community business

We know that a single community business on its own can have a significant impact on its neighbourhood, acting as a hub to connect different parts of a community.

However, in many cases, significant change will depend on an ecosystem of community businesses that can underpin a more inclusive economic model in which communities own assets that generate profits, with these profits being reinvested locally to address other needs and the priorities of local people.

Already we can see clusters of community businesses emerging through our early grant making, for example in Liverpool, Bristol, Bradford and Hastings. To help accelerate this trend, in 2016, we started funding in a number of neighbourhoods across England, exploring the ways in which a community business ecosystem can improve the physical, economic and social conditions of these places.

We want to learn how we can best support existing clusters of community businesses to expand and have greater impact and how to seed the development of new clusters. Over the next five years we will build on the foundations that we have laid in 2016 as we focus our activities in particular parts of the country to deepen our impact and realise our vision of better places through community business.

A movement of community business

We want to ensure that more people understand the potential of community business to make positive change in communities and are motivated to work with us to support them to grow. Enabling a movement of community business is an essential part of our legacy.

To this end, we have focused on inspiring new people to get involved. The first national Community Business Weekend in July saw community businesses opening their doors to their neighbours and welcoming people who would become customers, volunteers, shareholders and board members.

We know that building a strong movement will depend on creating a robust evidence base for what community business can actually achieve. To support this, we are proud to have committed 5% of our endowment to our Research Institute, which began its research and policy programme in earnest in 2016. Its work will make an important contribution to our long term objective to make the case for community business.

The Research Institute will also drive our own impact measurement. It is early days for demonstrating the impact of Power to Change, but we are laying the groundwork and using technology to make it easier and cheaper for community businesses to collect the data that is most useful to them. You can read more about the Research Institute’s work on page 6.



Alongside the passion of local people, what we have been able to achieve in 2016 has been down to the commitment, energy and skills of the Power to Change team, as well as our expert Board, our Community Business Panel and the partners with whom we work. We are grateful to them all.

In 2017 we look forward to launching bolder, more ambitious plans – all to support and inspire community businesses as they transform communities across England.


Stephen Howard,
Chair


Vidhya Alakeson,
Chief Executive

Our vision and values

Our vision is to create better places through community business via three long term objectives:

Growing the sector

To grow the sector such that there are a greater number of sustainable community businesses delivering significant social, economic and environmental impact.

Transforming places

To demonstrate that community businesses can transform places through positive economic, social and environmental impact.

Making the case

To inform and influence citizens, government, business and other funders that community business can be a powerful force for change, such that they increase their investment in, and commitment to, the community business sector.



Our Values



We encourage

and support community businesses to take power and responsibility to achieve lasting change



We focus

our activities where they can have the greatest impact and bring greatest benefit to communities who are most marginalised



We collaborate

to bring together talented people and organisations from different backgrounds to deliver the best outcomes for community businesses



We learn

from strong research underpinned by a deep appreciation of what is important to community businesses



We are a catalyst

for change, building on the best ideas, leveraging new resources and championing new approaches



We are transparent

and open about our decision-making, sharing what we learn

We believe that embedding these values and behaviours in all aspects of our operations, both internally and externally, will help us to successfully achieve our vision.

What is a community business?

Community business in comparison to other organisational forms



Three key features of a community business

1 Community benefit	2 Place based and community led	3 Business
Have a positive impact on the community in which they are based.	Rooted in a particular geographical location and community led.	Entities which derive the majority of their income from their trading activities.

To apply for Power to Change grant funding, community businesses have to demonstrate charitable purpose.

Our research

Power to Change wants to see better places through community business.

The Research Institute supports this ambition by seeking to answer two questions:

- how do community businesses make places better?
- how is Power to Change helping them to achieve this?

2016 was the foundation year of the Research Institute. Following strategic advice from New Philanthropy Capital, we established a broad-based User Panel to advise on research priorities and dissemination, and an academic Research Panel to ensure our output is of the highest quality. With their guidance, we commissioned research into community business market growth and confidence, into the state of community asset transfers, and into the socio-economic and financial factors behind successful community businesses in the transport, housing and pubs sectors. We also commissioned international research looking at community businesses in England, Sweden and the Netherlands.

A different approach to impact measurement

From the outset, the Research Institute has taken a different approach to impact measurement. It is of course very important that the organisations Power to Change supports think about their social impact and we regularly provide business development support to grantees who want to develop their impact measurement skills. However, social impact reporting is not a requirement of our core grants programmes.

This is partly because small community organisations rarely have the time or expertise to carry out such work and partly out of a recognition of the inherent difficulty of demonstrating significant, long-term change to complex social phenomena.

To understand that, we need:

- a clearer articulation of how different types of community business transform their local areas;
- good quality, comparable data about their operational performance; and
- rigorous quantitative and qualitative analyses of this data against local, regional and national benchmarks.

Over the course of 2016 the Research Institute started the first phase of this work with a review of Power to Change’s original theory of change, in consultation with staff and stakeholders. We identified three specific hypotheses which we believe are key to understanding how community businesses contribute to making places better.

Hypothesis #1

Communities are better when they have engaged residents and good relationships.

Hypothesis #2

Communities are better when they have good jobs and residents who have improved job skills.

Hypothesis #3

Communities are better when they have a financial buffer of patient capital, sustainable income generation and/or control assets of increasing value.

These hypotheses are aligned with both existing and planned Power to Change programmes and we have adopted an explicitly experimental approach to testing them. This new framework will allow the Research Institute to assess Power to Change programmes in an open and transparent way, developing data-rich, measurable indicators against which we can assess the overall effectiveness of the Trust.

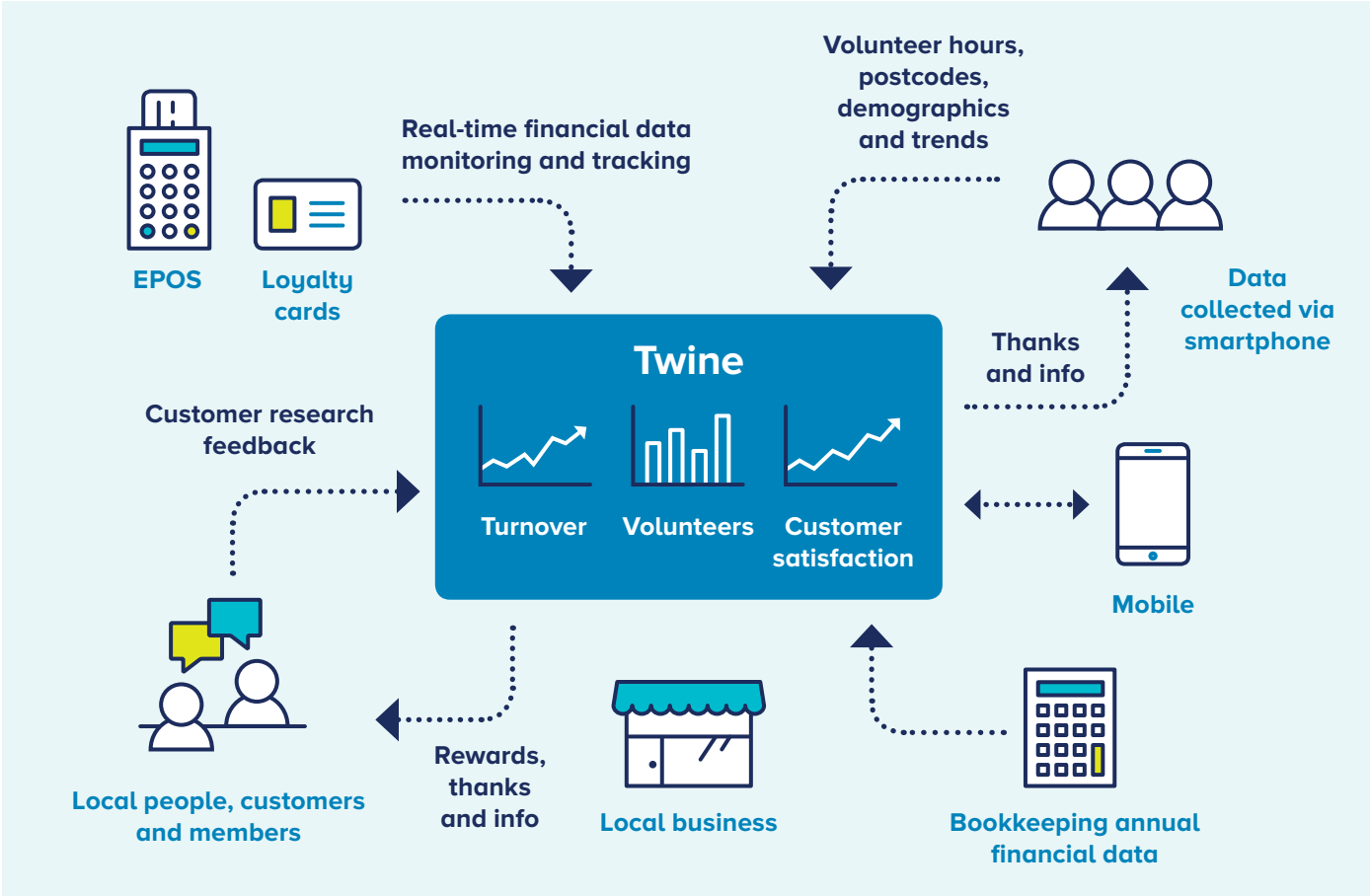
A key component of this approach is our data platform, Twine, an online subscription service that provides business intelligence and simple performance measurement at low cost. The service draws data from bookkeeping software, customer research, volunteering and footfall in an online workspace tailored to the needs of individual community businesses.

This data is aggregated across all subscribers and benchmarked, giving each subscriber a better understanding of how they are performing compared to their peers. As well as benchmarking against all businesses using the service, Twine also draws on data from national and regional datasets to provide a broader comparative picture of performance.

A clear focus on our legacy

Making Twine a subscription model was a deliberate decision to ensure the platform lives on after Power to Change is gone. Similarly, we publish all our research data online in open and accessible formats to stimulate their re-analysis and re-use. Wherever possible, we seek to build the capacity of the community sector and the resources available to it. We therefore place a premium on collaborative working.

We have provided financial and advisory support to the Access Foundation’s £3.3 million Impact Management Programme, which seeks to help charities and community businesses to quantify, report on, increase and get paid for their impact. And we are working with the Department for Culture, Media and Sport to run six hyperlocal boosters to their Community Life Survey, which will provide for the first time ever, direct measures of the community-level impact of community businesses.



How we delivered against our priorities in 2016

At the start of 2016 we set out our priorities for the year in *Better places through community business – our strategy to 2018*. Twelve months on we have marked ourselves and our progress against those goals.

Performance indicator



Peer Network Programme

Our aim
We will develop and launch a fund to enable community businesses to participate in peer networks.

We achieved
We launched the fund in 2016 with 13 organisations that operate national, regional and sectoral peer networks.



Leadership Development

Our aim
We will run a multi-year community business academy to grow leadership capacity for the sector.

We achieved
We launched the programme with a consortium led by the Royal Society for the Encouragement of Arts, Manufacture and Commerce supporting a cohort of south-west based community business leaders.



Community Business Fund

Our aim
We will introduce our Community Business Fund in April 2016.

We achieved
Launched in April 2016, this fund successfully allocated over £8 million to community businesses across England in the course of 2016.



Research Institute

Our aim
We will establish our Research Institute as a hub for evidence and learning for the sector.

We achieved
The Research Institute invested £0.8 million in research and evaluation in 2016, based on guidance from our externally appointed User Panel and Research Panel.



Market analysis

Our aim
We will update our market analysis of 2015 to provide a view of the health of the sector.

We achieved
We published our 2016 report at the Locality Convention in November 2016. This showed continued strong market growth and high levels of business confidence.



Evaluating impact

Our aim
We will publish evaluations of our new funding programmes.

We achieved
We published evaluations of our Initial Grants Programme. We also published the results of our inaugural Annual Grantee Survey and posted the complete dataset online and we have evaluations in place for other programmes.



Funding review

Our aim
We will review our funding offer to identify whether we need to develop a broader range of products.

We achieved
We did and as a result are launching sector funds for housing and for start-up community businesses like our Bright Ideas Programme.



More than a Pub Programme

Our aim
Working with the Department for Communities and Local Government and the Plunkett Foundation, we will start a community pubs fund.

We achieved
Working with government and sector partners we launched the £3.6 million More than a Pub programme.



Telling the story

Our aim
We will work with the sector to raise the profile of community business through case studies, media and events.

We achieved
We secured over £1 million equivalent media coverage for the sector and hosted community business shows in Liverpool and Manchester. Our stakeholder research told us that we need to increase our profile even further in 2017.



Raising awareness

Our aim
We will build relationships with stakeholders to raise awareness of the potential of community business.

We achieved
Our stakeholder survey at the end of 2016 revealed we had built relationships with an inner circle of sector partners but that we had further progress to make beyond that, for example with local authorities.



Blended funding and community shares

Our aim
We will complete our pilot of blended loan and grant funding and begin a new £1 million pilot with the Community Shares Unit.

We achieved
Both initiatives were well underway deploying over £0.4 million of capital by the end of 2016, a healthy figure but one below the expectations we had set ourselves.



Investing in places

Our aim
We will work with partners in four areas to develop our understanding of how best to invest locally to create momentum behind community business.

We achieved
Partnerships with Social Enterprise UK (Plymouth), Young Foundation (Sheffield) and Trinity Mirror (Liverpool and Manchester) gave us key learnings in funding, support and communications for our longer term approach to place-based funding.



Events

Our aim
We will host learning events for the sector.

We achieved
We held two research seminars, on the size of the community business market and the state of community asset transfers, and we hosted a session on evidence-based policy making at the Locality Convention.



Linking to other funders

Our aim
We will strengthen our signposting and referral processes with social investors and other funders.

We achieved
In 2016 we provided only general advice to those we were not able to fund. Going forward, we aim to provide more specific signposting.



Investing in support providers

Our aim
We will implement a programme to support innovation by support providers to make it easier for community businesses to start up and grow.

We achieved
We set up an Innovation and Infrastructure Fund that invested over £0.8 million in support providers across a variety of areas.



Online marketplace

Our aim
We will assess the feasibility of developing an online marketplace with high quality providers of support for community businesses.

We achieved
We developed an online marketplace and rolled it out to our grantees in the first phase but did not extend it to the community business market as a whole.



Social impact measurement

Our aim
We will pilot social impact measures.

We achieved
We have developed a data platform, Twine, that will help our grantees to measure the information important to them and allow them to benchmark their performance over time. It will be launched in early 2017.



Resources mapping

Our aim
We will work with partners to create free-to-access toolkits for community businesses.

We achieved
We assessed what was currently available but have yet to find the best way to make those tools easily accessible.



Strategic priorities 2017

This year we aim to deliver the following proposals in support of our existing three long-term objectives. Our move to a more targeted approach will help us build on the significant growth already established.



Growing the sector

Targeted funding across the life course

Bright Ideas

Business Development

Trade Up

Mature businesses

Community Business Fund

Community Shares Booster Programme

Blended Funding Programme

Sector programmes based on assets

Pubs

Housing

Energy

Health and Social Care

Building capacity and infrastructure

Leadership Development Programme

Peer Network Programme

Transforming places

2016 – England wide coverage

2017 – Focus on specific locations and community assets

Making the case

Our core policy themes

Local Treasures
Helping communities to reclaim local assets

More than book keeping
Helping to keep local libraries open

Promoting equality and diversity

21%

of BAME groups are interested in community business against 13% of the national average

Building a movement

Targeting

16%

of people very likely to get involved

4 ways to be involved

Volunteers

Shareholders

Customers

Management

Building the evidence base

Twine data platform

Commissioned research

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How we achieve change

In the following pages, you can read about the grants we have made under each of our programmes. Here we set out the different ways in which we seek to achieve change and realise our three long term objectives. Each of our individual programmes fits within the framework set out below.



Grow the community business sector

In order to fulfil this objective, we pursue two strands of activity:

Funding and support to community businesses across the life course.

In keeping with best practice, programmes in this area offer a mix of revenue and/or capital funding and capacity building support. These programmes can be open or targeted at a particular sector but their principal goal is to generate growth in the number of community businesses and in those that achieve long term viability.

Funding to strengthen the infrastructure available to support community businesses.

Including growing the sector's capacity for leadership and advocacy and making it better able to provide appropriate support to community businesses.

Transform places through community business

In order to fulfil this objective, we pursue two strands of activity:

Enabling communities to run assets for economic resilience.

We are putting in place a number of sector-based programmes that focus on assets that can generate surpluses for communities and strengthen their economic resilience, starting with housing. Over time, by consolidating different sector based programmes within a single geographic area, we are looking to deepen our impact in place.

Programmes that specifically focus on place-based investment.

Different types of geographic area require a different approach to place-based investing to drive momentum behind community business and its impact in place. We are initially focusing at a neighbourhood level in urban towns and cities.

Make the case for community business

In order to fulfil this objective, we pursue two strands of activity:

Building the evidence base for community business.

Work undertaken by the Research Institute seeks to grow the evidence base for the positive contribution of community business to local economic growth and social change. This includes data collection related to Power to Change's own programmes and commissioned research looking at different dimensions of the success of community business and its impact.

Enabling a national movement around community business.

This includes activities to inspire new people to get involved with community business such as our events in Liverpool and Manchester with the Trinity Mirror Group and our Community Business Weekend. Also our policy development will influence national and local government in favour of community business, including our work around community asset transfers.



For further details of Power to Change's funding policies see www.powertochange.org.uk/funding

Community Business Panel in 2016

Nationally recognised and representing virtually every sector from pubs to farming to energy, our panel comes together once a quarter to steer Power to Change in every aspect.

Meetings are deliberately hands-on with the executive of the organisation providing facilitation around topic areas that draw on the members' day-to-day experience of the community businesses that they lead or advise.

This year the panel members themselves asked that they describe their experience of life on the panel.



This year we criss-crossed the country, with community businesses hosting us in Tottenham, Leicester, Hastings and Brixton. At each a mixture of workshops, closed sessions, tours, activities and networking enabled us to provide Power to Change with direct input and insight into their activities and plans.

There is also much that we get out of it too. As well as in-depth advisory work on our respective areas of expertise, we swap ideas and provide each other with mutual help.

I'll be stepping down after my term with the panel but it is clear that I will always be part of the community business movement in an advisory and advocacy capacity."

Rebecca McIntyre,
Founding member,
Bamford Community Society



Being on the Research Institute's user panel enables me to get involved with other experts and gives me an insight into the work that goes on to measure the impact of our work".

Finn Jensen,
Founding member and Director,
Calderdale Community Energy
& Pennine Community Power



The meetings give everyone the opportunity to visit the inspiring places that are springing up around the country, from community pubs to piers and housing developments. It's like an AA meeting for community business leaders!"

Warren Carter, Chair,
Bevendean Community Pub



It's great to see how the Power to Change team are empowered at these meetings by what we have achieved out there, so they redouble their efforts and keep fuelling the fires of the community business movement."

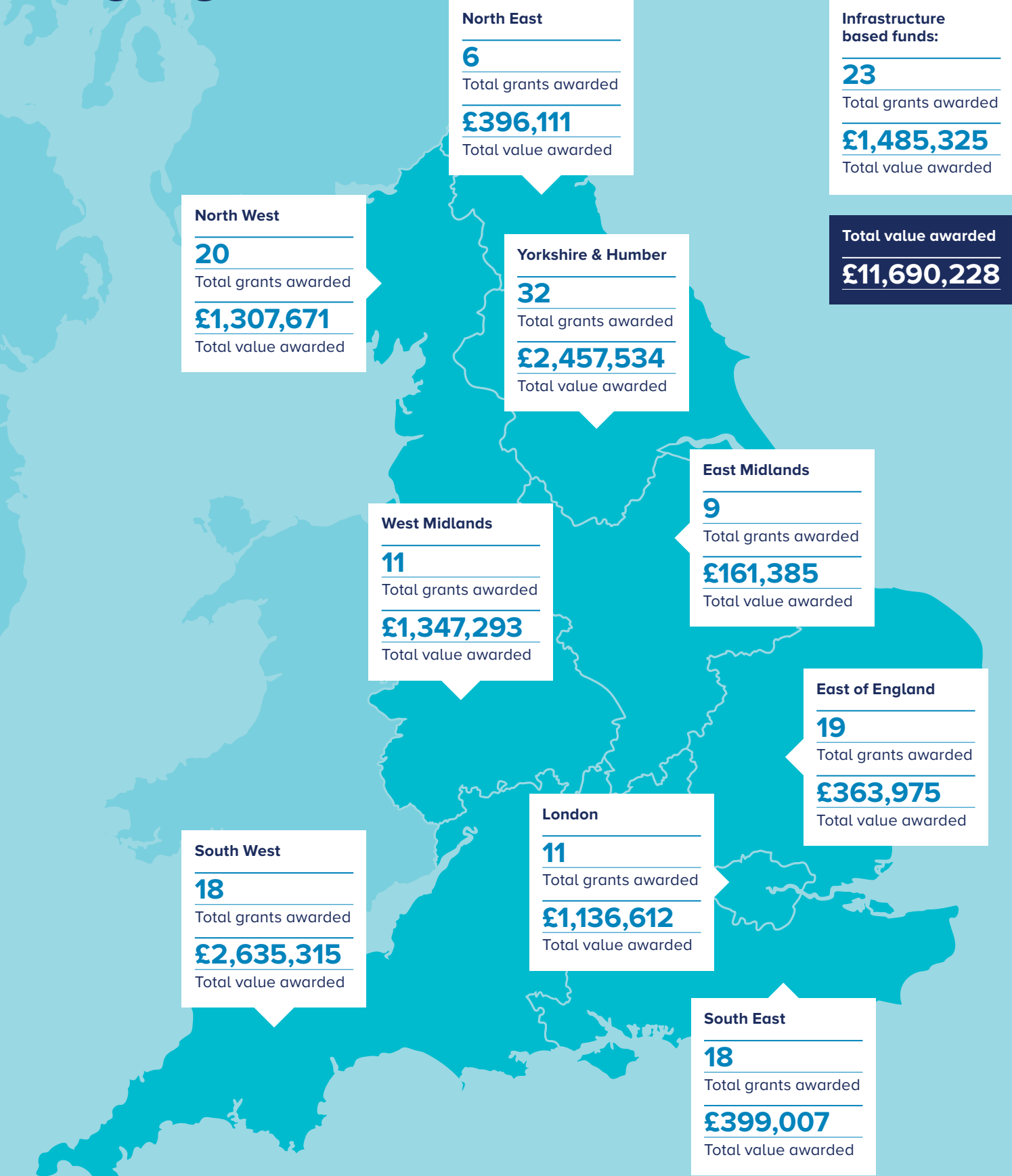
Chris Buckham, Chair,
Bretforton Community Shop



The power to change comes from our being involved at the highest level and the coal-face simultaneously. It opens new doors for you and the community businesses you know that are needed to make our neighbourhoods thriving and resilient places."

Sona Mahtani, Chief Executive,
Selby Trust

Grants awarded by region



Grants awarded

Organisational type

- Charity
- Community energy
- Community finance
- Community housing
- Community pub
- Community regeneration
- Community shop
- Community transport
- Craft, industry and production
- Cross-sector
- Digital
- Employment, training and/or education
- Food and farming
- Health and social care
- Library
- Mental health and wellbeing
- Multi-use facility/managed workspace
- Public land management
- Sports & leisure
- Tourism, heritage, arts & culture



Kiveton Park and Wales CDT

Initial Grants Programme

Total awarded in 2016:
£1,109,593

The following community businesses were awarded grants during 2016 under the Initial Grants Programme, which Power to Change ran in our first phase of operation.

4SLC Stocksbridge Community Leisure Centre
Yorkshire and Humber
Award: £307,675

Funding towards the renovation of the swimming pool and revenue funding to cover the business development phase, ultimately offering more affordable leisure activities to local people.

The Bevendean Community Pub
South East
Award: £175,257

Capital and revenue funding to support the Bevy in becoming a sustainable business providing a varied calendar of social activities at the heart of the community.

Cuckmere Community Bus
South East
Award: £75,000

Funding to purchase a new minibus to provide vital transport to vulnerable people in the East Sussex area who would otherwise be isolated.

Hallbankgate Hub
North West
Award: £14,472

Capital funding to upgrade a shop and transform it into a community hub for this remote rural area.

Kirkgate Arts
North West
Award: £3,000

Funding planning costs for a refurbishment including a café and more flexible artistic space, plus increased opportunities for volunteering and access to the arts.

Kiveton Park and Wales CDT
Yorkshire & Humber
Award: £59,388

Funding to create a sports facility with four football pitches which will improve community well-being and the projects self-financing.

LARCS (Learning and Resource Centre Supporters)
South West
Award: £148,647

Funding to refurbish the Old School House as a library and centre running events and activities for the whole community.

Meltham Carlile CIC
Yorkshire & Humber
Award: £65,000

Funding of a refurbishment that will improve access to existing facilities like the post office and café and create a new space for groups offering activities and services to the community.

Myatt's Fields Park Project
London
Award: £62,000

Funding to refurbish a depot building in the park for community gardening and to increase earned income to support community activities.

North Smethwick Development Trust
East Midlands
Award: £17,000

Funding will help the business develop new income streams, contribute to the upgrade of facilities, enable new apprenticeship roles to be created, and increase social impact on low income families.

Station House Community Connections
East of England
Award: £10,000

Capital funding to refurbish and reopen a disused train station as a community centre, along with revenue funding for initial centre staff costs.



Case Study
Initial Grants Programme

YES Brixham
South West
Award: £464,154 grant

Based in Brixham, a small fishing town with areas of deprivation in Devon, YES Brixham is a community business addressing local challenges such as youth unemployment and insufficient affordable homes.

Our grant will enable YES Brixham to develop the derelict Threshers site in the town centre into two self-contained flats for young people, who through no fault of their own find themselves homeless

or struggling to save deposits to rent somewhere; at street level pop-up retail units will host local youth enterprises. Our grant will also support the renovation of 'The Edge', a community hub in a former church which provides ongoing support, information, volunteering opportunities and activities which improve wellbeing, build up transferable skills and empower vulnerable people to feel valued in their local community. Everything from gardening on the community allotment, music workshops, work experience in the YES Brixham charity shop, to shower and clothes washing facilities are available through YES Brixham.

Westbury Sub Mendip Community Shop
South West
Award: £50,000

A grant for refurbishment of the shop and post office, development of the volunteer base and support with building a website, helping the shop continue to be at the heart of the community.

White Rock Trust
South East
Award: £58,000

Funding to support conversion and refurbishment of a building to create affordable work spaces, creative art spaces, community facilities and affordable housing. Project will contribute to local regeneration.

During the year grants of £250,000 to Newark Sports Association and £150,000 to SAFE Regeneration were withdrawn.

Blended Finance Programme

Total awarded in 2016: £363,500

In the Blended Finance programme we worked with two organisations (Key Fund and Social and Sustainable Capital – SASC) to use our grant funding to unlock extra investment from social investors, leveraging more money into the community business sector.

Action for Business (Bradford)

Yorkshire and Humber

Award: £92,000 unlocked a £158,850 Key Fund Loan

Funding to go towards employing an Enterprise Coach to provide free advice to entrepreneurs and help local businesses to grow, employ more people and contribute to the local economy, and funding of refurbishment costs which will lead to increased trading.

Beverley Cherry Tree Community Centre

Yorkshire and Humber

Award: £10,000 unlocked a £10,000 Key Fund loan

Contribution to refurbishment works within this community centre to include new flooring, toilet upgrade and upgrade to the children’s play areas.

Bristol Energy Co-op (BEC)

South West

Award: £155,000 unlocked a £800,000 SASC loan

SASC has supported BEC with a loan to support the development of a solar farm in Lawrence Weston, on the outskirts of Bristol. This grant supports this work in its early stages.



Wakefield Theatre Trust

Child Dynamix

Yorkshire and Humber

Award: £80,000 unlocked a £270,000 SASC loan

Funding to purchase and refurbish a nursery in Hull, to complement other services they provide to vulnerable young people and to improve employment options for parents in the area.

Levenshulme Inspire

North West

Award: £7,500 unlocked a £17,000 Key Fund Loan

Funding towards the salary of a business development manager to improve the business and marketing strategy for this community hub.

Vauxhall Neighbourhood Council

North West

Award: £30,000 unlocked a £60,000 Key Fund Loan

Funding to provide working capital requirements to deliver training courses and apprenticeships with Liverpool City Council, to create new jobs for young unemployed people and safeguard local jobs.

Wakefield Theatre Trust

Yorkshire and Humber

Award: £100,000 unlocked a £100,000 Key Fund Loan

Contribution towards a new building to be known as the Centre for Creativity, to give more opportunities for people in Wakefield to engage with the arts.

During the year a grant of £111,000 to Yorkshire Children’s Centre was withdrawn.

Community Business Fund

Total awarded in 2016: £8,241,349

The Community Business Fund supports existing community businesses with funding for a business development project to make their organisation more sustainable.

Alfrick & Lulsley Community Shop

West Midlands

Award: £270,631

Funding to purchase land, construct and furnish a shop which will bring services back into the heart of the community. Support to develop the business plan and measure social impact.

All Saints Action Network

West Midlands

Award: £226,221

A grant to establish a wood recycling social enterprise in Wolverhampton to provide a sustainable income stream for the social activities of the network, alongside business development support.

Amble Development Trust

North East

Award: £182,500

Funding to set up a lobster hatchery, education and research centre that will improve the sustainability of the local economy, provide employment opportunities and business development support for impact measurement.

Ancoats Dispensary

North West

Award: £14,500

Funding for business development support including legal advice and strategic advice on community engagement to support the next phase of the conversion of this former hospital into a community hub.

A B&B CIC

North West

Award: £369,942

Funding to convert a former B&B as a business to sustainably support a community hub, café and employment training programme.

Aveley Village Community Forum

East of England

Award: £4,000

Funding for business development support and financial planning, building capacity for this group offering services to local people.

B Active ‘N’ B’ Fit

North East

Award: £125,776

Funding to turn a derelict building into a centre for social retreats which will provide another income source for local wellbeing services, alongside business development support.

Bermondsey Community Kitchen

London

Award: £98,250

Funding to allow a catering company employing long term unemployed youth to purchase a café business to make their services more financially sustainable, alongside funding for a general manager to develop social outreach social outreach activities and business development support.

Bradnet

Yorkshire and Humber

Award: £270,000

Funding to purchase a building as a base for their services for people living with disabilities and to provide new funding streams and an increased connection to the wider community. Business development support provided to develop governance and community accountability.

Brampton & Beyond Community

North West

Award: £224,952

Funding to add new facilities to a community hub, including soft play and a business area, to offer more services for families and tackle social isolation through intergeneration activity, plus business development support for monitoring and impact.

Bridgewater YMCA

South West

Award: £185,938

A grant towards 2 mentor posts to support more apprenticeships and to improve the kitchen and café space, and business development support.



Case Study
Community Business Fund

Bristol Community Ferry Boats
South West
Award: £256,875 grant

With their fleet of five ferry boats, Bristol Community Ferry Boats help local people and visitors get around the city quickly while discovering the historic Avon waterways. Alongside running a timetabled ferry service 365 days a year, they help young unemployed people train as skippers and crew members. The service is widely appreciated by local people – 875 Bristol residents have become shareholders by investing a minimum of £100 each to keep the ferry service running for the local community.

We provided a grant of £256,875 including business development support to ensure Bristol Community Ferry Boats have a sustainable future. The grant will enable them to replace one of their 90-year-old boats with a new environmentally clean electric boat, providing ten additional seats, a more comfortable experience for passengers, extra private hire trips and additional school trips and outreach programmes.

Brixton Green
London
Award: £231,009

Funding towards start up office costs and initial operating revenue for the charity Somerleyton Trust, which will ensure that the development continues to meet community objectives.

Castle Vale Tenants Alliance (now known as Spitfire Advice and Support Services).
West Midlands
Award: £62,500

Funding to refurbish this community-led advice centre, which also hosts community events and offers volunteering and training. The refurbishment includes a cinema and theatre space to generate income.

Castleford Heritage Trust
Yorkshire and Humber
Award: £240,700

Funding to open up more areas of the Queen’s Road building as a community hub offering educational, art and heritage opportunities to tackle disadvantage and unemployment in the town of Castleford.

Coatham House Enterprises
North East
Award: £63,875

Funding to extend the community nursery enterprise that generates income to provide housing and living support to young people at risk of homelessness.

Crediton Community Bookshop
South West
Award: £152,000

Funding for the purchase of new premises to enable expansion of children’s services and the creation of a community hub. Business development support also provided.

Frome Cheese and Grain
South West
Award: £300,000

Funding to develop a music and recording space and IT hub in derelict space. This should bring local economic benefit and increase social capital in the area.

The Florence Institute Trust
North West
Award: £140,500

Funding to deliver accredited learning programmes for young people in catering and customer service. This will expand employment opportunities alongside community activities run at the venue.

The Friends of Kensal Library
London
Award: £76,980

Funding towards refurbishment of the library as a community space and to fund a part-time manager, alongside business development support. This will help this community-rescued library to become more sustainable.

Future Wolverton
West Midlands
Award: £475,000

A grant towards saving a historic school to be used as a café, hall and guest house, operated by children, young people with special educational needs. This protects local heritage and encourages community interaction.

Heeley Development Trust
Yorkshire and Humber
Award: £276,000

Funding for the development of a bike business which provides training and employment opportunities, and to refurbish the offices to create a community cycle hub.

Highfield Community Centre
Yorkshire and Humber
Award: £271,949

A grant towards extending the hall and games area to create space for community events and activities, and business support to help the organisation measure their social impact.

Highgate Family Support Centre
West Midlands
Award: £15,000

Funding for consultation and impact evaluation of their current programme of community activities, and for capital investment in IT systems and a site assessment.



Case Study
Community Business Fund

Highfields Community Association
East Midlands
Award: £305,854 grant

Highfields Centre has been the cornerstone of the community in Highfields, Leicester since 1974. It is in a richly diverse area; only two miles from Narborough Road, frequently referred to as the most diverse road in Britain. The centre is an invaluable resource to the community, serving over 500,000 people since 2010, including children from nine state primary

schools in a half mile radius. It has over 200 members who are encouraged to volunteer, join the governing body or a committee.

Open seven days a week, the centre offers everything from sports programmes for local schools and elders groups, music and media facilities, ESOL classes and other adult education classes, a nursery, and a job club for those with limited access to computers. Our grant will help repurpose the building, relocating the café to face the street and upgrading the sports hall so it can be let out for functions like weddings.



Nottingham Play Forum

Holborn Community Association
Location
Award: £300,000

Funding to redevelop the Bedford House community centre to make it accessible to mobility impaired users, increasing access to services ranging from befriending to cooking and sport.

Houghton & Wyton Community Shop
East of England
Award: £300,000

A grant towards buying the freehold of the shop and taking over managing it and the post office, to safeguard these services for the community.

Ideal for All
West Midlands
Award: £215,732

Funding towards developing community gardens where local people can access fresh produce, gain new skills and take part in health and wellbeing activities.

Inspired Neighbourhoods CIC
Yorkshire and Humber
Award: £300,000

Capital funding towards the refurbishment of Greenwood Community Centre and funding of manager salary costs, to provide more sustainable community space.

Limehouse Project
London
Award: £105,378

Start-up funding for a community nursery, covering equipment, a contribution towards initial salaries and overheads, and business development support.

Lyme Regis Development Trust
South West
Award: £78,981

Funding to relocate offices and youth services to a new hub and to begin delivering new services there, including skills training, a study centre and a creative media centre.

New Mechanics Institution Preservation Trust
South West
Award: £93,235

Funding to lease the Bakers’ Arms and open a new community cafe, and to develop accommodation in the railway village. Business support towards increasing footfall.

Nottingham Play Forum
East Midlands
Award: £58,608

A grant towards employing a business development and marketing officer to raise awareness of the play spaces and community support that the organisation offers and develop sustainable partners and funding.

Organiclea
London
Award: £157,490

Funding towards the Grow Hawkwood project, enabling more produce to be sold. This will provide more volunteering opportunities and develop social prescribing services, tackling social isolation.

Poole Communities Forum
South West
Award: £56,500

Support to reopen a centre offering youth and community facilities alongside a cafe and room hire which will allow it to generate sustainable income, and business development support.

Sheffield Community Media
Yorkshire and Humber
Award: £200,943

Funding towards the development of a digital media centre as a community space and enterprise support hub, to enhance community development and educational opportunity.

Sikh Community and Youth Service
West Midlands
Award: £8,000

Support for advice on the legal structure and help with planning permission, cost modelling and business planning, to improve the sustainability of the services.

Southmead Development Trust – Cafe
South West
Award: £78,520

A grant towards improvements to the community cafe and meeting rooms including employing a project coordinator, to increase footfall and generate more sustainable income.

Southmead Development Trust – Youth Centre
South West
Award: £65,675

Funding to refurbish and improve Southmead Youth Centre to create a more useful resource for the community, and support to measure their social impact.

Southville Community Development Association
South West
Award: £300,000

Funding to contribute to the construction of a new community centre and nursery to allow the centre to run more services and develop new sustainable funding streams.

Squash Nutrition
North West
Award: £154,630

Capital funding towards the development of Toxteth Food Central, a community-led shop and café encouraging healthy eating and social connection.

Stepney City Farm
London
Award: £67,565

Funding the employment of a trainer to establish a volunteer-run plant and produce shop, to improve the health, wellbeing and employability of local people. Business development support also awarded.

Thurcroft Miners’ Welfare Institute & Recreation Ground Scheme Social Club Ltd
Yorkshire and Humber
Award: £24,600

Business development support including advice on the business plan, clarification of social impact and legal and tax advice, to build capacity and sustainability.

Tiber Community Building
North West
Award: £299,984

A grant towards construction of a sports facilities to boost health, opportunity and community pride, as part of a plan shaped by local young people.

Windmill Hill City Farm
South West
Award: £244,000

Funding towards the development of a community cafe as a space for local people and users of the education and therapy services to meet and enjoy freshly grown produce.

Wythenshawe AFC
North West
Award: £146,556

Funding for this football club to extend their clubhouse and car park to allow a greater range of community groups to use the space for sporting and community activities.

Your Community Hub
Yorkshire and Humber
Award: £144,000

Funding to turn a disused, former library premises in Cleethorpes into a community hub with office space for their partner Care4All and in the second phase, a café and community space.

Community Shares
Booster Programme

Total awarded in 2016:
£81,307

Working with Co-operatives UK, the community businesses on this programme received business development support to help them launch community share offers. The support offer consists of a development support grant of up to £10,000 for the development of the share offer. Following on from this, the beneficiaries have access to up to £100,000 match funding in the form of an equity investment by Co-operatives UK; this match funding support will fall in 2017.

Grimsby Community Energy Ltd

Yorkshire and Humber

Award: £6,000

Their share offer will put PV panels onto six community buildings in Grimsby, providing cheaper energy, raising funds for a community benefit fund and thus reducing CO₂ emissions.

Heart of Hastings Community Land Trust

South East

Award: £8,250

Their share offer will finance regeneration projects that ensure long term community ownership and control of assets.

Leeds Community Homes

Yorkshire and Humber

Award: £9,307

Their share offer will enable the community to build the group's first 16 permanently affordable homes in Leeds to help address housing insecurity.

Nenthead Chapel Enterprises Ltd

North East

Award: £4,000

Their share offer is for a project to transform this former chapel into a community hub, bringing people together and creating jobs and event space.



Case Study
Community Share Booster Programme

Friends of Stretford Public Hall

North West

Award: £10,000 grant

Following 130 years of community use, Stretford Public Hall faced closure in 2014. The local community stepped in and brought about the hall's transfer to the

Friends of Stretford Public Hall, a member-owned charitable organisation led by local residents. The group launched a £250,000 community share offer to renovate the first floor ballroom to its former glory and create the largest cultural space in Stretford. The refurbished hall will provide numerous events and activities including yoga classes, art exhibitions and concert space. The hall will also be hired out, creating

a new source of income for the hall's maintenance and activities to carry on being a welcoming place for local people and reinforcing community cohesion. We invested £10,000 towards the development of the share offer which reached its target in just two months. Everything invested by local people was matched by Power to Change through the Community Shares Programme.



Sheffield Renewables

Pennine Community Power Ltd

Yorkshire and Humber

Award: £10,000

Support for the group to make a second community share offer. They currently operate a community owned wind turbine which generates income for local projects.

Sheffield Renewables

Yorkshire and Humber

Award: £8,750

Their share offer seeks to raise £70,000 from local people to invest in community-led solar energy projects.

Shotley Heritage Community Benefit Society Ltd

East of England

Award: £5,000

Their share offer will buy, restore and reopen a Victorian railway pier and transform it into a working attraction.

Sutton Community Farm

London

Award: £10,000

Their share offer will go towards the building of a barn for staff and volunteers to work and pack the farm's produce for their local veg box scheme.

Whistlewood Common Ltd

East Midlands

Award: £10,000

Their share offer will be invested in this community-owned woodland, managed sustainably through permaculture and providing a space for local people to come together in nature.

Community-led
Housing Programme

Total awarded in 2016:
£50,000

The Community-led Housing programme aims to create a sustainable infrastructure of support and to develop funding provision for the community business-led housing sector. The programme will invest in infrastructure and community-led housing projects in specific locations.

Heart of Hastings

South East

Award: £50,000

Support for community engagement and early set-up costs for the Heart of Hastings community land trust, a self-build project.

Empowering Places Programme

Total awarded in 2016: £194,222

The Empowering Places programme will harness the potential of places to increase opportunities to reduce poverty and equality through community business, accelerating the growth of community business and demonstrating the conditions required for community business to flourish in a place. The programme is investing in up to ten urban neighbourhoods over a maximum of five years starting with learning grants in a short list of 18 places to understand better the potential for further investment.

Abram Ward Community Charity

North West

Award: £10,000

Action for Business Ltd

Yorkshire and Humber

Award: £9,722

All Saints Action Network

West Midlands

Award: £9,209

The Braunstone Foundation (b-inspired)

East Midlands

Award: £9,923

Calico Homes

North West England

Award: £9,993

Centre4

Yorkshire and Humber

Award: £10,000

Community Foundation for Calderdale

Yorkshire and Humber

Award: £10,000

Goodwin Development Trust

Yorkshire and Humber

Award: £10,000

Heeley City Farm

Yorkshire and Humber

Award: £10,000

Manor and Castle Development Trust

Yorkshire and Humber

Award: £10,000

Marsh Farm Futures

East of England

Award: £9,975

Netherthorpe and Upperthorpe Community Alliance

Yorkshire and Humber

Award: £10,000

North Smethwick Development Trust

West Midlands

Award: £10,000

Nova Wakefield District

Yorkshire and Humber

Award: £10,000

Partnership Learning

London

Award: £25,440

Redcar Development Trust

North East

Award: £9,960

The Wharton Trust

North East

Award: £10,000

Wellbeing Enterprises CIC

North West

Award: £10,000



North Smethwick Development Trust

Peer Network Programme

Total awarded in 2016: £275,996

The Peer Network Programme awards grants to networks who will then improve the support available for community business and build the capacity and sustainability of the sector.

The Company of Community Organisers

Award: £26,361

A grant to allow this network to provide training in community organising, with a focus on community business as a means to address local issues such as employment.

Co-operatives UK

Award: £25,000

A grant to build the network of community shares practitioners so it can operate more independently and play a greater part in the community shares support system.

The Eden Trust

Award: £38,307

A grant to support the Eden project to develop business resources with people starting on the road towards community business, including a redesigned strand of the Community Camp programme.

Impact Hub Brixton

Award: £25,563

Funding for a weekly event series for those interested in community enterprise in Lambeth to facilitate networking and collaboration. The grant also supports the use of the sharing platform Echo.

Locality

Award: £17,380

Funding to expand Locality's existing network of community businesses to include new members through more regional activity and events.

Octopus Community Network

Award: £12,173

Funding to expand an existing community building network in Islington and to foster collaboration and mutual support between organisations in this area.

OrganicLea

Award: £16,990

Funding to develop the network of community food growing projects, to facilitate peer learning in the areas of business expertise, start-up support and campaigning work.

Plunkett Foundation

Award: £20,290

Funding to establish new local peer network groups and an online peer networking system for community cooperatives working to address rural social issues.

Project Dirt

Award: £20,248

A grant to support an existing online network of grassroots community projects to move offline with 3 weekend festival-style events, to celebrate successes and learn from one another.

Regen SW

Award: £17,035

Funding for the LEARN project to demonstrate a replicable model for community energy networking, focussing on creating local, self-sustaining networks that encourage collaboration and peer learning.

Social Enterprise Acumen CIC

Award: £22,778

Funding to develop a club for community business leaders in the North East to provide opportunities for peer learning, networking and collaboration.

Supporters Direct

Award: £15,906

Funding for peer network activities for cooperatives running local football clubs to facilitate learning and discussion around the issues of inclusivity and grass roots control.

Upper Norwood Library Trust

Award: £17,965

Grant funding to develop the current peer network of community managed libraries so that it can provide advice and support more sustainably, and ultimately help more communities protect their libraries.

More than a Pub Programme

Total awarded in 2016: £214,932

Individual awards £2,500 (unless otherwise stated)

Our More than a Pub programme, in association with Plunkett Foundation, supports pubs to become community owned and operate with a charitable purpose over the course of two years. Community groups in England will receive a comprehensive package of business development support, peer support and visits, plus loan and grant funding. The names listed below are pubs or organisations set up to purchase pubs on behalf of the community.

139 Church Street Community Pub Limited

The Blue Room, Blackpool North West

The Amp Community Pub Limited

The Ampleforth Arms, Risinghurst South East

Balcombe Community Pub Limited

The Half Moon Inn, Balcombe South East

Beeston Community Enterprises Ltd

The Ploughshare, Beeston East of England

Beckley and Area Community Benefit Society Limited

The Abingdon Arms, Beckley South East

The Berney Arms Inn Community Pub Limited

The Berney Arms, Reedham East of England

Centurion Community Action Group Limited

The Centurion, Vicars Cross North West

Sir Charles Napier (Blackburn) Ltd

Sir Charles Napier, Blackburn North West

Chequer Inn Ash Society Limited

The Chequer Inn, Ash South East

Covenham Plough Community Hub

The Plough Inn, Covenham East Midlands

Craufurd Arms Society Limited

The Craufurd Arms, Maidenhead South East

Crosby on Eden Community Association

The Stag Inn, Crosby on Eden North West

Durrington Community Pub Group

The Plough Inn, Durrington South East

The Five Bells Community Pub Ltd

The Five Bells, Nether Wallop South East

Friends of the Bay Horse Ltd

The Bay Horse, Murton Yorkshire & Humber

The Garboldisham Fox CIC

The Fox Inn, Garboldisham East of England

The Gardeners Rest Community Society Limited

The Gardeners Rest, Neepsend Yorkshire & Humber

The George Community Pub (Wickham Market) Limited

The George, Wickham Market East of England

Goxhill Community Pub Limited

The Brocklesby Hunt, Goxhill Yorkshire & Humber

Hand & Heart Community Pub Limited

The Hand & Heart, Peterborough East of England

The Harrow Pub (Stockbury) Ltd

The Harrow, Stockbury South East

Help the Hare and Hounds Steering Group

The Hare and Hounds, Harlton East of England

Holbrook Community Society Limited

The Spotted Cow, Holbrook East Midlands

Holywell Community Pub Limited

The Holywell Inn, Holywell Green Yorkshire & Humber

Irthlington Parish Community Pubs Limited

The Salutation Inn, Irthlington North West

The Kings Arms Heaton Friends Limited

The Kings Arms, Bradford Yorkshire & Humber

The Lamarsh Lion Community Pub Limited

The Lamarsh Lion, Lamarsh East of England

Monxton Community Benefit Society

The Black Swan, Monxton South East

Norton Lindsey Community Pub Limited

The New Inn, Norton Lindsey West Midlands

The Old Inn

The Old Inn, Hawkchurch South West

The Old Red Lion Public House

The Old Red Lion, Oakley Green South East

Pavenham Community Pub Ltd

The Cock, Pavenham East of England

Porcupine Development Initiative CIC

The Porcupine, Mottingham London

The Red Lion Cheswardine Community Project Ltd

The Red Lion, Cheswardine West Midlands

Red Lion Reloaded

The Red Lion, Newark East Midlands

Save the Railway Arms Pub (STRAP)

The Railway Arms, Saffron Walden East of England

The Sebastopol Inn, Minting Community Pub Limited

The Sebastopol Inn, Minting East of England

Silsoe Community Society Limited

The George, Silsoe East of England

Swan Worlingworth Community Pub Limited

The Swan, Worlingworth East of England

The Tebworth Community Pub Limited

The Queens Head, Tebworth East of England

The Thorold Arms Community Benefit Society Ltd

The Thorold Arms, Marston East Midlands

The Three Tuns Community Group

The Three Tuns, Guilden Morden East of England

The Villagers Pub Association Limited

The Villagers, Blackheath South East

Walkhampton Inn Group

The Walkhampton Inn, Walkhampton South West

The White Hart

The White Hart, Hampstead Marshall South East

The White Horse (Kimpton) Ltd

The White Horse, Kimpton East of England

Winsham Hub

The Bell Inn, Winsham South West

Key Fund (to enable them to make a loan to The New Inn, Norton Lindsey)

Award: £50,000

Our partners, Key Fund and Cooperative & Community Finance (CCF) provide the loan element of a blended grant and loan package to pubs. These loans are made from grants which Power to Change makes to Key Fund and CCF, which are in turn funded from an expendable endowment which Power to Change received from the Department of Communities and Local Government in 2016. A condition of the grants to Key Fund and CCF is that the all money received when the loans are repaid, must be recycled within the community-owned pub sector and, if this is not possible, through the community business sector as a whole.

Innovation and Infrastructure Fund
Total awarded in 2016: **£832,445**

This programme seeks to back and build upon the most innovative thinking around the community business sector.

Community Catalysts
Award: £119,000

A grant to help develop community-led social care and health solutions, working with local authorities, social entrepreneurs using a successful 5-step approach involving catalyst individuals.

DERIC (Developing and Empowering Resources in Communities)
Award: £120,000

Funding for DERIC to work with local authorities and communities to develop new community businesses in response to identified local needs.

Onion Collective
Award: £60,000

Funding for an existing community business to develop its informal support of others so that it can earn income through consultancy and community business support.

Plunkett Foundation
Award: £102,750

Funding to bring community entrepreneurs together with stakeholders and users of health and social services to deliver community-led rural services.

Real Farming Trust
Award: £88,400

Funding for the development of a £1 million fund that would offer new finance options and loans to food-growing community businesses.

Repowering Brixton
Award: £125,000

Funding to empower communities in Lambeth to develop and manage local renewable energy projects, that will also create training and internship opportunities for unemployed young people.



Case Study
Innovation and Infrastructure Fund

RIO (Real Ideas Organisation) Connected Schools
Award: £120,000

As part of our Innovation and Infrastructure Fund, we invested £120,000 into the Real Ideas Organisation (RIO) connected schools project. RIO are working in partnership across six schools in areas of multiple deprivation, to engage with and support parents, staff and children to start up two community businesses per school which respond to local needs and opportunities. This is an innovative

approach to using school infrastructure and the school community to catalyse the creation of new community businesses, grow the community business movement and directly engage young people in community business development and governance.

Many ideas have come to light such as the development of a food community business called 'Kanni Kulayl' (translates to hot chilli in Somali) at Hannah Moore School, in Bristol which will be growing, making and selling chilli based products run by parents and school staff which celebrates the cultural heritage of local people.

Research Programme Grants
Total awarded in 2016: **£105,000**

As well as commissioning research from commercial providers, the Research Institute also makes occasional grants to charities with shared objectives.

Access Foundation
In support of £3.3 million Impact Management Programme.
Award: £100,000

Institute for Voluntary Action Research
In support of second phase of research into opportunities for combined public and private/philanthropic place-based investments.
Award: £5,000

Programme Delivery Grants
Total awarded in 2016: **£221,884**

Programme delivery grants are awarded to organisations that, in partnership with Power to Change, develop and deliver programmes that enable both parties to achieve shared outcomes and goals.

Co-ops UK
Community Shares Programme.
Award: £30,000

Locality
Bright Ideas Fund
Award: £66,963

Plunkett Foundation
Community Pubs Fund
Award: £124,921

The Bright Ideas Programme was launched in late 2016; its first grants will be awarded in 2017.

Total net grants awarded:
£11,690,228

In addition, £426,000 of direct staff costs, and £421,000 of support costs were incurred **so the total expenditure on grant making in 2016 was £12,537,228.**

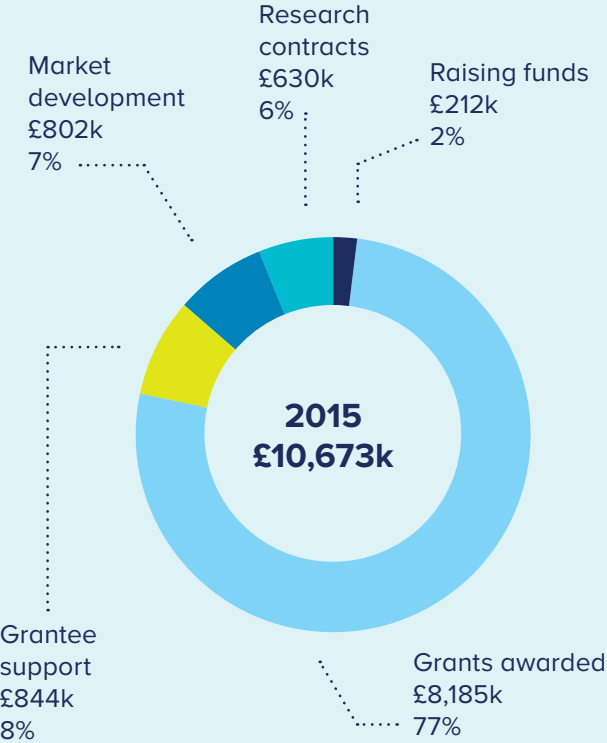


Future Wolverton (see page 21)

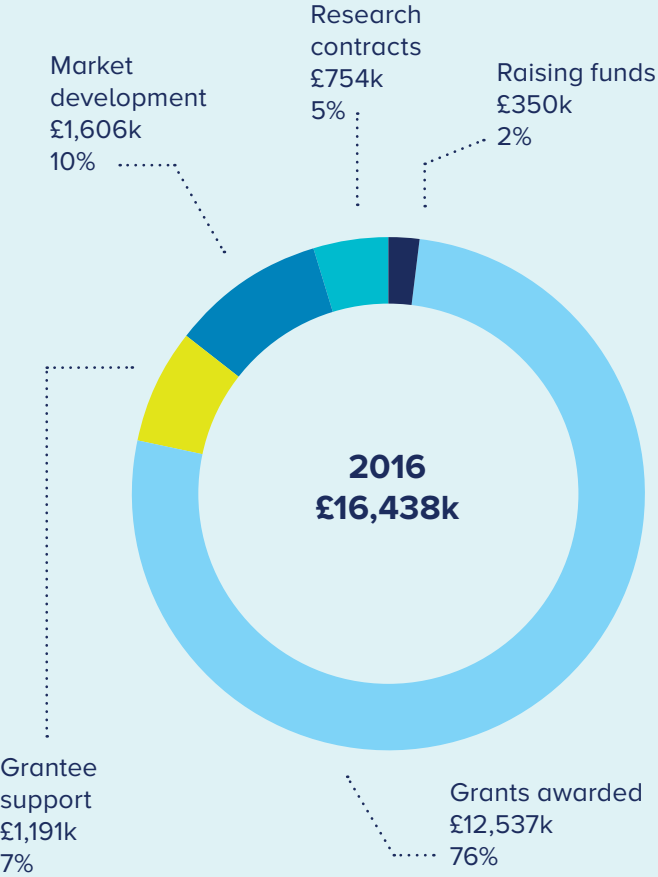
Financial review

for the year to 31 December 2016

2015 expenditure on:



2016 expenditure on:



Investments and Funds summary	2016 £000	2015 £000
Growth portfolio	54,344	51,103
Reserve portfolio	44,952	50,875
Investments managed by Cazenove Capital Management	99,296	101,978
Lloyds Bank – Term deposits	28,651	30,009
Investments (see note 10 on page 57)	127,947	131,987
Net assets outside investment portfolio	3,702	6,056
Net assets	131,649	138,043
BLF expendable endowment (BLF capital fund)	129,849	138,043
DCLG expendable endowment	1,800	–
Endowment funds	131,649	138,043
Other restricted funds (BLF income fund)	–	–
Total funds (see note 13 on page 59)	131,649	138,043

Investment Strategy

On 21 January 2015 Power to Change received an expendable endowment of £149,204,000 from the Big Lottery Fund to fund its activities supporting and developing community businesses over 7–10 years. The investment of this expendable endowment is managed mainly by Cazenove Capital Management who were selected through a competitive tender process.

The Trust’s investment policy sets out the Trust’s overall investment objectives, its attitude to risk, asset allocation, liquidity and other policy requirements. It is reviewed annually. Performance is measured against appropriate market benchmarks and indices and is targeted at CPI plus 2% over the life of the invested funds.

The policy targets total returns. It aims to achieve the best financial return within an acceptable level of risk whilst ensuring that the Trust has sufficient liquidity to meet medium-term expenditure commitments. It is therefore a policy requirement to maintain sufficient liquidity (in cash and cash-like instruments) to meet current expenditure which is defined as a minimum 18 months of total programmatic and operating costs.

Two portfolios have been created with the invested funds: Growth which targets long-term capital growth with an element of capital risk; and Reserve which invests in fixed-income bonds with lower returns but minimal capital risk. The balance is held as cash by the Trust in interest-earning retail deposit accounts.

Investment restrictions include no direct exposure to companies manufacturing indiscriminate weapons or tobacco with indirect exposure in these areas limited to a maximum of 5%. Non-sterling investments are limited to 25% of the portfolio and exposure to direct short-selling is prohibited.

As at 31 December 2016, 43% (2015: 39%) of the remaining invested funds were held in the Growth portfolio, 35% (2015: 38%) in the Reserve portfolio and 22% (2015: 23%) was held in cash. This is a prudent investment strategy that aims to minimise the impact of possible market fluctuations.

Investment Performance

As noted in Note 10 of the accounts on page 57, at the start of 2016 the market value of the invested funds stood at £131,987,000 and during the year £11,796,000 cash was transferred out of the investment portfolios as bonds and short term deposits held in the Reserve portfolio came to maturity and £2,585,000 of income was reinvested. However, gains on investments of £5,524,000 (offset by fees of £353,000) meant that the market value of the invested fund only declined by £4,040,000 in the year and thus its market value at 31 December 2016 was £127,947,000.

The Growth portfolio is run by Cazenove Capital Management with the aim of providing long-term growth in excess of inflation, whilst maintaining a reliable and sustainable source of income to support expenditure. The allocation of the portfolio at 31 December 2016 was: global equities 49% (2015: 49%), absolute return 33% (2015: 32%), bonds 12% (2015:12%), property funds 5% (2015: 6%) and cash 1% (2015: 1%). The market value of this portfolio at 31 December 2016 was £54,344,000 (2015: £51,103,000). The overall return of £7,006,000 in 2016 represented an increase of 14.2% which compares favourably when benchmarked against composite index growth of 11.7%. Equities and property performed better than individual market indices while bonds funds performed worse.

The Reserve portfolio is run by Cazenove and it holds cash and bonds with carefully matched durations to meet the Trust’s medium-term liabilities. At 31 December 2016, 52% was held in bonds (2015: 78%). The market value of this portfolio at 31 December 2016 was £44,952,000 (2015: £50,875,000). The overall return of £527,000 in 2016 represented growth of 1.1% compared to a corporate bond benchmark of 0.9%.

Outside of these two portfolios cash reserves in the invested funds at 31 December 2016 amounted to £28,651,000 (2015: £30,009,000) and earned interest of £223,000.

Funds expended

As seen on page 32 total expenditure in 2016 amounted to £16,438,000 (2015: £10,763,000). Expenditure of grants in 2016 amounted to £12,537,000 (2015: £8,185,000), which was 76% (2015: 77%) of total expenditure. Grants awarded are listed on pages 16 to 31.

The costs of delivering these grants (excluding grants to delivery partners of £222,000; 2015 £nil) was £1,191,000 (2015: 844,000), representing 7% (2015: 8%) of total funds expended. Expenditure on market development amounted to £1,606,000 (2015: £802,000) representing 10% (2015: 7%) of total funds expended. Expenditure on research (excluding research grants of £105,000; 2015 £nil) amounted to £754,000 (2015: £630,000) representing 5% (2015: 6%) of total funds expended.

Support and Governance costs of £1,209,000 (2015: £1,099,000) represent 7.4% (2015: 10.3%) of total expenditure.

Reserves

Income received from the expendable endowment received from the Big Lottery Fund (BLF capital fund) is added to the BLF income fund and money is also transferred to the BLF income fund from the BLF capital fund to cover any shortfalls in that fund. £13,368,000 was transferred in 2016 (2015: £8,970,000). The balance on the BLF capital fund at 31 December 2016 was £129,849,000 (2015: £138,043,000). The Trustee Directors do not consider that a particular level of such capital reserves is required. Budgeted expenditure for the forthcoming year is reviewed and approved on an annual basis.

In 2016 Power to Change received an expendable endowment of £1,850,000 from the Department of Communities and Local Government to set up the Pubs Loan Fund. This provides the loan element of the blended grant / loan package to be awarded through the More than a Pub programme. At 31 December 2016 the balance on this fund was £1,800,000.

Reserve movements are shown in Note 13 of the accounts on page 59.

Structure, governance and management

Charitable objects

The charitable objects of the Trust are set out in its governing document and include the following (which do not limit the Trust’s overriding general charitable object):

- The relief of poverty and unemployment
- The advancement of education
- The promotion of the voluntary sector
- The advancement of citizenship or community development
- The promotion of sustainable development
- The development of the capacity and skills of disadvantaged groups in society
- Urban and rural regeneration in areas of social and economic deprivation
- The promotion of social and economic inclusion

The overall vision of Power to Change is ‘better places through community business’ delivered through a mission to ‘back people to build successful local businesses for the benefit of their communities’. Funding is provided where a charitable purpose can be identified.

Governance

Power to Change Trust is a charitable trust (Charity Commission registration number 1159982) and is constituted under a revised trust deed dated 28 September 2016. The trust came into existence on 21 January 2015 upon receipt of the £149,204,000 endowment from the Big Lottery Fund. It has a sole corporate Trustee – Power to Change Trustee Limited – a private company (company number 8940987) limited by guarantee.

Board members are directors of Power to Change Trustee Limited and are referred to as Trustee Directors throughout this report. At 31 December 2016 there were ten Trustee Directors and they are listed on the next page.

New Trustee Directors are sought by open advertisement and undergo a rigorous, three-stage interview process. The ultimate decision on selection is a matter for the Trustee Directors already in place. In addition to an operational induction programme for new trustees, Wrigleys Solicitors (the Trust’s legal advisors) provides a governance induction which comprises information on the powers and responsibilities of the Trustee Directors including board meetings and subcommittees, investments and the grant-making process.

New Trustee Directors are initially appointed to serve for one year after which they become eligible for reappointment for a further three years. The Articles of Power to Change Trustee Limited provides for a minimum of five Trustee Directors to a maximum of thirteen. The Trustee Directors agree the broad strategy and areas of activity for the Trust including consideration of grant making, investment, reserves and risk management policies and performance. The day-to-day administration of grants and the processing and handling of applications prior to consideration by the relevant subcommittee is delegated to the Chief Executive and her team.

In 2016 the board met ten times. There are four sub-committees of the Board that oversee particular aspects of the Trust’s work. All Trustee Directors give of their time freely and no Trustee Director remuneration was paid in the year.

The Grants Committee reviews and oversees the awarding of grants to individual grant applications from community businesses that have successfully completed the Trust’s grants assessment process. Five Trustee Directors sit on the Committee and it meets quarterly. All Trustee Directors and Community Business Panel members are welcome to attend meetings of the Grants Committee.

The Finance & Investment Committee oversees most financial aspects of the Trust in particular budgeting, financial and management reporting and investment. It formulates the Trust’s investment policy, selects investment managers and monitors investment performance. Three Trustee Directors sit on the Committee and it meets quarterly.

The Audit & Risk Committee oversees all systems of control at the Trust including the annual audit and all its risk management processes. Two Trustee Directors and one person not otherwise associated with Power to Change sit on the Committee (Neil Spence) and it meets three times a year.

The People & Governance Committee oversees all people and governance matters at the Trust including composition of the Board, all policy and people related matters and the Trust’s values. Three Trustee Directors sit on the Committee and it meets three times a year.

The table below shows Trustee Directors in post during the period and up to the date of signing of this report as well as the subcommittees of which those Trustee Directors are members.

Name	Appointed	Retired	Audit & Risk	Finance & Investment	Grants Committee	People & Governance
Sam Berwick	23 Jan 2015			✓		
Katie Blacklock	23 Jan 2015			✓	✓	
Peter Capener	19 Mar 2016					
Stan Chan	23 Jan 2015		✓			
David Clarson	19 Mar 2016	19 Mar 2017				
Cathy Elliott		18 Apr 2016				
David Godden	17 Mar 2014		✓		✓	✓
Ian Hempseed	19 Mar 2016					
Stephen Howard	17 Jan 2016				✓	✓
Michelle Mitchell		1 Apr 2016				
Carla Stent	23 Jan 2015			✓	✓	
Christopher Stephens	3 Apr 2016				✓	✓

In addition, **Neil Spence**, who is not a Trustee Director, is a member of the Audit & Risk Committee.

Peter Jenkins was appointed as Company Secretary on 30 March 2017.

The Chief Executive and the rest of the Executive management team comprise the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day-to-day basis. The Executive management team comprises:

Vidhya Alakeson	Chief Executive
Elizabeth Corrado	Director of Market Development
Mark Gordon	Director of Communications & Partnerships
Richard Harries	Director of the Research Institute
Peter Jenkins	Director of Finance and Operations
Kate Stewart	Director of Funds

The pay of the Executive management team is reviewed annually by the People & Governance Committee. Their remuneration is benchmarked with grant-making charities of a similar size and activity to ensure that the remuneration set is fair and not out of line with that generally paid for similar roles.

Risk management

The Trust recognises that the effective management of risks is central to its ability to achieve its objectives and aims to anticipate and, where possible, manage risks rather than dealing with their unforeseen consequences.

The Trust has a five-step approach to risk: clarify objectives; identify risks to achieving objectives; assess and rate the risks; determine the appropriate response to each risk; and then finally reviewing and reporting those risks.

The Trust has also prepared and agreed a risk appetite statement that identifies its appetite for risk across all its areas of activity. For example, grant-making has a different appetite for risk (medium/high) compared to legislative/regulatory compliance where risk tolerance is zero.

Key risk review and reporting mechanisms at Power to Change are:

- *Risk Register and Matrix*: The risk register and matrix together form the Trust’s primary mechanism for considering long-term risks. They identify all known long-term risks and assign them, according to their likelihood and impact, to both an individual Executive Director and a Board Committee. They are reviewed quarterly by the Executive Team and annually by the responsible Board Committee, the Audit & Risk Committee and the Board.
- *Key Performance Indicators (KPIs)*: Strategic objectives are identified annually, with associated KPIs. These are the tool by which the Trust measures its performance against identified short-term risks. They are reviewed monthly by the Executive Team and reported to the Board quarterly.
- *Management accounts, reforecast and budgets*: These identify and measure financial performance against financial objectives and the risks of not achieving them. Management accounts are produced monthly, reforecasts are produced quarterly and budgets are produced annually.

The Trustee Directors have considered the major risks to which the charity is exposed and have satisfied themselves that systems or procedures are established to manage those risks. The most significant risks identified (after taking into account mitigating actions) are as follows:

Most significant risks	Mitigation
We fail to deploy funds in a timely fashion	Monthly programme reporting, quarterly delivery partner reviews and six monthly partner meetings ensure that there are regular checks and they flag the need for any mitigating actions.
Our programmes do not focus adequately on legacy and leverage	Legacy and leverage are embedded in programme design and the Research Institute’s work programme identifies policy priorities and seeks to influence government.
We do not embed research and learning in PTC operations	‘Learning points’ are discussed at both Board and Executive Grants Committee meetings. We also hold quarterly ‘Intelligence Days’ and regularly discuss learning with partner organisations.
We do not follow our risk appetite framework	Our performance against our risk framework is reviewed annually by the Audit and Risk Committee. The risk profile of individual grantees is examined at both Board and Executive Grants Committee meetings and programme reporting summarises risks taken to enable risk taking with confidence.
We are unable to build a movement/ influence key stakeholders	Continuing public facing campaigns are to be undertaken in 2017 to gauge public appetite for engagement with Community business and core narratives are built around stakeholder research.
We do not deliver the right capacity building and infrastructure	Our market development team works with social sector and community business intermediaries, advisers and stakeholders to identify challenges and opportunities in delivery of capacity building and it designs programmes and initiatives which incorporate a consistent approach to capacity building across all PTC programmes.

Reference details and details of advisors

Registered Office	The Clarence Centre, 6 St George’s Circus, London SE1 6FE
Company number (of Power to Change Trustee Ltd)	8940987
Charity commission number	1159982
Protector	Susan Platts-Martin
Auditor	Crowe Clark Whitehill LLP, St Bride’s House, 10 Salisbury Square, London EC4Y 8EH
Bankers	Lloyds Bank, 125 Colmore Row, Birmingham B3 3SF
Investment Fund Managers	Cazenove, 12 Moorgate, London EC2R 6DA
Solicitor	Wrigleys Solicitors LLP, 19 Cookridge Street, Leeds LS2 3AG

Trustee Directors’ statement of responsibilities

In respect of the Trustee’s Annual report and the financial statements

Focus of the activities

The Trustee Directors have given due consideration to Charity Commission guidance on the operation of the public benefit requirement and are satisfied that the work of Power to Change Trust meets that requirement. The public benefit requirement is demonstrated through the charitable activities undertaken by the Charity as described on pages 1 to 31.

Responsibilities of the Trustee

The Trustee Directors are responsible for preparing a Trustee’s Annual report and financial statements in accordance with applicable law and FRS 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the applicable Charities Statement of Recommended Practice;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures that must be disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustee Directors are responsible for the maintenance and integrity of the charity and financial information included on the charity’s website in accordance with legislation in the United Kingdom governing the preparation and disseminating of financial statements.

Approved by the Trustee Directors on the 11 May 2017 and signed on their behalf by:



Stephen Howard,
Chair

Protector’s statement

for the period ended 31 December 2016

Background

Power to Change Trust (“the Trust”) is a UK registered charity set up for broad charitable purposes, with a corporate trustee controlling its affairs. The corporate trustee is Power to Change Trustee Limited, which in turn is controlled by a board of directors (the “Board”) who meet regularly. The board delegate the day-to-day running of the Trust to the Chief Executive.

The Founder of the Trust is Big Lottery Fund (BLF) who invested £150 million in setting up and endowing the Trust with a view to the Trust making ‘community-led enterprise across England a sustainable solution to local social and economic needs and opportunities’.

Function of the Protector

I was appointed as the Protector of the Trust effective 9 December 2014; the date the Trustee signed the offer letter from BLF relating to the endowment.

The function of the Protector as stated in the Trust Deed is ‘ to ensure the integrity of the administration of the Charity and the propriety of its procedures’. The Protector is not involved in decision making although the Trust Deed stipulates that Protector consent is required to the exercise of certain powers by the Trustee. The Protector should if necessary report on matters of serious concern to the Founder or the Charity Commission. Each year the Protector is required to prepare a statement for publication by the Trustee in its annual report explaining the Protector’s role and how the role has been carried out.

Protector’s Report

During this second full year of the Trust’s existence, I have reviewed all board and committee papers, discussing these with Board and Executive members where appropriate. I have also attended six board meetings and seven committee meetings and had meetings with the new chair, the CEO, the interim CEO and representatives from BLF.

Protector consent has been requested and granted on five occasions during the year as follows:

The Trust Deed references a Manual of Regulations that was put in place shortly prior to the Trust being formally established and changes to this document require Protector consent. The Manual sets out core aims, objectives and grant making requirements. Following the experience of the first year of operation, the Manual was updated in two separate phases. The document has now evolved into a high-level policy framework based more on principles and including a new section on delegated authorities and the more detailed operational processes are no longer included.

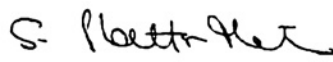
Consent was also requested and given for certain changes to the Trust Deed. These were largely administrative in nature but did clarify that Social Investments could be made. At the same time the Trustee’s Articles of Association were updated partly to dovetail better with the Trust Deed. For the Board to approve changes to the Trust Deed requires four weeks notice to be given. My consent was sought to approve shorter notice. As the changes proposed were straightforward and non controversial and had been reviewed in detail by the People and Governance committee, I was content to provide the requisite consent. However as a two-thirds quorum for this purpose was not achieved, the amendments were deferred to the following board meeting when again my consent was sought and given to approve notice of shorter than four weeks.

There have been a number of changes within the Board during the period under review. Five new Trustee Directors were appointed (including Stephen Howard, the new Chair) and two resigned, resulting in a Board of ten at the year-end. The Board has been strengthened with new members bringing useful knowledge, such as charity law and community business experience. They have integrated well and are making a valuable contribution under the sound leadership of the new Chair. Board papers have generally been of a higher standard than last year though there is still scope for improvement. The Board operates effectively and cohesively. It has been mindful that into the second year of operations, its approach needs to evolve from the involvement in operational detail required in the initial set up stage to giving the Executive greater delegated authority and focussing on oversight, larger programmes and how best to achieve impact.

The relationship between the Board and the Executive continues to work well. Staff changes within the Executive team during the year included an experienced interim Chief Executive, Marie Staunton, providing maternity leave cover for the CEO, Vidhya Alakeson. Both Marie and Vidhya worked hard to ensure effective handovers. Work continued apace as new staff were recruited, new programmes rolled out and partnerships established.

During the year the Trust has transitioned from the planning and organisational set up phase and built on the lessons learned from the Initial Grants Programme last year in its construct of the Community Business Fund grant programme. Broader more strategic programmes have been and are being developed to focus, for example, on specific places and sectors where significant social, economic and environmental benefits to the local community can be demonstrated. Training has been organised for new grant assessors and board members, with charitable purpose as a central theme. Legal advisers have reviewed due diligence frameworks. The Research Institute started to measure the Trust’s impact and commission broader mission relevant research. Sharing this research will be helpful in encouraging more funds to this area and leaving a lasting impact. The Finance and Investment Committee has kept a close eye on the effective management of cash and overseen the outsourced management of the endowment, which ended the year in a healthy position following the market rally in the second half of the year.

In summary, there has been good progress during the year. From the work performed, I can conclude that the Trustee has operated diligent and effective oversight of the Trust and taken steps to ensure that it complies with its obligations under the Trust Deed.



Susan Platts-Martin,
Protector – Power to Change
11 May 2017

Independent auditor’s report

to the corporate Trustee of Power to Change Trust

We have audited the financial statements of Power to Change Trust for the period ended 31 December 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes numbered 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to Power to Change Trustee Ltd, the charity’s corporate Trustee, in accordance with section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity’s trustee 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 charity and the charity’s Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the corporate trustee and auditor

As explained more fully in the Statement of the Trustee’s Responsibilities, the Trustee Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustee; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustee’s Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity’s affairs as at 31 December 2016 and of its income and expenditure for the period then ended;
- have been properly prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Corporate Trustee’s Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Crowe Clark Whitehill LLP

Crowe Clark Whitehill LLP,
Statutory Auditor,
London

15 May 2017

Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

Statement of financial activities

for the year to 31 December 2016

	Notes	2016 £'000	2015 £'000
Income and endowments from:			
Funding		1,850	149,204
Investment Income	2	2,670	1,491
Total		4,520	150,695
Expenditure on:			
Raising funds		350	212
Charitable activities:			
Grants awarded	7	12,537	8,185
Grantee support		1,191	844
Market development		1,606	802
Research		754	630
Total	3	16,438	10,673
Net gains/(losses) on investments		5,524	(1,979)
Net (expenditure)/income		(6,394)	138,043
Reconciliation of funds:			
Total funds brought forward		138,043	–
Total funds carried forward	13	131,649	138,043

All amounts related to continuing activity and are restricted funds.

All charitable activities are in relation to Power to Change programmes.

All gains and losses are included in the statement of financial activities.

With respect to the expendable endowment received from the Big Lottery Fund (BLF capital fund), £13,368,000 was converted from capital to income (2015: £8,970,000), £350,000 was paid as investment manager's fee (2015: £212,000), £5,524,000 was the net gain on investments (2015: a loss of £1,979,000) and the carry forward balance of the endowment is £129,849,000 (2015: £138,043,000). With respect to the expendable endowment of £1,850,000 received from the Department of Communities and Local Government (DCLG) in 2016 the carry forward balance was £1,800,000 (2015: nil). Further details of the movements in funds are contained in Note 13.


The accompanying notes on pages 47 to 60 form part of these financial statements.

Balance sheet

as at 31 December 2016

	Notes	2016 £'000	2015 £'000
Fixed asset			
Intangible assets	8	252	65
Tangible assets	9	25	22
Investments	10	127,947	131,987
		128,224	132,074
Current assets			
Cash at bank and in hand		10,251	8,279
Debtors	11	2,904	3,456
		13,155	11,735
Current liabilities			
Creditors: amount falling due within one year	12	9,394	5,741
		3,761	5,994
Net current assets			
		131,985	138,068
Total assets less current liabilities			
Creditors: amount falling due after one year	12	336	25
Net assets		131,649	138,043
The funds of the charity			
Endowment funds	13	131,649	138,043
Total funds		131,649	138,043

Approved by the Corporate Trustee. Authorised for issue on 11 May 2017 and signed on behalf of the Trustee:



Stephen Howard,
Chair

The accompanying notes on pages 47–60 form part of these financial statements.

Cash flow statement

for the year to 31 December 2016

	2016 £'000	2015 £'000
Cash inflow/(outflow) from operating activities		
Net expenditure	(6,394)	138,043
Receipt of endowment funds	(1,850)	(149,204)
(Gains)/losses on investments	(5,524)	1,979
Investment income earned	(2,670)	(1,491)
Investment fees paid from capital	353	124
Depreciation of tangible and intangible fixed assets	79	10
Impairment loss on social investment	–	100
Decrease/(increase) in operating debtors	552	(3,055)
Increase in creditors	3,964	5,766
	(11,490)	(7,728)
Cash inflow/(outflow) from investing activities		
Investment income received	85	367
Payments to acquire tangible and intangible fixed assets	(269)	(97)
Payments to acquire fixed asset investments	–	(133,367)
Receipts from sale of fixed asset investments	11,796	–
Payments to acquire social investment	–	(100)
	11,612	(133,197)
Cash inflow from financing activities		
Receipt of endowment funds	1,850	149,204
Increase in cash in the period	1,972	8,279
Analysis of changes in net funds	2016 £'000	2015 £'000
Cash balance at the beginning of the period	8,279	–
Increase in cash in the period	1,972	8,279
Cash balance at 31 December	10,251	8,279

Notes to the accounts

for the year to 31 December 2016

1. Accounting policies

Introduction

The accounts (financial statements) have been prepared to give a true and fair view and follow the 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) effective 1 January 2015.

In the application of the charity’s accounting policies the Trustee Directors are required to make judgements, estimates, assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

In the view of the Trustee Directors, no assumptions concerning the future or estimation of uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

There are no material uncertainties about the charity’s ability to continue as a going concern.

Power to Change Trust meets the definition of a public benefit entity under FRS 102.

Income and endowments

Incoming resources are recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Grant income is recognised in the statement of financial activities when received or when the charity becomes entitled to receipt. Grants that have been received are treated as deferred income where there are specific requirements in the terms of the grant that the income recognition is dependent on certain activities being completed in a future accounting period.

Fund accounting

Restricted funds are funds that have been given for particular purposes and projects. Restricted funds must be used in accordance with the funders’ or donors’ wishes.

Endowment funds represent capital gifted in 2015 by the Big Lottery Fund (BLF) and in 2016 the Department of Communities and Local Government (DCLG). Any unspent income arising from the BLF capital fund is added to the BLF income fund and the Trustee Directors may transfer amounts from the BLF capital fund to the BLF income fund to cover any shortfalls in that fund.

The DCLG endowment is expended as Power to Change’s delivery partner on the More than a Pub programme makes loans to pubs alongside grants made by Power to Change.

Notes to the accounts for the year to 31 December 2016
(continued)

1. Accounting policies (continued)

Expenditure

Expenditure is included on an accruals basis for charitable activities, cost of raising funds and governance.

Resources expended are allocated to a particular activity where the cost relates directly to that activity.

Grants payable are accounted for in full as liabilities when approved and notified to grantees because there is a valid expectation that they would receive the grant as offered and accepted.

The cost of those staff whose responsibility was the direct management and administration of an activity are apportioned based on time spent in undertaking that activity. The direct staff cost allocation for the period to 31 December 2016 was:

	2016	2015
– grants awarded:	35%	17%
– grantee support:	23%	26%
– market development:	29%	46%
– research:	13%	11%

Allocation of support costs

Support costs are those costs which enable the generation of funds and which enable charitable activities to be carried out. These costs include governance costs, finance, human resources and information technology. Support costs are allocated to each of the activities in the same proportions as the direct staff cost allocations above.

Raising funds

The cost of raising funds are the investment management fees charged by Cazenove Capital Management for managing the investment portfolios. Fees are charged quarterly and based on the daily average value of the portfolio over the quarter. Investment fees include VAT which cannot be recovered.

Governance costs

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity’s activities. Governance costs include an element of staff time based on the proportional allocation described under the Expenditure policy above.

Pension

The charity operates a group personal pension scheme. The pension cost charge represents contributions payable under the scheme by the charity to the fund. The charity has no liability under the scheme other than for the payment of those contributions.

Notes to the accounts for the year to 31 December 2016
(continued)

1. Accounting policies (continued)

Intangible fixed assets

Website development costs and customer relationship management software have been capitalised within intangible assets as they can be identified with a specific project anticipated to produce future benefits. Amortisation is provided to write off assets on a straight-line basis over their estimated useful economic life:

- CRM software: 3 years
- Website: 3 years
- Application development: 3 years

The amortisation charge begins in the month of purchase and is included in charitable activities expenditure.

Tangible fixed assets

All assets costing more than £1,000 are capitalised. Depreciation is provided to write off assets on a straight-line basis over their estimated useful economic life:

- IT equipment: 3 years

The depreciation charge begins in the month of purchase and is included in charitable activities expenditure.

Fixed asset investments

Fixed asset investments are a combination of bond, equity and fund investments plus cash deposits held in interest-bearing accounts and are reported at their fair values, being their market value, at the balance sheet date. Gains and losses arising on the disposal of investments and the revaluation to market value are charged or credited to the statement of financial activities in the year.

Social investments

Social investments are held at cost less any diminution in value unless the charity is able to obtain a reliable estimate of fair value.

Financial instruments

The charity 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 amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise trade and other creditors.

Investments, held as a part of a portfolio, are stated at fair value at the balance sheet date with gains and losses being recognised within income and expenditure.

Notes to the accounts for the year to 31 December 2016 (continued)

2. Investment Income and other funding

	2016 £'000	2015 £'000
Investment income		
Fixed interest from bonds	1,218	811
Dividends from equities	744	232
Income from multi-asset funds	205	35
Income from property funds	133	12
Income from investment cash	334	125
Income from fixed asset investments	2,634	1,215
Bank interest on current accounts	36	276
Total	2,670	1,491

An expendable endowment of £1,850,000 from the Department of Local Communities and Government was received in the year and can be spent at the discretion of the trustees for the benefit of the More than a Pub programme.

In 2015, Endowment funding of £149,204,000 was received from the Big Lottery Fund.

Notes to the accounts for the year to 31 December 2016 (continued)

3. Expenditure allocation

	Grants awarded £'000	Charitable activities Grantee support £'000	Market development £'000	Research £'000	Raising funds £'000	Total 2016 £'000	Total 2015 £'000
Direct costs							
Direct grants awarded	11,363	–	–	–	–	11,363	7,730
Programme delivery	222	511	–	–	–	733	324
Programme development	–	–	298	–	–	298	29
Sector development	–	–	547	–	–	547	17
Research programme	105	–	–	452	–	557	383
Finance charges	–	–	–	–	350	350	212
Direct staff costs (including contractors)	426	286	359	152	–	1,223	742
Legal costs	–	82	5	–	–	87	37
Other costs (including £31,000 depreciation)	–	28	43	–	–	71	–
Impairment loss	–	–	–	–	–	–	100
Total direct costs	12,116	907	1,252	604	350	15,229	9,574
Support costs							
Governance costs (see note 4)	107	72	90	38	–	307	205
Support staff costs (including contractors)	139	94	117	50	–	400	441
Communications	62	42	52	22	–	178	150
IT and consultancy	43	29	37	15	–	124	106
Rent and office costs	53	36	44	19	–	152	187
Depreciation	17	11	14	6	–	48	10
Total support costs	421	284	354	150	–	1,209	1,099
Total expenditure	12,537	1,191	1,606	754	350	16,438	10,673

Notes to the accounts for the year to 31 December 2016
(continued)

4. Governance costs

	2016 £'000	2015 £'000
Staff costs (inc contractors)	213	32
Audit fees	17	17
Legal expenses	51	72
Protector's fees & expenses	15	16
Trustee expenses	2	1
Trustee recruitment	7	49
Other	2	18
	307	205

5. Staff costs and numbers

	2016 £'000	2015 £'000
Wages and salaries	1,029	327
Social security costs	115	35
Employer pension contributions	41	12
Other employee benefits	7	4
Staff expenses	55	35
	1,247	413
Training	21	5
Contractor costs	505	677
Recruitment costs	63	120
	1,836	1,215

Notes to the accounts for the year to 31 December 2016
(continued)

5. Staff costs and numbers (continued)

The operating cost of the pension scheme during the period was £1,200 (2015: £500).

The average number of employees during the year was as follows:

	2016 £'000	2015 £'000
Charitable expenditure	20	6
Governance	1	–
	21	6

The number of employees who received remuneration of more than £60,000 in the year was as follows:

	2016 £'000	2015 £'000
£60,000 – £69,999	3	–
£70,000 – £79,999	2	1
£80,000 – £89,999	2	–
£100,000 – £109,999	–	1

Total key management personnel costs for the year (staff and contractors) were £792,066 (2015: £389,427).

6. Trustees' remuneration, benefits and expenses

Trustees received no remuneration. Four trustees received reimbursements for travel costs during the period totalling £2,347 (2015: £1,010). Trustee recruitment costs during the period were £7,200 (2015: £49,080).

Notes to the accounts for the year to 31 December 2016 (continued)

7. Grants awarded

	2016 £'000	2015 £'000
Community Business Fund	8,241	–
Initial Grants Programme	1,110	6,985
Innovation and Infrastructure Fund	832	–
Blended Finance Programme	364	745
Peer Network Programme	276	–
Empowering Places Programme	194	–
More than a Pub Programme	215	–
Community Shares Booster Programme	81	–
Housing Programme	50	–
	11,363	7,730
Programme delivery grants	222	–
Research grants	105	–
External grants awarded	11,690	7,730
Direct staff costs	426	127
Other costs	–	130
External grants and direct costs	12,116	7,987
Support costs	421	198
Total expenditure	12,537	8,185

Details of individual grants made within each of these programmes can be found on pages 16 to 31.

External grants awarded in 2016 are net of £511,000 of grants withdrawn.

The Bright Ideas Programme was launched in late 2016 and first grants will be awarded in 2017.

Notes to the accounts for the year to 31 December 2016 (continued)

7. Grants awarded (continued)

All grants awarded are to be disbursed within one year except for the following amounts, all from the Community Business Fund:

Grantee	£	Grantee	£
A B&B	84,200	Southmead Development Trust – Café	8,250
All Saints Action Network	97,112	Southmead Development Trust – Youth Centre	5,062
Bridgewater YMCA	12,239	Stepney City Farm	38,380
Inspired Neighbourhoods CIC	23,150	The Florence Institute Trust	23,000
Nottingham Play Forum	10,408	New Mechanics Institution Preservation Trust	20,663
Poole Communities Forum	7,500	Wythenshawe AFC	6,000
		335,964	

Grants due	2016 £'000	2015 £'000
Balance brought forward	5,095	–
External grants awarded (2016 net of £511,000 grants withdrawn)	11,690	7,730
Amounts defrayed	(8,215)	(2,635)
Balance carried forward	8,570	5,095

Notes to the accounts for the year to 31 December 2016 (continued)

8. Intangible fixed assets

	Software £'000	Website £'000	Application £'000	Total £'000
Cost				
Balance brought forward	30	42	–	72
Additions	57	41	157	255
Balance carried forward	87	83	157	327
Amortisation				
Balance brought forward	2	5	–	7
Charges for the year	24	24	20	68
Balance carried forward	26	29	20	75
Net book value				
Brought forward	28	37	–	65
Carried forward	61	54	137	252

9. Tangible fixed assets

	Total £'000
Cost	
Balance brought forward	25
Additions	14
Balance carried forward	39
Depreciation	
Balance brought forward	3
Charges for the year	11
Balance carried forward	14
Net book value	
Brought forward	22
Carried forward	25

Tangible fixed assets relate solely to IT equipment.

Notes to the accounts for the year to 31 December 2016 (continued)

10. Fixed asset investments

	2016 £'000	2015 £'000
Commercial investments		
Capital (withdrawn)/invested in the year:		
Cazenove Capital Management	(10,215)	103,367
Lloyds Bank	(1,581)	30,000
	(11,796)	133,367
Income reinvested	2,585	723
Management fees paid from capital	(353)	(124)
Gains/(losses) on investment values	5,524	(1,979)
	(4,040)	131,987
Social investments		
Investment in community shares	–	100
Less: impairment provision	–	(100)
	–	–
(Decrease)/increase in investments	(4,040)	131,987
Brought forward investments	131,987	–
Total investments at the end of the period	127,947	131,987
	2016 £'000	2015 £'000
Investment asset allocation		
Cazenove Capital Management:		
Fixed income investments	29,882	46,038
Equity investments	26,491	25,064
Multi-asset investments	24,599	16,372
Property fund investments	2,908	2,886
Cash and deposits	15,416	11,618
	99,296	101,978
Lloyds Bank:		
Term deposits	28,651	30,009
Total investments	127,947	131,987

Notes to the accounts for the year to 31 December 2016 (continued)

10. Fixed asset investments (continued)

Cazenove Capital Management charged fees quarterly based on the daily average value of the portfolio over the quarter. Investment fees include VAT which cannot be recovered. Their fees are 0.15% on the reserve portfolio and 0.45% on the growth portfolio.

Community shares (treated as a social investment) to the value of £100,000 were purchased during 2015 as part of the charity's drive to encourage the development of more sustainable business models in the community business sector. Because of the nature of the particular business invested in it is considered unlikely that the investment will yield dividends or that the shares can be sold on. Therefore a provision has been made for the full amount of £100,000.

11. Debtors

	2016 £'000	2015 £'000
Prepayments	273	64
Advances to intermediaries	2,181	2,975
Other debtors	450	417
	2,904	3,456

12. Creditors

	2016 £'000	2015 £'000
Due within 1 year		
Trade creditors	288	321
Grants payable	8,234	5,070
Accruals	400	347
Deferred income	423	–
Other creditors	49	3
	9,394	5,741
Due after more than 1 year		
Grants payable	336	25
	336	25

Notes to the accounts for the year to 31 December 2016 (continued)

13. Funds

Allocation of assets by fund	Endowment funds £'000	Other restricted funds £'000	Total 2016 £'000
Intangible assets	–	252	252
Tangible assets	–	25	25
Investments	127,947	–	127,947
Current assets	3,702	9,453	13,155
Liabilities	–	(9,730)	(9,730)
	131,649	–	131,649

The income funds are only available to be used in accordance with the funding terms as set by the Big Lottery Fund and have therefore been shown as restricted funds within these Financial Statements.

Movement in funds

Movement in 2016 Fund	Balance b/f £'000	Income £'000	Expenditure £'000	Gains/ losses £'000	Transfers £'000	Balance c/f £'000
BLF expendable endowment (capital fund)	138,043	–	(350)	5,524	(13,368)	129,849
DCLG expendable endowment	–	1,850	(50)	–	–	1,800
Endowment funds	138,043	1,850	(400)	5,524	(13,368)	131,649
BLF income fund	–	2,670	(16,038)	–	13,368	–
	138,043	4,520	(16,438)	5,524	–	131,649

Movement in 2015 Fund	Balance b/f £'000	Income £'000	Expenditure £'000	Gains / losses £'000	Transfers £'000	Balance c/f £'000
BLF expendable endowment (capital fund)	–	149,204	(212)	(1,979)	(8,970)	138,043
BLF income fund	–	1,491	(10,461)	–	8,970	–
	–	150,695	(10,673)	(1,979)	–	138,043

Notes to the accounts for the year to 31 December 2016
(continued)

14. Financial instruments

	Fair value £'000	Amortised cost £'000	Cost less impairment £'000	Non- financial instruments £'000	Total £'000
Assets					
Intangible assets	–	–	–	252	252
Tangible assets	–	–	–	25	25
Investments	127,947	–	–	–	127,947
Cash at bank and in hand	–	10,251	–	–	10,251
Debtors	–	2,631	–	273	2,904
Liabilities					
Creditors: amounts falling due < 1 yr	–	(8,928)	–	(466)	(9,394)
Creditors: amounts falling due > 1 yr	–	(336)	–	–	(336)
	127,947	3,618	–	84	131,649

The income, expenditure and net gains and losses recognised in the statement of financial activities during the period to 31 December 2016 by category are shown below:

	Fair value £'000	Amortised cost £'000	Total £'000
Investment income	2,634	36	2,670
Investment management fees	–	(350)	(350)
Net gains on investments	5,524	–	5,524
	8,158	(314)	7,844

All financial instruments measured at fair value are stated at market price at 31 December 2016. No current financial instruments measured at fair value are unquoted.

Total interest income for financial instruments is £370,000.

15. Status of the Charity

Power to Change Trustee Limited (Co.No.8940987) is the corporate trustee of Power to Change Trust. The charity came into existence 21 January 2015 upon receipt of the endowment of £149 million from the Big Lottery Fund. All relevant income and expenditure is recorded from this date in the accounts of the charity and this is the date from which the comparative figures in the accounts are prepared.

16. Capital commitments

In the year, amounts contracted for but not provided in the financial statements for application development amounted to £24,000 (2015: nil).

17. Related party transactions

There were no related party transactions in the year (2015: none).



power to
change

business in
community
hands

Power to Change

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